COMPTEL

Financial Statements

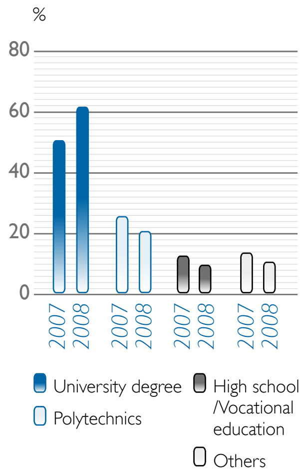
2008

Contents

Personnel

Comptel is an international expert organisation with personnel working in over 20 offices in different parts of the world. During the year 2008, Comptel employed an average of 606 persons and at the year end the personnel numbered 653.

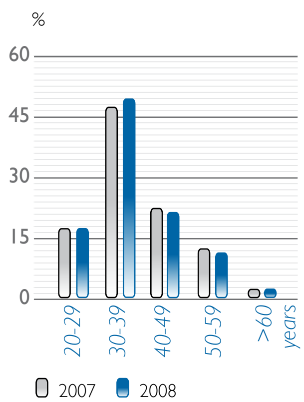
Education levels of employees



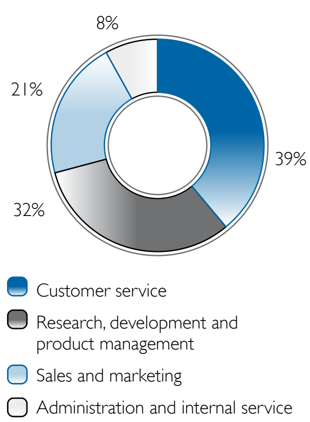
Employees working at year end

	2008	2007
Finland	46%	60%
Norway	14%	18%
Malaysia	15%	10%
Great Britain	11%	1%
Other countries	14%	11%
Average age of the employees	38 years	38 years
Average seniority of employees	6.0 years	6.7 years

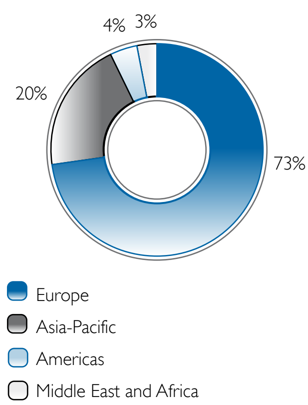
Age distribution of employees



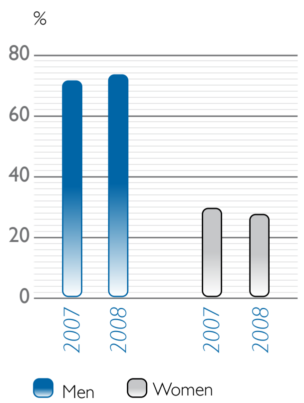
Personnel breakdown by function, 31 Dec 2008



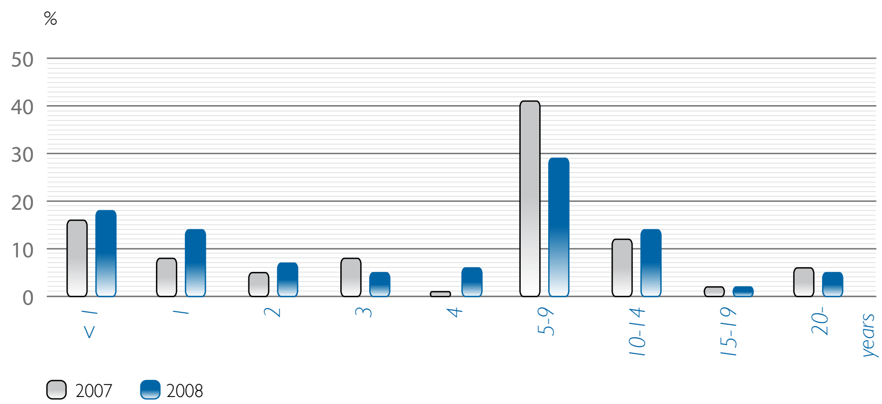
Personnel by market area, 31 Dec 2008



Gender distribution



Service time of employees



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 NASDAQ OMX Helsinki.

Comptel provides information on its corporate governance 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. As of the year 2009, Comptel will comply with the Finnish Corporate Governance Code, issued by Securities Market Association on October 2008.

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 2008 of Comptel Corporation was held in Helsinki on 19 March 2008.

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 2008 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 2008 the Board of Directors convened 16 times (2007: 13). The average attendance of the members was 99 per cent (99). The Compensation Committee of the Board, consisting of three members, convened four times (three). The Board's Audit Committee, consisting of three members, convened four times (six). In addition, the working committees of the Board convened eight times.

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 2008

The Annual General Meeting held on 19 March 2008 appointed five 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. 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 16 March 2009.

Mr. Sami Ahonen, Head of Legal Affairs at the Comptel Corporation, served as the secretary for the Board of Directors in 2008.

Committees

There are two permanent committees in the Board of Directors: the Audit Committee and the Compensation Committee. Whenever needed, the Board has also set temporary working committees to prepare subjects for the Board.

The Audit Committee is the Board of Directors' preparation body which concentrates on the company's financial reporting and supervising. Mr. Matti Mustaniemi acted as Chairman of the audit committee until 18 June 2008, and Mr. Juhani Lassila thereafter. Also Mr. Hannu Vaajoensuu is a member of the audit committee.

The Compensation Committee is the Board's preparation body which assists the Board of Directors in subjects related to the terms and conditions of employment and compensation of the top management. The chairman of the committee is Mr. Olli Riikkala and the members are 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 2008, the members of the Board have been compensated as follows:

- Chairman 53,000 euros per year
- Vice chairman 33,000 euros per year

- Members 26,000 euros per year
- Attendance allowance 500 euros per meeting; and
- For committee meetings, 600 euros per meeting for the chairman and 500 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 dispose Comptel's own shares. The shares were disposed on 31 March 2008.

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 2008 was Mr. Sami Erviö. The Deputy CEO was Mr. Harri Palviainen, Executive Vice President.

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.

Corporate Executives

The duty of the Corporate Executives is to assist the President and CEO. Corporate Executives include the directors of the business units and the units supporting business operations.

As of January 2009, the Corporate Executives are the business area leaders Mr. Harri Palviainen (Europe), Mr. Youssef Kermoury (Middle East and Africa), Mr. Mika Korpinen (Asia-Pacific) and Mr. Ricardo Carreon (Americas), Mr. Minesh Patel responsible for Alliances and Sales Development, Ms. Arnhild Schia responsible for Strategic Marketing, Mr. Simo Sääskilahti responsible for Products and Solutions, Mr. Gareth Senior, CTO, Mr. Veli Matti Salmenkylä, CFO responsible for Administration, Ms. Niina Pesonen, responsible for Human Resources, and Mr. Markku Järvenpää responsible for Global Operations Support.

In 2008, the Group had an Executive Board, which convened 11 times (11).

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 Corporate Executives are 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 Corporate Executives 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 26 of the financial statements.

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 2008, the fees paid for the auditors of Comptel Group totalled at 402,000 euros (429,000) of which the fees from auditing services were 97,000 euros (86,000). The fees paid to the auditing companies for non-audit services such as tax-advisory, IFRS consultancy and training services were 305,000 euros (343,000).

Insiders

Comptel complies with the insider guidelines of NASDAQ OMX 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 Euroclear Finland Ltd. Insiders comprise permanent insiders and project-specific insiders.

At the end of 2008 there were 14 insiders with the duty to declare (16) and 84 company-specific permanent insiders (65). The insiders with the duty to declare include the members of the Board of Directors, the President and CEO, the Corporate Executives 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 24 hours 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.

Holding of shares and share options on 31 Dec 2008

	Number of shares	Options 2006A	Options 2006B	Options 2006C	Options total
Member of the Board					
Kotilainen Timo	22,143	0	0	0	0
Lassila Juhani	17,986	0	0	0	0
Mustaniemi Matti	21,643	0	0	0	0
Riikkala Olli	53,568	0	0	0	0
Vaajoensuu Hannu	30,194	0	0	0	0
CEO					
Erviö Sami	88,150	70,000	70,000	70,000	210,000
Executive Board					
Järvenpää Markku	23,117	10,000	10,000	10,000	30,000
Palviainen Harri	30,263	10,000	10,000	10,000	30,000
Pesonen Niina	0	0	0	10,000	10,000
Salmenkylä Veli Matti	7,725	0	10,000	10,000	20,000
Schia Arnhild	27,211	10,000	10,000	10,000	30,000
Senior Gareth	0	0	6,000	4,000	10,000
Sääskilahti Simo	30,263	10,000	10,000	10,000	30,000

Corporate Executives

As of January 2009

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 the Business Development Director of Instrumentarium Corporation. His last positions were the 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, Europe, Deputy CEO

Born in 1968, M.Sc. (Computer Science). Joined Comptel in 2001. Has previously worked as Executive Vice President of the area of North and East Europe, Middle East and Africa and Customer Specific Solutions, as Head of Network Inventory Business, as Head of Customer Services and as Head of R&D. Before joining Comptel worked as Chief Technology Officer at Satama Interactive 2000–2001 and as Head of the development unit at Elisa Communications' research centre 1998–2000.

RICARDO CARREON
Senior Vice President, Americas

Born in 1968, Computer Science Engineering degree. Joined Comptel in 2009. Has previously worked as General Manager for Latin America at Intel Corporation and hold several sales and marketing positions in Mexico and Latin America. Has also worked for Maxcom Telecommunications, Novell and Digital Equipment Corporation.

MARKKU JÄRVENPÄÄ
Senior Vice President, Global Operations Support

Born in 1958, M.Sc. (Engineering). Joined Comptel in 2000. Has previously worked as Head of Customer Services and Tecnology, as Head of 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 1991–1995, as Project Manager in international IT project 1995–1997 in Michelin SA, Switzerland.

YOUSSEF KERMOURY
Senior Vice President, Middle East and Africa

Born in 1970, B.Sc. (Computer Science) Joined Comptel in 1996. Has previously worked as Head of Global Services and Regions, as Head of Technical Consultation and Training Services, as Head of Consultation Services and as Head of Customer Services APAC.

MIKA KORPINEN
Senior Vice President, Asia-Pacific

Born in 1961, Engineer of Telecommunications. Joined Comptel in 2001. Has previously worked as Head of Asia-Pacific region, as Head of Hong Kong office and as Sales Director of North Asia. Before joining

The persons who joined the corporate management in January 2009 are absent from the picture.

Comptel has worked as Senior Manager at Elcoteq Asia Ltd. in Hong Kong 1999–2001 and as General Manager of Tecnomen in Hong Kong 1994–1998.

MINESH PATEL
Senior Vice President, Global Alliances & Sales Development

Born in 1964, Honours Degree in Chemistry & Biochemistry. Joined Comptel in 2008. Has previously worked in Axiom Systems as Executive Vice President of world wide operations 2001–2008. Has also worked at Micromuse (IBM) 1998–2001 and at Application & Telecoms Division of Oracle in 1991–1998.

NIINA PESONEN
Senior Vice President, Human Resources

Born in 1965, M.Sc. (Social and Behavioral). Joined Comptel in 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 (until 15 March 2009)

Born in 1960, M.Sc. (Engineering). Joined Comptel in 2006. Has previously worked as Managing Director at Pretax City Oy 2004–2006. Has also worked at HEX Group as Executive Vice President 2001–2003, as CFO 2000–2001 and as Vice President 1995–2000.

ARNHILD SCHIA
Senior Vice President, Strategic Marketing

Born in 1963, holds a Master Degree in Computer Science and 3-years diploma of Business Management. Joined Comptel in 2005. Has previously worked as Head of South and West Europe, Asia-Pacific and Americas and as Head of Market Development. Before joining Comptel worked as President and CEO of EDB Telecom AS, President and CEO of Incatel AS, EVP of Telesciences Inc.

GARETH SENIOR
CTO

Born in 1970, joined Comptel in 2008. Has previosly worked at Axiom Systems in 1990–2008, as CEO in 2004–2008 and as CTO in 2000–2004. Has 20 years IT development experiences, 15 years of which were spent working directly for National Carriers with a focus on Service Fulfillment.

SIMO SÄÄSKILAHTI
Senior Vice President, Products and Solutions

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

Board of Directors

OLLI RIIKKALA

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

Professional experience

GE Healthcare
Senior Advisor, 2004–2006
GE 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

Tietoenator Oyj, Vice Chairman of the Board, 2008–, Member 2004–
Helvar Oy Ab, Chairman of the Board, 2007–
Fastems Oy Ab, Chairman of the Board, 2007–
Oriola-KD Corporation, Chairman of the Board, 2006–
PaloDEx Group, Chairman of the Board, 2005–
PaloDEx Holding, Chairman of the Board, 2005–
Instrumentarium Scientific Foundation, Member, 2004–
Helvar Merca Oy Ab, Chairman of the Board 2004–, Member 1999–
Biomedicum Foundation, Member, 2000–
HYKS-Instituutti Oy, Member, 2000–
Appointed into the *Finnish Academy of Technology*, 2002

HANNU VAAJOENSUU

Vice Chairman of the Board
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–, Member of the board in BasWare foreign subsidiaries, 1990–
Efecte Corp., Chairman of the Board 2008–, Member 2005–
Profit Software Oy, Chairman of the Board, 2008–
Biocomputing Platforms Ltd Oy, Member, 2008–
Festum eServices Oy, Chairman of the Board, 2007–

TIMO KOTILAINEN

Member
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–

JUHANI LASSILA

Member
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
Lassila & Tikanoja, Vice Chairman of the Board, 2007–, Member, 2001–
Suominen Yhtymä Oy, Member, 2005–
Evald and Hilda Nissi Foundation, Chairman of the Board, 2003–

MATTI MUSTANIEMI

Member
MBA (Finance), born in 1952

Professional experience
Halti Oy
Managing Director, 2008–

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

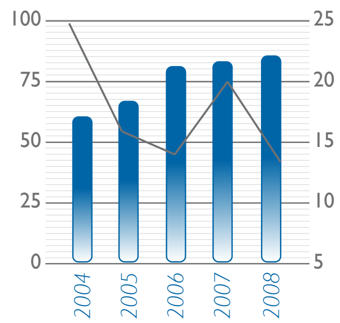
Sanoma Corporation
Manager of Accounting and Systems, 1982–1984
Internal Controller, 1979–1982

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

Report of the Board of Directors for 2008

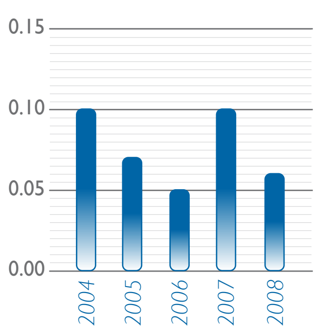
Net sales
and operating profit

EUR million / % of net sales



Earnings per share

EUR



Market development

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

The transition in business environment of telecom operators and service providers continued. Networks and services are migrating towards IP-based solutions. The convergence of fixed and mobile technologies and services, as well as the increasing role of system integrators create new business models for operators. They respond to competition by seeking new sources of revenue and by reducing non-core costs. As part of cost cutting, operators are outsourcing their IT and network functions. New revenue is generated by developing and launching new services and bringing customised service packages into the market. These changes increase the role of OSS in the operations of service providers.

The growth in OSS market is estimated to have decelerated especially in Europe during 2008. In other regions, the market still developed quite favourably. Consolidation between the OSS providers has increased the supply of broader product portfolios. In the market, many competitors are still offering only point solutions. However, there is a growing demand among telecom operators for operations-enhancing software that promotes the innovation of new services and accelerates their time-to-market.

During the year, Comptel strengthened its position as a leading provider of fulfillment solutions by acquiring Axiom Systems (Axiom), a UK-based software product company. The acquisition gives Comptel new opportunities to capitalise operators' growing investments in new IP-based services, like VoIP and IPTV. Axiom is focused on broadband market and has a good market position in Europe as well as key customers in Asia-Pacific. Axiom was integrated to Comptel Group during the year under review.

In 2008, Comptel invested especially in the development of its regional organisation close to customers and continued to position its offering from point solutions towards dynamic end-to-end solutions. A customer service centre was established in Bulgaria in cooperation with a local IT service company and the product development resources were significantly increased in Malaysia.

Net sales and profitability

The net sales of Comptel Group were EUR 84.8 million in 2008 (2007: 82.4, 2006: 80.4). Net sales grew by 3.0 per cent (2.4) compared to the previous year. The growth of net sales was smaller than expected due to a decreased order intake in Europe.

The Group's operating profit was EUR 11.4 million (2007: 16.5, 2006: 11.2), representing 13.4 per cent (20.0) of the net sales. The operating profit excluding approximately EUR 1.1 million one-off items, mainly related to the integration of Axiom Systems, was EUR 12.5 million corresponding 14.7 per cent of the net sales. EUR 0.2 million of bad debts from trade receivables were recorded during the last quarter of the year (1.2). Net financial items were EUR 0.9 million negative (0.2 negative). The Group's profit before taxes was EUR 10.6 million (16.4), representing 12.5 per cent (19.9) of the net sales. Group net profit was EUR 6.6 million (10.9). Earnings per share for the financial period were EUR 0.06 (2007: 0.10, 2006: 0.05).

The tax rate for the year was 37.5 per cent (33.8), which was impacted by a double taxation due to withholding taxes amounting to approximately EUR 1.5 million (1.1). Ministry of Finance notified that it had reached an agreement in its negotiations with Greece, Malaysia and Romania. With regard to these countries, Comptel booked a tax receivable amounting to EUR 0.7 million for the years 2004–2008. Comptel expects to receive the tax refund within a short period of time. With regard to other countries, the application submitted by Comptel to prevent double taxation is still pending with the Ministry of Finance. The company believes the treatment of its withholding taxation will be changed.

During the last quarter, tax expenses were reduced by the tax receivables booked for withholding taxes and a tax credit received by Axiom Systems based on its R&D investments.

Return on equity was 12.8 per cent (2007: 21.9, 2006: 12.7).

The Group's order backlog increased by 10.8 per cent from the previous year as a result of Axiom Systems and was EUR 38.8 million at the end of the period under review (2007: 35.1, 2006: 29.5).

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.

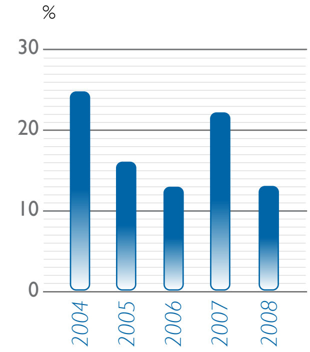
In 2008, Comptel sold a total of 21 (28) new core licenses of which eight were Comptel Provisioning and Activation Solutions, eight Comptel Mediation and Charging Solutions, two Comptel Interconnect Billing Solutions, one Comptel Fulfillment Solution, one Comptel Inventory Solution, and one Comptel Service Repository Solution.

Europe was clearly the most significant market area. Net sales in the area totalled EUR 40.8 million (48.5). Net sales decreased as a result of a decelerating market and a lower demand of the customer specific solutions offered in Finland and Norway during the second half of the year. The Group's operating profit for European business was EUR 20.9 million (28.3), which is 51.3 per cent of the European net sales (58.3). The profitability was weakened by decreased net sales and the consolidation of Axiom Systems. In 2008 Comptel sold nine core licenses to its European customers. Some of the most significant European customers in 2008 were Elisa and Telenor, operators belonging to the Telefónica O2, T-Mobile, Vodafone and Wind groups, and Base, Cosmote, KPN, TDC and Vimpelcom.

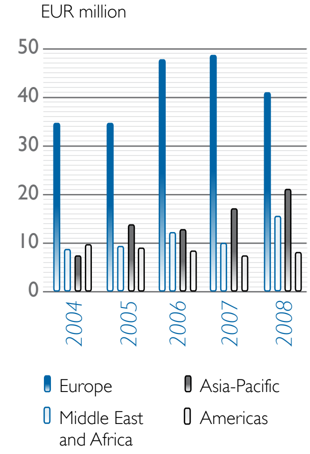
The net sales of the Middle East and Africa grew by 56.1 per cent compared to the previous year. Net sales from the area were EUR 15.3 million (9.8). The Group's operating profit from operations in the area totalled EUR 8.9 million (5.7), which is 58.6 per cent of the segment's net sales (58.4). In 2008 Comptel sold three core licenses to its customers in the Middle East and Africa. Some of the biggest operators in the Middle East are Comptel's customers. In 2008, 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 23.6 per cent compared to previous year. Net sales from the area were EUR 20.9 million (16.9). The Group's operating profit from the Asia-Pacific business was

Return on equity

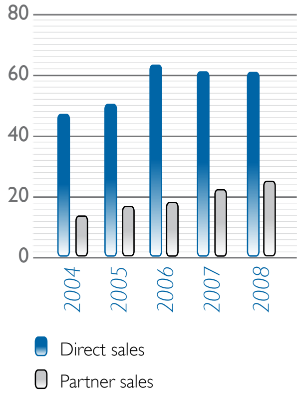


Geographical net sales breakdown



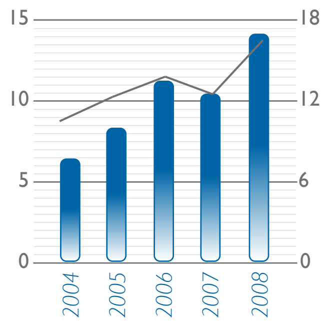
Net sales breakdown by sales channel

EUR million



Development of R&D expenditure

EUR million / % net sales



EUR 9.3 million (9.5), which is 44.8 per cent of the segment's net sales (56.5). Comptel sold eight core licenses to Asia-Pacific customers in 2008. The most significant customers in Asia-Pacific were Bharti and Idea in India, Vodafone and IBM in India and Australia, AIS and DTAC in Thailand, Indosat in Indonesia, FET in Taiwan.

The net sales from the Americas increased by 9.5 per cent compared to the previous year. Net sales from the area were EUR 7.9 million (7.2). The Group's operating profit from the American business was EUR 4.2 million (3.9), which is 53.1 per cent of the segment's net sales (54.1). Comptel sold one core license to its American customers in 2008. The most significant customers in the Americas were operators belonging to the América Móvil and Telefónica groups, and Axtel, Brasil Telecom and T-Mobile.

Comptel's net sales are comprised of selling software licenses and license upgrades, and secondly of the services and maintenance supporting its solutions. In 2008 license sales amounted to EUR 27.4 million (27.8) and service and maintenance sales to EUR 57.5 million (54.6).

Comptel sells and delivers its products and solutions both directly through its own sales organisation and through its partners. The most significant partners are system integrators such as Accenture, IBM, Logica, Tech Mahindra and Wipro and network equipment vendors like Alcatel-Lucent, Huawei, Juniper and Cisco. 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 2008 the net sales through partners and resellers were EUR 24.5 million (21.8) and from direct sales EUR 60.4 million (60.6).

Investments

Comptel Corporation acquired Axiom Systems for GBP 7.0 million (EUR 8.9 million) on 21 April 2008. The acquisition was financed through Comptel Corporation's liquid assets and by raising a debt. In accordance with the agreement, no additional purchase price will be paid since the net sales of Axiom Systems were below EUR 13.5 million in 2008. At the time of acquisition Axiom had 87 employees.

Axiom is focused on fulfillment solutions in broadband market and has a good market position in Europe as well as key customers in Asia-Pacific. The acquisition strengthened Comptel's position as a leading provider of fulfillment solutions for broadband, mobile and next generation IP networks.

Excluding the acquisition, the gross investments in tangible and intangible assets were EUR 1.5 million (1.9) in 2008 and comprised of investments in devices, software and furnishing. The investments were funded through cash flow from operations.

Research and development

Comptel's direct R&D expenditures and investments were EUR 14.0 million (10.3). This corresponds to 16.5 per cent (12.5) of the Group's net sales. The increase in the direct R&D expenditure and investments was due to the effect of the Axiom acquisition and further investments in product development in Kuala Lumpur, Malaysia.

Capitalization of R&D expenditure, according to IAS 38, amounted to EUR 4.6 million (2.9) in 2008. To meet the requirements of IAS 38, Comptel has modified its accounting principles for the capitalisation of development costs and of costs related to internal projects. A share of the fixed costs defined separately, is included in the cost of development and internal projects to which they are related. In the review period, these costs amounted to EUR 0.5 million. The change has a positive impact on the operating profit.

Comptel's R&D expenditure and investments were mainly targeted to develop new dynamic end-to-end solutions, which shorten time-to-market for new services and enable service providers to charge for them. Comptel continued the development of all of its main products to further improve competitiveness and to offer new features and functionality.

A new solution platform was launched for mediation and charging solutions, enabling online and real-time management as well as mediation and charging for both prepaid and postpaid services. Solutions for rating, roaming management and interconnection billing were developed on top of the platform.

In fulfillment, the focus was on developing solutions which support building and managing operator's service packages. The acquisition of Axiom strengthened Comptel's expertise and complemented its offering for the management of IP services. The integration of Axiom and Comptel products and solutions proceeded according to plans.

Comptel filed eight (two) new patent applications in 2008, as well as extended nine previously filed patent applications. During the year Comptel was granted two patents, which were connected with real-time mediation of usage data and charging of subscribers in an online mediation environment. The company has applied for patents to protect all of its main products and solutions, and had 70 (58) pending patent applications at the end of 2008.

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

Financial position

The balance sheet total on 31 December 2008 was EUR 83.0 million (73.6), of which liquid assets amounted to EUR 6.1 million (14.7). Liquid assets were reduced by the acquisition of Axiom Systems and the investments in product development. The operating cash flow was EUR 7.9 million (12.8), the paid dividends were EUR 6.4 million (5.4) and the net investments were EUR 15.3 million (4.9) in January–December. The operating cash flow was decreased by a lower operational profitability and a decelerating turnover of trade receivables.

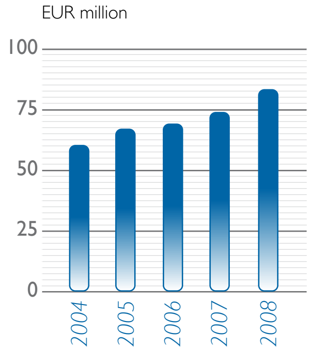
Trade receivables at the end of the period were EUR 27.6 million (27.1). Accrued income was EUR 9.2 million (8.6). Deferred income related to partial debiting was EUR 1.8 million (2.7).

The Group had EUR 5.1 million of interest-bearing debt at the date of the financial statements (0.0). Comptel has in force a revolving credit facility of EUR 15.0 million maturing in the year 2013, of which EUR 10.0 million is still to be withdrawn. Equity ratio was 67.4 per cent (77.6) and the gearing ratio was 2.1 negative (28.2 negative).

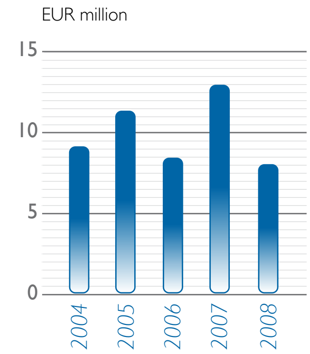
Company structure

At the end of 2008 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. In addition the Group included the fully owned subsidiary Axiom Systems Holdings Ltd. and its fully owned subsidiaries Axiom Systems Ltd., Viewgate Networks Limited and Axiom Systems OSS (Asia-Pacific) Pte. The Group

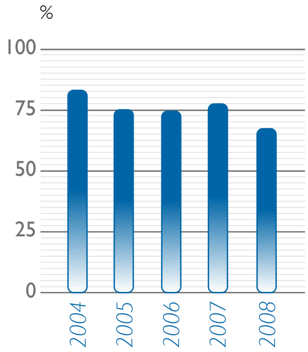
Balance sheet



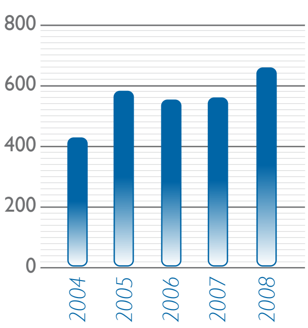
Operating cash flow



Equity ratio



Number of employees
at year end



also included an Irish associated company Tango Telecom Ltd. (share of ownership 20.0 per cent).

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

Personnel

At the beginning of the year Comptel had 554 employees, and at the end of the year 653. The number of employees rose by 17.9 per cent in 2008. The Group employed an average of 606 persons in 2008 (2007: 555, 2006: 561).

Of the Group personnel, 73.0 per cent (80.0) were located in Europe, 2.9 per cent (2.7) in the Middle East and Africa, 3.5 per cent (3.6) in the Americas and 20.5 per cent (13.7) in the Asia-Pacific area at the end of 2008.

Of the Group personnel, 39.1 per cent (44.6) worked in customer services, 32.0 per cent (31.8) in research, product development and product management, 20.7 per cent (15.0) in sales and marketing and 8.3 per cent (8.7) in administration and internal support services at the end of 2008.

At the end of 2008 the Group had 641 (543) regular workers and 12 (11) non-permanent employees. Of the employees, 619 (513) were full-time and 34 (41) part-time.

Average personnel turnover in 2008 was 15.9 per cent (12.3 per cent). The average years of service was 6.0 (6.7). The average age of the employees at the end of the year was 38 years (38). At the end of the year 73 per cent (71) of the employees were men and 27 per cent (29) women.

Salaries and commissions totalled EUR 32.0 million in 2008 (2007: 27.6, 2006: 29.7).

Salaries and compensations paid to the management are described in attachment 30 Related party transactions of the financial statements.

An average of EUR 1,035 per person was spent on training (1,188). The number of training days per person was 6.6 (5.9). Of the personnel, 61 per cent had a university degree, 20 per cent had a polytechnic diploma, 9 per cent a vocational college diploma and 10 per cent other education.

In 2008 the amount of sick leave from active working hours was 2.3 per cent (2.4). Comptel's equality plan was dealt with by the labour protection committee in 2005, and it is observed throughout the whole Group.

Corporate governance

The Annual General Meeting held on 19 March 2008 appointed five members to the Board of Directors. Re-elected were Mr. Timo Kotilainen, Mr. Juhani Lassila, Mr. Matti Mustaniemi, Mr. Olli Riikkala and Mr. Hannu Vaajoensuu. In its meeting held after the Annual General Meeting, the Board of Directors re-elected Mr. Olli Riikkala as Chairman and Mr. Hannu Vaajoensuu as Vice Chairman.

Mr. Matti Mustaniemi acted as Chairman of the audit committee until 18 June 2008 and Mr. Juhani Lassila thereafter. Mr. Hannu Vaajoensuu is also a member of the audit committee. Mr. Olli Riikkala acts as Chairman of the compensation committee, whose members are Mr. Timo Kotilainen and Mr. Hannu Vaajoensuu.

Comptel Group's Executive Board comprises the following persons in 2008: Mr. Sami Erviö, President and CEO; Mr. Markku Järvenpää, Senior Vice President, Global Operations Support; Mr. Harri Palviainen, Executive Vice President, North and East Europe, Middle East and Africa, Customer Specific Solutions, Deputy CEO; Ms. Niina Pesonen, Senior Vice President, Human Resources; Mr. Veli Matti Salmenkylä, CFO, Administration; Ms. Arnhild Schia, Senior Vice President, South and West Europe, Asia-Pacific, Americas; Mr. Simo Sääskilahti, Senior Vice President, Products and Solutions; and Mr. Gareth Senior, CTO, who was nominated as a member of Executive Board as of 21 April 2008.

CFO of Comptel Corporation, Mr. Veli Matti Salmenkylä, gave his resignation on 15 December 2008. He will continue to be employed by Comptel during his notice period until 15 March 2009. Comptel started the recruitment of a new CFO immediately.

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 2008 was EUR 2,141,096.20 and the total number of votes was 107,054,810.

The total exchange of Comptel's shares in 2008 was 30.5 million shares (57.5), which is 28.5 per cent (53.8) of the total number of shares. The closing price was EUR 0.69 (1.42). Comptel's market value at the end of the year was EUR 73.8 million (151.7).

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 share options 2006C distributed during the year 2008, a total of 1,292,000 are held by the key personnel of Comptel Corporation. The current share subscription price for option 2006C is EUR 1.48, which corresponds to the trade volume weighted average quotation of the Comptel Corporation share on the Helsinki stock exchange during 1 April–30 April 2008.

During the year, also a number of 210,000 share options 2006B were distributed. Of the share options 2006B, a total of 1,248,000 are held by the key personnel of Comptel Corporation. The current share subscription price for option 2006B is EUR 1.93, which corresponds to the trade volume weighted average quotation of the Comptel Corporation share on the Helsinki stock exchange during 1 April–30 April 2007 deducted by the dividend paid for the year 2007.

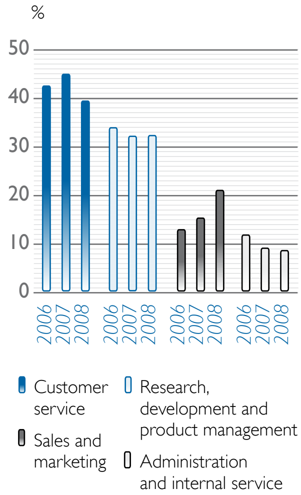
Comptel Corporation's 2006A share options were listed on Helsinki stock exchange commencing from 3 November 2008. The trading code for the share options 2006A is CTL1VEW106 and ISIN code is FI0009652390. The current share subscription price is EUR 1.73 which corresponds to the trade volume weighted average quotation of the Comptel share on the Helsinki stock exchange during 1 April–30 April 2006 deducted by the dividends paid.

The share subscription period of all Comptel Corporation 2001 share options expired on 31 December 2008. During the subscription period no shares were subscribed.

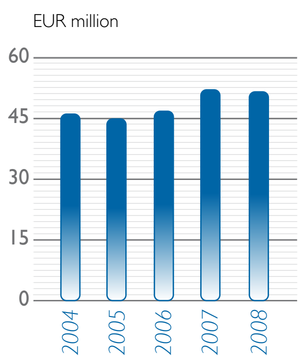
During the year 2008, Comptel Corporation disposed gratuitously 110,463 shares to persons involved in the 2007 share-based incentive program and 45,871 shares to the members of the Board of Directors as a part of their annual compensation.

Members of the Board of Directors, the President and CEO, and the Deputy

Personnel breakdown by functions



Shareholders' equity



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 240,000 shares can be subscribed with the above options.

A total of 4,200,000 Comptel Corporation shares can be subscribed with the company's outstanding share options.

The company held 92,654 of its own shares at the end of the period under review, which is 0.09 per cent of the total number of its shares. The total counter-book value of the shares held by the company was EUR 1,853.

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.

The rapid weakening of world economy and credit facility combined with an exceptional fluctuation in exchange rates has led to a strong decrease of demand in many industries. The growth has decelerated also in the Operations Support Systems market especially in Europe. In other regions, any strong decelerating of the markets has not been perceived yet.

Comptel develops dynamic end-to-end solutions for leading operators in the telecom field globally. 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 moderate expectations for net sales are based on a decelerating growth in the OSS market. The company's net sales and, thereby, profitability may be gravely damaged if the market diminish against to the company's expectations.

Comptel renewed its organisation in January 2009. The company's global success is based on skilled personnel and a responsive customer-oriented organisation. Due to a weakened profitability the company has to reduce costs in Europe simultaneously when implementing the new organisation. The organisational change may have a harmful effect on Comptel's business and especially on its profitability. The success requires skilful change management, retaining competent employees and developing their skills further.

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 adapt its operations and address the changes taking place in its competition environment, the market development 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 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 affect the company's net sales, expenses and net profit.

The application submitted by Comptel to prevent double taxation is still pending with the Ministry of Finance. The company believes the treatment of its withholding taxation will be changed also concerning the countries where the issue is still unsolved. However, double taxation may have an impact on the company's earnings per share.

The company's financial risks are described more in detail in attachment 26 of the financial statements.

Subsequent events

Comptel developed further its organisational structure in January 2009 by combining the European sales and customer service units and by establishing a unit concentrating on Alliances and Sales Development and a unit for Strategic Marketing. The new organisation accomplishes the organisational change implemented in the beginning of 2008, which improved business management close to customers and combined the product units.

Starting from the beginning of 2009, the Corporate Executives are Mr. Sami Erviö, President and CEO, the business area leaders Mr. Harri Palviainen (Europe), Mr. Youssef Kermoury (Middle East and Africa), Mr. Mika Korpinen (Asia-Pacific) and Mr. Ricardo Carreon (Americas), Mr. Minesh Patel responsible for Alliances and Sales Development, Ms. Arnhild Schia responsible for Strategic Marketing, Mr. Simo Sääskilahti responsible for Products and Solutions, Mr. Gareth Senior, CTO, Mr. Veli Matti Salmenkylä, CFO responsible for Administration, Ms. Niina Pesonen, responsible for Human Resources, and Mr. Markku Järvenpää responsible for Global Operations Support.

In January–February 2009, Comptel was engaged in personnel negotiations. As a result of these negotiations the company decided to make 45 people redundant on financial and production grounds. Comptel Corporation's subsidiaries in Norway and United Kingdom also took actions to downsize the amount of personnel under the local legal requirements and collective agreements. The annual cost reduction expected is EUR 2.3 million in Norway. In the United Kingdom, the actions taken will lead to annual cost savings of EUR 1.0 million. With these measures the Group will reach annual cost savings of approximately EUR 7 million out of which EUR 2 million are estimated to be realised in 2009. By reducing costs and renewing the organisation Comptel aims to ensure the Group's long-term profitability and competitiveness.

In January 2009, the Board of Directors of Comptel Corporation approved a new share-based incentive plan for the key personnel of Comptel Group. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer them a competitive reward plan based on holding the company shares.

Outlook for 2009

The worldwide economic situation has raised further uncertainty and weakened the visibility also in the global Operations Support Systems markets. In 2009, the markets are expected to remain at the previous year level or to decline slightly in Europe. In other regions the markets are expected to remain at the previous year level or to grow slightly. The company's order backlog is at a higher level than in the previous year, mainly as a result of a strong stock of maintenance agreements.

It is estimated that Comptel's net sales will remain at the previous year level or to decline slightly in 2009. Comptel's operating profit is estimated not to reach the previous year's level. In early 2009, the profitability will remain especially low due to the one-off items related to personnel reductions. The impact of these measures will follow only later.

Board of Directors' proposal for the disposal of profits

The Group parent company's distributable equity on 31 December 2008 was EUR 35,326,977.62 (37,474,272.96).

The Board of Directors proposes to the General Meeting that a dividend of EUR 0.04 (0.06) per share be paid, totalling EUR 4,278,486.24 (6,408,868.14).

Helsinki, 11 February 2009

Olli Riikkala

Timo Kotilainen *Juhani Lassila* *Matti Mustaniemi* *Hannu Vaajoensuu*

Sami Erviö
President and CEO

Consolidated Income Statement

EUR 1,000	Notes	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Net sales	2	**84,849**	**82,399**
Other operating income	5	81	57
Materials and services	6	-6,906	-7,973
Employee benefits	7	-38,930	-33,989
Depreciation, amortisation and impairment charges	8	-4,881	-4,340
Other operating expenses	9	-22,830	-19,635
		-73,547	-65,938
Operating profit		**11,383**	**16,518**
Financial income	11	1,992	933
Financial expenses	11	-2,913	-1,169
Share of result of associated companies		136	113
Profit before income taxes		**10,597**	**16,396**
Income taxes	12	-3,972	-5,542
Profit for the period		**6,625**	**10,854**
Attributable to:			
Equity holders of the parent company		6,625	10,848
Minority interests		0	6
Earnings per share:	13		
Basic earnings per share, EUR		0.06	0.10
Diluted earnings per share, EUR		0.06	0.10

Consolidated Balance Sheet

EUR 1,000	Notes	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets			
Goodwill	15	19,027	10,832
Other intangible assets	15	11,978	8,312
Tangible assets	14	2,595	2,400
Investments in associates	16	649	513
Available-for-sale financial assets		87	87
Deferred tax assets	17	1,153	782
Other non-current receivables		244	0
		35,734	22,926
Current assets			
Trade and other receivables	18	39,101	35,927
Current tax assets		2,005	70
Cash and cash equivalents	19	6,135	14,708
		47,241	50,705
TOTAL ASSETS		**82,975**	**73,631**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	20	2,141	2,141
Fund of invested non-restricted equity	20	7,433	7,368
Translation difference	20	-2,500	-817
Retained earnings		44,502	43,338
		51,576	52,030
Minority interest		0	116
Total equity		**51,576**	**52,147**
Non-current liabilities			
Deferred tax liabilities	17	4,902	2,660
Provisions	23	2,937	776
Non-current financial liabilities	24	12	0
		7,851	3,437
Current liabilities			
Trade and other current liabilities	25	18,331	17,912
Current tax liabilities		176	136
Current financial liabilities	24	5,040	0
		23,548	18,048
Total liabilities		**31,399**	**21,485**
TOTAL EQUITY AND LIABILITIES		**82,975**	**73,631**

Consolidated Statement of Cash Flows

EUR 1,000	Notes	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Cash flows from operating activities			
Profit for the period		6,625	10,854
Adjustments:			
Non-cash transactions or items that are not part of cash flows from operating activities	27	6,596	5,131
Interest and other financial expenses		159	26
Interest income		-274	-357
Income taxes		3,972	5,542
Change in working capital:			
Change in trade and other receivables		1,277	-2,508
Change in inventories		0	18
Change in trade and other current liabilities		-4,713	-2,115
Change in provisions		-511	588
Interest paid		-157	-26
Interest received		262	301
Income taxes paid		-5,345	-4,638
Net cash from operating activities		**7,893**	**12,816**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-9,333	0
Investments in tangible assets		-1,273	-1,441
Investments in intangible assets		-93	-523
Investments in development projects		-4,566	-2,921
Net cash used in investing activities		**-15,265**	**-4,885**
Cash flows from financing activities			
Dividends paid		-6,415	-5,365
Acquisition of Corporation's own shares		0	-792
Proceeds from borrowings		8,000	0
Repayment of borrowings		-3,000	0
Other non-current liabilities		-35	0
Net cash used in financing activities		**-1,450**	**-6,156**
Change in cash and cash equivalents		**-8,822**	**1,774**
Cash and cash equivalents at the beginning of period	19	14,708	12,934
Effects of changes in foreign exchange rates		-249	0
Cash and cash equivalents at the end of period	19	6,135	14,708
		-8,822	**1,774**

Consolidated Statement of

Changes in Equity

EUR 1,000	Share capital	Other reserves	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Minority interest	Equity Total
	Equity attributable to equity holders of the parent company								
Equity 31 Dec 2006	**2,141**	**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**	**-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**	**7,368**	**-817**	**78**	**-427**	**43,686**	**52,031**	**116**	**52,147**
Cash flow hedges: Gains and losses taken to equity				6			6		6
Translation difference			-1,683				-1,683		-1,683
Profit for the period						6,625	6,625		6,625
Total recognised income and expenses during the year	**0**	**0**	**-1,683**	**6**	**0**	**6,625**	**4,948**	**0**	**4,948**
Dividends						-6,415	-6,415		-6,415
Transfer of treasury shares		65			302	-302	65		65
Share-based compensation						947	947		947
Change in group structure [1)]								-116	-116
Equity 31 Dec 2008	**2,141**	**7,433**	**-2,500**	**85**	**-125**	**44,541**	**51,576**	**0**	**51,576**

[1)] The shares of Business Tools Oy transferred under Comptel Corporation's direct holding and liquidation of Probatus Oy

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 NASDAQ OMX Helsinki (CTL1V). The parent company of the Comptel Group, Comptel Corporation, is domiciled in Helsinki and its registered address is Salmisaarenaukio 1, 00180 Helsinki.

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

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 2008 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 2008 the Group adopted the following new and amended standards and interpretations:

IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*. The interpretation clarifies the scope of application of those regulations concerning transactions paid in equity instruments (IFRS 2) and requires a re-evaluation of such transactions in subsidiaries. The interpretation has not had an effect on the consolidated financial statements.

IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The interpretation deals with post-employment defined benefit plans and other long-term employee benefits (defined benefit plans) under IAS 19, provided that such a plan includes a minimum funding requirement. IFRIC 14 also clarifies recognition criteria to be applied on assessing the amount of the surplus that can be recognized as an asset either in the form of any future refunds from the plan or reductions in future contributions to the plan. Comptel has no defined benefit plans caught by this interpretation and therefore IFRIC 14 has not had any effect on the consolidated financial statements.

Amendments to IAS 39 *Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets* (effective for on or after 1 July 2008). The amendments issued in October 2008 resulting from the international finance crisis allow an entity to reclassify certain financial assets. Reclassification was allowed retrospectively as from 1 July 2008 for a certain period and thereafter in specific exceptional situations. At the balance sheet date Comptel had no such financial assets caught by these amendments for which Group would consider reclassification be necessary. Thus the amendments have no impact on the Group's 2008 financial statements or on the future 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. As from 1 January 2008 cost also includes an appropriate share of separately determined overheads relating to the project in question. 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. At the commencement of the lease term an asset acquired under a finance lease is recognized in the balance sheet at an amount equal to the lower of its fair value and the present value of the minimum lease payments. An asset acquired under a finance lease is depreciated over the shorter of the lease term and its useful life. Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability so as to achieve a constant periodic rate of interest on the liability balance outstanding. Lease liabilities are included in financial liabilities. If the lease does not meet the requirements of a finance lease, it is always classified as an operating lease. In such a case the lessee has the right to use the asset for a limited time and the risks and rewards incidental to ownership are not transferred to the lessee.

The leases of Comptel are mainly treated as operating leases. Payments made thereunder are 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. Costs incurred from the share-based incentive program are recognized as employee benefit expenses over the vesting period.

Provisions

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* prescribes the recognition criteria for a provision. A provision is based on an existing obligation and it is 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.

Financial assets and liabilities

Financial assets

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

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost and they are included in non-current assets. Comptel had no such financial assets during the financial year ended 31 December 2008.

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

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

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

Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs. Subsequently financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities are both non-current and current. A financial liability is classified as current when the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs are recognised in the income statement as incurred. Fees paid on the establishment of loan facilities are recorded as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. When the draw-down occurs, the fees paid on the establishment of loan facilities are recognized as part of transaction costs. To the extent it is probable that some or all of the facility will not be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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 15. 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 4. 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:

IAS 1 *Presentation of Financial Statements* (revised 2007) (effective for financial periods beginning on or after 1 January 2009). The amendments mainly change the presentation format of the income statement and the statement of changes in equity. Furthermore the revised standard extensively changes the terminology used also in other standards, and the names of some of the financial statements will change, too. The calculation principle of earnings per share ratio will not change. The revised standard has been endorsed for use in the EU.

IFRS 8 *Operating Segments* (effective for financial periods beginning on or after 1 January 2009). Under IFRS 8 identification of segments is based on the reporting used for internal reporting purposes to the top management. The adoption will not change the reportable segments of the Comptel Group. IFRS 8 has been endorsed for use in the EU.

IFRS 3 *Business Combinations* (revised 2008) (effective for financial periods beginning on or after 1 July 2009). The scope of the revised IFRS 3 is broader than before. In respect of Comptel several significant amendments have been made to the standard. The amendments impact the amount of goodwill to be recognized on business combinations and sales results of businesses. The amendments also have an effect on the amounts to be recognized in the income statement both on the financial year when the business combination is effected and in those financial years when contingent consideration is paid or further acquisitions are made. Under the transitional provisions of the standard those business combinations where control is transferred prior to the effective date of the revised standard are not adjusted to comply with the new rules. The revised standard has not yet been endorsed by the EU.

IAS 27 *Consolidated and Separate Financial Statements* (amended 2008) (effective for financial periods beginning on or after 1 July 2009). If the parent company retains control, the amended standard requires impacts from changes in ownership in a subsidiary be recognised directly in Group's equity. When control is lost, the remaining interest is measured at fair value through the income statement. A similar accounting treatment will be extended to investments in associated companies (IAS 28) and interests in joint ventures (IAS 31) in the future. Resulting from the amendments losses of a subsidiary may be allocated to non-controlling interest (minority) also when they exceed the value of the minority shareholders' investment. The amended standard is still subject to endorsement by the EU.

Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* (effective for financial periods beginning on or after 1 January 2009). The amended standard requires all non-vesting conditions be taken into account when determining the fair value of the equity instruments granted. The amendment also clarifies the accounting treatment of cancellations. The expected impact on the consolidated financial statements is being assessed by the Group. The amended standard has been endorsed for use in the EU.

Improvements to IFRSs (Annual Improvements 2007) (mainly effective for financial periods beginning on or after 1 January 2009). Under this procedure minor and non-urgent amendments are grouped together and carried out through a single document annually. The related amendments deal with 34 standards. Impacts vary by standard but the Group does not expect the future amendments to have a significant impact on the consolidated financial statements. The amended standards have been endorsed by the EU.

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement (Eligible Hedged Items)* (effective for financial periods beginning on or after 1 July 2009). The amendment deals with hedge accounting and relate to designation of a one-sided risk in a hedged item and designation of inflation in a financial hedged item. The Group does not expect the amendment to have any significant impact on the consolidated financial statements in the future. The amended standard is still subject to endorsement by the EU.

Other standards, their amendments and interpretations published by the end of year 2008 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 and cash and cash equivalents directly attributable to the segments. Unallocated assets consist of tax assets, prepayments and accruals and goodwill. Unallocated liabilities comprise tax liabilities, accrued expenses, provisions and other current liabilities.

2008, EUR 1,000

Geographical segments	Europe	Americas	Middle East and Africa	Asia-Pacific	Group
Net sales	40,768	7,941	15,279	20,861	84,849
Segment share of operating profit	20,898	4,219	8,946	9,348	43,411
Unallocated expenses					-32,028
Operating profit					11,383
Profit for the period					**6,625**
Segment assets	25,126	4,674	10,227	8,844	48,872
Goodwill					19,027
Investment in associates					649
Unallocated assets					14,428
Total assets					**82,975**
Segment liabilities	9,702	1,353	1,490	1,416	13,960
Unallocated liabilities					17,439
Total liabilities					**31,399**
Capital expenditure	474	57	51	226	807
Unallocated capital expenditure					654
Total capital expenditure					**1,461**
Segment depreciation and amortisation	543	93	151	331	1,119
Unallocated depreciation and amortisation					3,763
Total depreciation and amortisation					**4,881**

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**

3. Business combinations

On 21 April 2008, Comptel Corporation acquired all the shares of Axiom Systems Holdings Limited. UK-based Axiom Systems is specialised in the broadband fulfillment market. The acquisition puts Comptel in a strong position to capitalize on the growing investments being made by service providers in new IP-based services, like VoIP and IPTV.

The purchase price of 7.0 million UK pound sterling (8.9 million euro) was paid in cash. Based on the agreement no contingent consideration will be paid as the net sales of Axiom Systems for the year 2008 was less than 13.5 million euro. Potential contingent consideration was not included in the goodwill determined at the acquisition date since the amount could not be estimated reliably.

The actual purchase price of 8.9 million euro, costs directly attributable to the acquisition are 0.7 million euro and the fair value of allocations to the identifiable net assets is 3.0 million euro, therefore the goodwill according to IFRS 3 is 9.7 million euro. 3.0 million euro was allocated to intangible assets, which are amortised over 5 years.

The goodwill is attributable to the synergies expected to arise subsequent to the acquisition. The acquisition is in line with Comptel's long-term growth strategy to become world's leading supplier of telecom software. According to the Comptel management, the goodwill is mainly based on the fact that Axiom's solutions for IP services will complement Comptel's existing portfolio, the common sales network will enable cross selling to Axiom's and Comptel's customers, and the combined R&D will strengthen the operations. The professionally skilled workforce is also part of the goodwill.

Axiom Group's loss for the period 21 April to 31 December 2008, 1.3 million euro, is included in the Comptel Group result. Comptel Group net sales for January–December would have been 87.5 million euro and profit 5.7 million euro if Axiom had been consolidated from the beginning of the year 2008.

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

EUR 1,000	Recognised fair values on acquisition	Pre-acquisition carrying amounts
Technology (incl. in other intangible assets)	3,001	-
Machinery and equipment	289	289
Deferred tax assets	233	233
Trade receivables and other receivables	4,246	4,246
Cash and cash equivalents	124	124
Total assets	7,894	4,892
Deferred tax liabilities	901	-
Other non-interest bearing liabilities	7 195	7,195
Interest bearing liabilities	89	89
Total liabilities	8,184	7,284
Net assets	-291	-2,392
Acquisition cost	9,457	
Goodwill	9,748	
Purchase price paid in cash	9,457	
Cash and cash equivalents in acquired subsidiary	-124	
Total net cash outflow on the acquisition	9,333	

The purchase price calculation has been prepared in UK pound sterling and therefore the amount of goodwill fluctuates according to the exchange rate. As at 31 December 2008 the goodwill totalled 8.2 million euro.

4. Revenue recognition using percentage of completion method

EUR 1,000	2008	2007
Net sales recognized as revenue according to percentage of completion	20,561	16,256
Amount recognized as revenue during the financial year and previous years for long-term projects in progress	19,348	13,729
Backlog of orders of long-term projects according to percentage of completion	8,219	9,395
Prepayments and accrued income recognized on the basis of percentage of completion	4,796	3,300
Deferred income and accruals recognized on the basis of percentage of completion	1,876	2,735

5. Other operating income

EUR 1,000	2008	2007
Gains on disposal of tangible and intangible assets	16	11
Negative goodwill on consolidation recognised as income	52	0
Other income items	12	47
Total	**81**	**57**

6. Materials and services

EUR 1,000	2008	2007
Purchases during the period	1,750	2,741
External services	5,156	5,232
Total	**6,906**	**7,973**

7. Employee benefits

EUR 1,000	2008	2007
Wages and salaries	30,713	26,601
Pension expenses - defined contribution plans	3,677	3,615
Pension expenses - defined benefit plans	19	-11
Share options granted	722	515
Expenses related to share-based incentive program	554	468
Other social security costs	3,245	2,800
Total	**38,930**	**33,989**

The average number of employees in the Group during the financial year	2008	2007
Europe	467	449
Americas	21	20
Middle East and Africa	17	13
Asia-Pacific	101	73
Total	**606**	**555**

Information on the remuneration of the Group management is presented in note 30. Related party transactions. Information on the options granted and on the management's share in the share-based incentive plan is presented in note 21. Share-based payments.

8. Depreciation, amortisation and impairment charges

EUR 1,000	2008	2007
Depreciation and amortisation by asset type:		
Intangible assets		
Patents and trademarks	39	32
Capitalised development costs	1,521	999
Other intangible assets	1,951	1,839
Total	**3,511**	**2,870**
Tangible assets		
Machinery and equipment	1,366	1,333
Total	**1,366**	**1,333**
Impairment charges by asset type:		
Patents and trademarks	4	119
Other intangible assets	0	18
Total	**4**	**137**
Total depreciation, amortisation and impairment charges	**4,881**	**4,340**

9. Other operating expenses

EUR 1,000	2008	2007
Lease payments	5,143	4,030
Sales and marketing expenses	7,052	5,967
Expenses relating to restructuring of the acquired subsidiary	550	0
Other operating expenses	10,085	9,638
Total	**22,830**	**19,635**

The auditors' fees	2008	2007
KPMG		
Audit	64	80
Statements	2	0
Tax consultation	65	102
Other services	205	236
Total	**336**	**418**
Pricewaterhouse Coopers		
Audit	28	0
Tax consultation	32	0
Total	**60**	**0**
Other		
Audit	5	6
Tax consultation	1	0
Other services	0	4
Total	**7**	**11**
Total auditors' fees	**402**	**429**

Audit fees include the fees of the statutory auditors of each Group company. For the year 2008
Other services included acquisition-related services, amounting to 116 thousand euro, which has been capitalised.

10. Research and development costs

The research and development costs recognized as expenses in the income statement amounted to 9,441 thousand euro in 2008 (7,412 thousand euro in 2007).

The capitalized development expenditure totalled 4,566 thousand euro (2,921 thousand euro in 2007). The amortization of the capitalized development costs amounted to 1,559 thousand euro (1,031 thousand euro in 2007). A write-down of 119 thousand euro was made on the capitalised development costs in 2007.

11. Financial income and expenses

EUR 1,000	2008	2007
Interest income from cash and cash equivalents	239	357
Interest income from other receivables	35	0
Foreign exchange gains from other receivables and other liabilities	1,718	576
Interest expenses from financial liabilities measured at amortised cost	-82	0
Interest expenses from other liabilities	-41	-10
Foreign exchange losses from other receivables and other liabilities	- 2,754	-1,142
Other financial expenses	-36	-17
Total	**-922**	**-236**
Other income statement items include foreign exchange differences as follows:		
Net sales	-334	1,005
Materials and services	22	98

Net sales include foreign exchange losses arisen from hedging of sales amounting to 582 thousand euro in 2008 (137 thousand euro of foreign exchange gains in 2007).

12. Income taxes

EUR 1,000	2008	2007
Current tax expense	1,656	3,517
Adjustments for previous years' taxes	178	-22
Deferred taxes	1,328	948
Withholding taxes	810	1,098
Total	**3,972**	**5,542**

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 expensed taxes withheld at source 1.1 million euro. Withholding taxes expensed in 2008 were 1.5 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.

The issue is pending in the Ministry of Finance. The Ministry announced that it had reached an agreement with Greece, Malaysia and Romania. In respect of these countries a tax receivable amounting to 0.7 million euro has been recognised based on the double tax for the years 2004–2008. Comptel expects to receive the tax refund in the near future. For the rest the application submitted by Comptel to prevent double taxation is still pending in the Ministry of Finance. The company believes the treatment of its withholding taxation will be changed.

The current tax includes a tax credit, 0.6 million euro, for Axiom Systems' research and development activities.

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	2008	2007
Profit before taxes	10,597	16,396
Income tax calculated using the domestic corporation tax rate	2,755	4,263
Effect of tax rates in foreign jurisdictions	-38	83
Tax exempt income	0	-14
Non-deductible expenses	113	150
Options and share-based payments	228	171
Share of profit / loss of associates	-35	-29
Utilization of previously unrecognized tax losses	0	-11
Withholding taxes	810	1,098
Depreciation reversed in taxation	-36	-148
Taxes for previous years	156	-22
Change in unrecognized deferred tax assets/liabilities	69	0
Other items	-50	0
Income taxes in the consolidated income statement	**3,972**	**5,542**

13. 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.

	2008	2007
Profit for the year attributable to equity holders of the parent (EUR 1,000)	6,625	10,848
Number of outstanding shares during the financial period, weighted average	106,938,539	106,848,199
Basic earnings per share (euro)	0.06	0.10

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 2008 and 2007, the options did not have a dilutive effect in Comptel.

	2008	2007
Profit for the year attributable to equity holders of the parent (EUR 1,000)	6,625	10,848
Number of outstanding shares during the financial year, weighted average	106,938,539	106,848,199
Diluted earnings per share (euro)	0.06	0.10

14. Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2008	7,482
Additions	1,351
Business combination	289
Disposals	-9
Exchange difference	-318
Cost at 31 Dec 2008	8,794
Accumulated depreciation at 1 Jan 2008	-5,082
Depreciation	-1,366
Disposals	8
Exchange difference	241
Accumulated depreciation at 31 Dec 2008	-6,199
Book value at 1 Jan 2008	2,400
Book value at 31 Dec 2008	**2,595**
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**

15. Intangible assets

EUR 1,000	Goodwill	Patents and trademarks	Development costs	Other intangible assets	Total
Cost at 1 Jan 2008	10,832	711	11,225	8,473	31,242
Additions		140	4,426	111	4,677
Business combination	9,748			3,001	12,749
Exchange difference	-1,554			-557	-2,111
Cost at 31 Dec 2008	19,027	851	15,650	11,028	46,556
Accumulated amortisation at 1 Jan 2008	0	-185	-6,580	-5,333	-12,097
Amortisation		-39	-1,521	-1,951	-3,511
Impairment loss		-4			-4
Exchange difference				61	61
Accumulated amortisation at 31 Dec 2008	0	-228	-8,100	-7,223	-15,551
Book value at 1 Jan 2008	10,832	526	4,645	3,140	19,144
Book value at 31 Dec 2008	**19,027**	**624**	**7,550**	**3,805**	**31,005**
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**

Allocation of goodwill

Of the goodwill, 10.8 million euro relates to know-how and market knowledge of the personnel and to the development potential of technology transferred from EDP Partners in connection of the business acquisition. 8.2 million euro is attributable to the acquisition of Axiom Systems. According to Comptel management, the goodwill is mainly based on the fact that solutions for IP services will complement Comptel's existing portfolio, the combined sales network will enable cross-selling to Axiom's and Comptel's customers, and the combined R&D will strengthen the operations. The professionally skilled workforce is also part of the goodwill. 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 agreement also included a provision regarding a contingent consideration. As the net sales of Axiom Systems for the year 2008 was less than 13.5 million euro, no contingent consideration will be paid. The potential contingent consideration was not included in the goodwill determined at the acquisition date since the amount could not be estimated reliably.

Impairment testing

The recoverable amount of goodwill is determined based on value in use calculations. The value in use is computed based on discounted forecast cash flows. The cash flow forecasts rely on the plans approved by the Board of Directors and management concerning in particular profitability and the growth rate of net sales. The plans cover a five-year period taking into account the recent development of the business. The used pre-tax rate discount rate is 11.5% (13% in 2007).

The cash flows after the five-year period have been forecast by estimating the future growth rate of net sales to be 3%. 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 66% lower than the management's estimate at the balance sheet date, or that the discount rate was over 19%.

16. Investments in associates

EUR 1,000	2008	2007
Carrying amount at 1 Jan	513	400
Share of results	136	113
Carrying amount at 31 Dec	**649**	**513**

The carrying amount of goodwill included in the carrying amount of the investment in the associate amounted to 400 thousand euro at 31 December 2008 (31 December 2007: 400 thousand euro).

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

2008	Assets	Liabilities	Net sales	Profit / loss	Ownership %
Tango Telecom Ltd.	3,119	442	5,247	681	20
2007					
Tango Telecom Ltd.	2,759	765	5,207	1,131	20

17. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities during 2008:

EUR 1,000	31 Dec 2007	Recognized in the income statement	Recognized in equity	Business combinations	31 Dec 2008
Deferred tax assets					
Provisions	78	49			127
Reversal of depreciation and amortisation in taxation	486	-11			475
Impairment loss on trade receivables	301	-28			273
Business combinations	0			196	196
Amortisation on technology in acquired business operations	0	101			101
Other tax deductible temporary differences	-82	63			-20
Total	**783**	**174**		**196**	**1,153**
Deferred tax liabilities					
Capitalisation of intangible assets	1,346	781			2,127
Capitalisation of technology in acquired business operations	0			757	757
Impact of goodwill amortisation in taxation	1,267	563			1,831
Cumulative depreciation difference	15	56			71
Forward contracts hedging backlog of orders	27		2		30
Other taxable temporary differences	5	83			88
Total	**2,660**	**1,483**	**2**	**757**	**4,902**

Changes in deferred tax assets and liabilities 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			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**

18. Trade receivables and other current receivables

EUR 1,000	2008	2007
Trade receivables	27,621	27,081
Receivables from associates	191	179
Prepayments	106	108
Accruals from long-term projects	4,796	3,300
Other prepayments and accrued income	2,311	2,132
Other receivables	4,076	3,127
Total	**39,101**	**35,927**

Comptel has recognised credit losses on trade receivables totalling 187 thousand euro in 2008 (2007: 1,176 thousand euro). Credit losses recognised arose from several small receivables past due over a year. 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

EUR 1,000	Gross 2008	Impaired	Net 2008
Not past due	15,549		15,549
1–30 days past due	3,981		3,981
31–90 days past due	3,807		3,807
91–180 days past due	2,360		2,360
181–360 days past due	1,101		1,101
Over 360 days past due	1,882	-1,060	822
Total	**28,681**	**-1,060**	**27,621**

EUR 1,000	Gross 2007	Impaired	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**

19. Cash and cash equivalents

EUR 1,000	2008	2007
Cash at bank and in hand	6,135	11,983
Liquid investments	0	2,725
Total	**6,135**	**14,708**

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

20. Capital and reserves

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

EUR 1,000	Number of shares	Share capital	Fund of invested non-restricted equity	Treasury shares	Total
At 1 Jan 2007	107,054,810	2,141	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	7,368	-427	9,082
Transfer of treasury shares	156,334		65	302	367
Return of treasury shares	-8,647				0
At 31 Dec 2008	**106,962,156**	**2,141**	**7,433**	**-125**	**9,449**

The maximum number of Comptel Corporation shares is 500 million at 31 December 2008 (31 December 2007: 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 2007: 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. During the year 2008, Comptel Corporation disposed gratuitously 110,463 shares to the persons involved in the 2007 share-based incentive plan and 45,871 shares to the members of the Board of Directors as a part of their annual compensation. At the end of the financial year the company had 92,654 treasury shares (240,341).

Dividends

After 31 December 2008 the Board of Directors has proposed a dividend to be paid 0.04 euro per share.

21. Share-based payments

Share options

The Group has had two share option schemes during the financial year. The options in question have been granted to the key personnel as well as to the subsidiaries fully owned by Comptel Corporation. The subscription period of the 2001 option scheme expired on 31 December 2008. During the subscription period no shares were subscribed. For the option scheme approved in 2006, the total number of share options issued is 4,200,000. The share options may be exercised to subscribe a maximum of 4,200,000 Comptel Corporation shares in total. The share subscription period is for option 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.

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

	2008		2007	
	Weighted average exercise price, EUR/share	Number of options	Weighted average exercise price, EUR/share	Number of options
Outstanding at the beginning of the year	3.50	4,446,500	3.99	3,346,500
Granted during the year	1.54	1,590,000	1.99	1,320,000
Forfeited during the year	1.77	-400,000	1.90	-220,000
Expired during the year	5.26	-2,106,500	0.00	0
Outstanding at the end of the year	1.71	3,530,000	3.50	4,446,500
Exercisable at the end of the year	1.73	990,000	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	2008		2007	
	Average exercise price, EUR/share	Number of options	Average exercise price, EUR/share	Number of options
2008	-	-	5.26	2,106,500
2010	1.73	990,000	1.84	1,110,000
2011	1.93	1,248,000	1.99	1,230,000
2012	1.48	1,292,000	-	-

The fair value of the share options 2006C and 2006B granted during the financial year was 0.56 euro and 0.32 euro (2006B 0.73 euro in 2007), determined using the Black-Scholes option pricing model.

The inputs used in the Black-Scholes formula were as follows:

	2008		2007
	2006C	2006B	2006B
Weighted average share price (euro)	1.46	1.44	2.07
Exercise price (euro)	1.48	1.93	1.99
Expected volatility (%)	36	36	30
Expected option life	4.6	3.5	4.6
Risk-free interest rate (%)	5.23	5.34	4.75

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 2008 the expense recognised in respect of the option schemes amounted to 722 thousand euro (2007: 515 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 cost of the program is recognised under employee benefit expenses over the vesting period. In 2008, 515 thousand euro was expensed (2007: 468 thousand euro), of which 279 thousand euro is the portion to be paid in cash (2007: 266 thousand euro). The maximum amount to be paid out based on the share-based incentive program in 2008 is 316 thousand euro (2007: 427 thousand euro), of which 133 thousand euro (2007: 220 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.

22. Pension obligations

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

Liability for defined benefit obligations in balance sheet:

EUR 1,000	2008	2007
Present value of obligations	139	102
Fair value of plan assets	-135	-93
Net liability	4	9
Unrecognized actuarial gains (+) and losses (-)	-14	-170
Obligation in the balance sheet	0	145
Obligation in the balance sheet	**-11**	**-16**

Defined benefit expense recognised in the income statement:

EUR 1,000	2008	2007
Current service cost	42	83
Interest expense	7	29
Curtailment	0	-120
Expected return on plan assets	-4	-17
Actuarial gains (-) and losses (+)	1	14
Total	**47**	**-11**

Movements in the present value of the obligation:

EUR 1,000	2008	2007
Obligation at the beginning of the period	102	586
Current service cost	42	83
Interest expense	7	29
Actuarial gains (-) and losses (+)	-13	-6
Curtailment	0	-590
Obligation at the end of the period	**139**	**102**

Movements in the fair value of plan assets:

EUR 1,000	2008	2007
Fair value of plan assets at the beginning of the period	93	336
Expected return on plan assets	4	17
Actuarial gains (+) and losses (-)	-3	65
Contributions into the plan paid by the employer	41	0
Curtailment	0	-325
Fair value of plan assets at the end of the period	**135**	**93**

Principal actuarial assumptions at 31 December:

	2008	2007
Discount rate	5.75%	5.10%
Expected return on plan assets	3.40%	3.15%
Future salary increases	4.00%	4.00%

EUR 1,000	2008	2007
Actual return on plan assets	**1**	**83**

EUR 1,000	2008	2007	2006	2005
Present value of the obligation	139	102	586	527
Fair value of plan assets	-135	-93	-336	-220
Surplus (+) / Deficit (-)	**4**	**9**	**250**	**307**
Experience adjustments arising on plan assets	-3	65	-6	-153
Experience adjustments arising on plan liabilities	-4	-40	20	-155

The expected contributions to the defined benefit pension plans for the year 2009 are 61 thousand euro.

23. Provisions

Movements in provisions during 2008:

EUR 1,000	Provision for warranty	Lease provision	Other provisions	Total
Balance at 1 Jan 2008	464	300	12	776
Provisions made during the year		332	124	456
Business combinations		2,683		2,683
Provisions used during the year		-540		-540
Unused provisions reversed	-36		-12	-48
Exchange difference		-389		-389
Balance at 31 Dec 2008	**428**	**2,386**	**124**	**2,937**

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**

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

This item includes the provisions made for unoccupied leased facilities.

Other provisions

Other provisions include a provision recognised for employment benefit expenses.

24. Financial liabilities

EUR 1,000	2008	2007
Non-current financial liabilities measured at amortised cost		
Finance lease liabilities	11	0
Other liabilities	1	0
Total	**12**	**0**
Current financial liabilities measured at amortised cost		
Loans from financial institutions	5,000	0
Finance lease liabilities	40	0
Total	**5,040**	**0**

The fair values of liabilities are presented in note 26. Financial risk management.

Comptel had a bank loan amounting to 5.0 million euro at 31 December 2008. The interest rate is 3.6%. The loan together with the interest become payable at 23 September 2009. Comptel has a 15.0 million euro Revolving Credit Facility arrangement in place until 2013. At 31 December 2008 the amount available under the said facility was 10.0 million euro.

Maturity analysis of finance lease liabilities

EUR 1,000	2008	2007
Finance lease liabilities - minimum lease payments		
Less than one year	46	0
Between one and five years	12	0
Total	**58**	**0**
Finance lease liabilities - present value of minimum lease payments		
Less than one year	40	0
Between one and five years	11	0
Total	**52**	**0**
Future financial charges	6	0

25. Trade and other current liabilities

EUR 1,000	2008	2007
Trade payables	872	1,479
Trade payables and other current liabilities to associates	197	416
Advances received from long-term contracts	1,876	2,735
Accrued expenses and deferred income	11,986	10,511
Other liabilities	3,401	2,771
Total	**18,331**	**17,912**

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

26. 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's cash flows, result and equity. Comptel's general risk management principles are approved by the Board of Directors and their implementation is the responsibility of the Chief Financial Officer (CFO) together with the business units. Comptel's financial policy is risk-adverse. The main financial risks for the Group are currency risk and credit risk. Financial management identifies and assesses risks and acquires the instruments needed to hedge against risks together with operating units. Hedging transactions are carried out in accordance with the written risk management principles approved by the Board of Directors. Comptel uses foreign currency forwards in its 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 USD-denominated commercial sales contracts, receivables and cash reserves and applies hedge accounting. Other foreign currency sales are considered to be operatively hedged, thus it is not separately hedged. 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 overhedging 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

Interest rate risk is the risk that cash flows or the result will fluctuate because of changes in market interest rates. Comptel's interest-bearing liabilities as at 31 December 2008 totalled 5.1 million euro, of which 5.0 million euro is a bank loan. The loan term for the drawn amount is 9 months and the interest rate is fixed. Comptel has a 15.0 million euro Revolving Credit Facility arrangement in place until 2013. At 31 December 2008 the amount available under the said facility was 10.0 million euro. 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 is the risk that one party will cause a financial loss for the Group by failing to discharge an obligation. In Comptel credit risk mainly arises from trade receivables related to customers, derivatives, cash and cash equivalents and money market investments.

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.

The global financial situation has increased uncertainty but so far it has not been seen to a significant extent in Comptel's clientele in the global market of telecom software. 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.

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

The amount of credit losses recognised in the income statement in the financial year 2008 was 0.2 million euro (1.2 million euro in 2007). Credit losses recognised arose from several small receivables past due over a year. 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 18. Trade receivables and other current receivables.

Liquidity risk

Liquidity risk means insufficient financing or higher than normal financing expenses when business environment deteriorates and financing is needed. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that financing of business operations is available when needed quickly enough. Part of the Group's liquid funds are invested in mutual funds based on the principles approved by the Board of Directors. Comptel's main source of financing has been the operating cash flow. Cash levels are monitored on a weekly basis.

At 31 December 2008 the Group's cash and cash equivalents totalled 6.1 million euro (14.7 million euro at 31 December 2007). As at 31 December 2008 Comptel's interest-bearing liabilities totalled 5.1 million euro (no interest-bearing liabilities in 2007). Under the Revolving Credit Facility in place until 2013 there is still 10.0 million euro available for down-draw. Furthermore Comptel has a possibility for TyEL (earnings-related pension) premium loan amounting to 9.8 million euro.

Capital structure management

The objective of capital structure management is to support business operations by ensuring normal company operation and increase shareholder value in the long run. Comptel aims to continue profitable operations through investments in research and development and strengthening its presence in global markets. The acquisition of Axiom Systems complemented Comptel's IP-based delivery processes and the combined sales network will enable cross-selling to Axiom's and Comptel's customers. Due to the acquisition the amount of cash and cash equivalents is clearly lower than in the previous years. The Group may alter or adjust the amount of dividends paid to shareholders to reduce debt or to increase cash and cash equivalents, which could improve the possibilities for focused business combinations also in the future.

Gearing in 2008 and 2007 was as follows::

EUR 1,000	2008	2007
Interest-bearing liabilities	5,052	0
Cash and cash equivalents	-6,135	-14,708
Interest-bearing net liabilities	-1,083	-14,708
Equity	51,576	52,147
Gearing	**-2.1%**	**-28.2%**

Exposure to currency risk

EUR 1,000	2008			2007		
	USD	NOK	GBP	USD	NOK	GBP
Trade receivables	12,469	1,724	831	12,439	1,585	1,753
Cash and cash equivalents	788	482	86	45	75	292
Trade payables	-38	-2	-5	-144	-2	-162
Net balance sheet exposure	**13,219**	**2,204**	**912**	**12,339**	**1,659**	**1,883**
Order backlog (12 months)	9,809	2,726	737	6,784	2,499	284
Hedging						
Forward contracts (12 months)	-14,730	0	0	-13,586	0	-682
Total net exposure	**8,298**	**4,930**	**1,649**	**5,537**	**4,157**	**1,485**

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:

2008 EUR 1,000	Equity	Income statement
USD	-112/112	74/-74
NOK	163/-163	163/-163
GBP	68/-68	68/-68

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

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 financial assets and liabilities their carrying amounts equal their fair values as the discounting has no material effect considering the short maturity of these items.

Derivative instruments measured at fair value:

2008 EUR 1,000	Positive fair value (carrying amount)	Negative fair value (carrying amount)	Nominal value of underlying instrument
Cash flow hedges			
Recognized in equity	114		2,515
Fair value hedges			
Recognized in the income statement		177	12,215

Currency forward contracts recorded in equity will be recognized in the income statement during 2009.

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

27. Adjustments to cash flows from operating activities

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

EUR 1,000	2008	2007
Depreciation, amortisation and impairment charges	4,881	4,340
Exchange differences	1,036	566
Share of profit / loss of associates	-136	-113
Exchange differences	0	-143
Share-based payments	888	631
Other adjustments	-73	-150
Total	**6,596**	**5,131**

28. Operating leases

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

EUR 1,000	2008	2007
Less than one year	4,234	3,411
Between one and five years	12,136	11,560
More than five years	3,282	4,595
Total	**19,652**	**19,567**

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 2008 includes lease expenses for the office premises amounting to 4,498 thousand euro (2007: 3,465 thousand euro).

29. Commitments and contingencies

EUR 1,000	2008	2007
Bank guarantees	1,047	1,132

30. Related party transactions

The Comptel Group companies are as follows:

		2008		2007	
Company	Domicile	Group holding (%)	Group voting (%)	Group holding (%)	Group voting (%)
Comptel Oyj	Finland				
Axiom Systems Holdings Ltd.	UK	100.00	100.00	-	-
Axiom Systems Ltd.	UK	100.00	100.00	-	-
Axiom Systems OSS (Asia-Pacific) Pte	Singapore	100.00	100.00	-	-
Business Tools Oy	Finland	100.00	100.00	60.42	60.42
Comptel Communications AS	Norway	100.00	100.00	100.00	100.00
Comptel Communications Brasil Ltda	Brazil	100.00	100.00	100.00	100.00
Comptel Communications Inc.	USA	100.00	100.00	100.00	100.00
Comptel Communications Oy	Finland	100.00	100.00	100.00	100.00
Comptel Communications Sdn Bhd	Malaysia	100.00	100.00	100.00	100.00
Comptel Passage Oy	Finland	100.00	100.00	100.00	100.00
Comptel Ltd	UK	100.00	100.00	100.00	100.00
Network People Ltd.	UK	100.00	100.00	-	-
Probatus Oy	Finland	-	-	60.42	60.42
Viewgate Networks Inc.	USA	100.00	100.00	-	-
Viewgate Networks Ltd.	UK	100.00	100.00	-	-

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

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

EUR 1,000	2008	2007
Purchases of goods and services		
Associates	1,318	2,515
Companies under management's influence	28	65
Interest revenue		
Associates	12	29
Receivables		
Associates	191	179
Liabilities		
Associates	197	416
Companies under management's influence	1	7

Contingent liabilities assumed on behalf of Group companies

In 2008 Comptel Corporation has given a performance guarantee on behalf of its subsidiary. The total value of this agreement is 4 million US Dollars.

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	2008	2007
Salaries and other short-term employee benefits	1,854	1,605
Share-based payments	415	552
Total	**2,268**	**2,157**

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

EUR 1,000	2008	2007
CEO	556	454
Board of Directors at 31 Dec 2008		
Kotilainen Timo	45	30
Lassila Juhani	45	31
Mustaniemi Matti	45	31
Riikkala Olli	86	54
Vaajoensuu Hannu	59	41
Former members of the Board of Directors		
Hintikka Juhani	10	30
Toivola Ilkka	0	2
Total	**847**	**673**

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

Management of the company was granted 140,000 share options in 2008 (2007: 160,000). At 31 December 2008 management had 370,000 share options, of which 110,000 were exercisable (2007: 723,400 share options, of which 453,400 exercisable).

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

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

31. Subsequent events

Comptel developed further its organisational structure in January 2009 by combining the European sales and customer service units and by establishing a unit concentrating on Alliances and Sales Development and a unit for Strategic Marketing. The new organisation accomplishes the organisational change implemented in the beginning of 2008, which improved business management close to customers and combined the product units.

Starting from the beginning of 2009, the Corporate Executives are Mr. Sami Erviö, President and CEO, the business area leaders Mr. Harri Palviainen (Europe), Mr. Youssef Kermoury (Middle East and Africa), Mr. Mika Korpinen (Asia-Pacific) and Mr. Ricardo Carreon (Americas), Mr. Minesh Patel responsible for Alliances and Sales Development, Ms. Arnhild Schia responsible for Strategic Marketing, Mr. Simo Sääskilahti responsible for Products and Solutions, Mr. Gareth Senior, CTO, Mr. Veli Matti Salmenkylä, CFO responsible for Administration, Ms. Niina Pesonen, responsible for Human Resources, and Mr. Markku Järvenpää responsible for Global Operations Support.

In January–February 2009, Comptel was engaged in personnel negotiations. As a result of these negotiations the company decided to make 45 people redundant on financial and production grounds. Comptel Corporation's subsidiaries in Norway and United Kingdom also took actions to downsize the amount of personnel under the local legal requirements and collective agreements. The annual cost reduction expected is 2.3 million euro in Norway. In the United Kingdom, the actions taken will lead to annual cost savings of 1.0 million euro. With these measures the Group will reach annual cost savings of approximately 7 million euro out of which 2 million euro are estimated to be realised in 2009. By reducing costs and renewing the organisation Comptel aims to ensure the Group's long-term profitability and competitiveness.

In January 2009, the Board of Directors of Comptel Corporation approved a new share-based incentive plan for the key personnel of Comptel Group. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer them a competitive reward plan based on holding the company shares.

Key Figures

Financial summary	2004	2005	2006	2007	2008
Net sales, EUR 1,000	59,699	66,065	80,439	82,399	84,849
Net sales, change %	10.5	10.7	21.8	2.4	3.0
Operating profit, EUR 1,000	14,817	10,516	11,232	16,518	11 383
Operating profit, change %	124.4	-29.0	6.8	47.1	-31.1
Operating profit, as % of net sales	24.8	15.9	14.0	20.0	13.4
Profit before taxes, EUR 1,000	15,283	10,815	11,206	16,396	10,597
Profit before taxes, as % of net sales	25.6	16.4	13.9	19.9	12.5
Return on equity, %	24.5	15.8	12.7	21.9	12.8
Return on investment, %	37.4	24.0	25.3	32.9	19.1
Equity ratio, % [1]	83.2	75.2	74.6	77.6	67.4
Gross investments in tangible and intangible assets, EUR 1,000 [2]	2,731	19,968	1,477	1,908	10,919
Gross investments in tangible and intangible assets, as % of net sales [2]	4.6	30.2	1.8	2.3	12.9
Research and development expenditure, EUR 1,000	6,271	8,154	11,079	10,333	14,007
Research and development expenditure, as % of net sales	10.5	12.3	13.8	12.5	16.5
Order backlog, EUR 1,000	19,953	24,482	29,483	35,051	38,846
Average number of employees during the financial period	412	462	561	555	606
Interest-bearing net liabilities, EUR 1,000	-28,420	-9,632	-12,934	-14,708	-1,083
Gearing ratio, % [3]	-61.6	-21.5	-27.7	-28.2	-2.1

[1] 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.

[2] 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.
Includes the acquisition of Axiom Systems in 2008. The aggregate gross capital expenditure excluding this acquisition amounted to 1,461 thousand euro, which was 1.7% of the net sales.

[3] 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	2004	2005	2006	2007	2008
EPS, EUR	0.10	0.07	0.05	0.10	0.06
Diluted EPS, EUR	0.10	0.07	0.05	0.10	0.06
Equity per share, EUR	0.43	0.42	0.44	0.49	0.48
Dividend per share, EUR [4]	0.08	0.04	0.05	0.06	0.04
Dividend per earnings, % [4]	80.2	61.5	92.8	59.1	64.6
Effective dividend yield, % [4]	4.3	2.4	2.8	4.2	5.8
P/E ratio	18.6	25.2	33.4	14.0	11.1
Highest share price			2.01	2.29	1.58
Lowest share price			1.44	1.36	0.60
Market value at year-end, million EUR			192.7	151.7	73.8
Adjusted number of shares at the end of period	107,054,810	107,054,810	107,054,810	107,054,810	107,054,810
of which the number of treasury shares				240,341	92,654
Outstanding shares at the end of period	107,054,810	107,054,810	107,054,810	106,814,469	106,962,156
Adjusted average number of shares during the period	107,054,807	107,054,810	107,054,810	106,848,199	106,938,539
Average number of shares, dilution included	107,054,807	107,054,810	107,054,810	106,848,199	106,938,539

[4] The Board's proposal

Definitions of Key Figures

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

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

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

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

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

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

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

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

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

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

$$\text{Dividend per share} = \frac{\text{Dividend}}{\text{Adjusted number of shares at the balance sheet date}}$$

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

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

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

Parent Company Income Statement, FAS

EUR 1,000	Notes	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Net sales	2	**76,884**	**80,565**
Other operating income	3	14	14
Materials and services	4	-5,773	-6,217
Personnel expenses	5	-21,875	-21,750
Depreciation and amortisation	6	-4,651	-4,993
Other operating expenses	7	-36,694	-36,668
		-68,993	-69,628
Operating profit		**7,905**	**10,951**
Financial income	8	969	895
Financial expenses	9	-1,737	-906
Profit before extraordinary items		**7,137**	**10,940**
Profit before appropriations and income taxes		**7,137**	**10,940**
Income taxes	10	-2,934	-4,205
Profit for the period		**4,203**	**6,735**

Parent Company Balance Sheet, FAS

EUR 1,000	Notes	31 Dec 2008	31 Dec 2007
ASSETS			
Non-current assets	11		
Goodwill		3,794	5,961
Other intangible assets		1,591	3,034
Tangible assets		1,539	1,709
Investments		10,586	1,230
		17,510	11,933
Current assets			
Non-current receivables	12	5,513	2,945
Current receivables	13	36,010	34,026
Marketable securities		0	2,725
Cash and cash equivalents		4,882	10,313
		40,892	47,063
TOTAL ASSETS		**63,915**	**61,942**
EQUITY AND LIABILITIES			
Capital and reserves	14		
Share capital		2,141	2,141
Fund of invested non-restricted equity		7,433	7,368
Retained earnings		23,691	23,371
Profit for the period		4,203	6,735
		37,468	39,615
Accumulated appropriations	15	59	59
Provisions	16	884	765
Liabilities			
Non-current liabilities	17	273	0
Current liabilities	18	25,231	21,502
TOTAL EQUITY AND LIABILITIES		**63,915**	**61,942**

Parent Company
Statement of Cash Flows, FAS

EUR 1,000	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Cash flows from operating activities		
Profit before extraodrinary items	7,137	10,940
Adjustments:		
Depreciation and amortisation	4,651	4,993
Financial income and expenses	-169	-445
Other adjustments	297	0
Change in working capital:		
Change in trade and other receivables	-1,928	473
Change in trade and other current liabilities	-1,003	-3,213
Change in provisions	119	599
Interest paid	-133	-8
Interest received	291	345
Taxes paid	-5,543	-4,275
Net cash from operating activities	**3,718**	**9,408**
Cash flows from investing activities		
Acquisition of subsidiaries	-9,690	0
Investments in tangible and intangible assets	-871	-1,621
Proceeds received from liquidation of a subsidiary	103	0
Dividends received from investments	0	52
Net cash used in investing activities	**-10,459**	**-1,568**
Cash flows from financing activities		
Dividends paid	-6,415	-5,332
Acquisition of Corporation's own shares	0	-792
Proceeds from borrowings	8,000	0
Repayment of borrowings	-3,000	0
Other non-current liabilities	1	0
Net cash used in financing activities	**-1,415**	**-6,124**
Change in cash and cash equivalents	**-8,156**	**1,715**
Cash and cash equivalents at the beginning of period	13,037	11,322
Cash and cash equivalents at the end of period	4,882	13,037
Change	**-8,156**	**1,715**

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 NASDAQ OMX Helsinki (CTL1V). The parent company of the Comptel Group, Comptel Corporation, is domiciled in Helsinki and its registered address is Salmisaarenaukio 1, 00180 Helsinki.

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

Presentation of financial information

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

Foreign currency transactions

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

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 are 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 euro.

Recognition and measurement

The company uses currency forward contracts. The changes in the values of the currency forward contracts entered into to hedge currency risks are 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	2008	2007
By geographical area		
Europe	38,276	48,732
Middle East and Africa	14,964	9,853
Americas	7,043	6,272
Asia-Pacific	16,601	15,708
Total	**76,884**	**80,565**

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	2008	2007
Net sales recognized as revenue according to percentage of completion	18,643	16,256
Amount recognized as revenue during the financial year and previous years for long-term projects in progress	18,157	13,729
Backlog of orders of long-term projects according to percentage of completion	6,458	9,395
Prepayments and accrued income recognized on the basis of percentage of completion	3,789	3,300
Deferred income and accruals recognized on the basis of percentage of completion	1,811	2,735

3. Other operating income

EUR 1,000	2008	2007
Gains on disposal of tangible and intangible assets	14	11
Other	0	3
Total	**14**	**14**

4. Materials and services

EUR 1,000	2008	2007
Purchases during the period	1,725	2,708
External services	4,048	3,508
Total	**5,773**	**6,217**

5. Personnel expenses

EUR 1,000	2008	2007
Wages and salaries	17,379	17,145
Pension expenses	2,991	3,154
Other social security costs	1,505	1,451
Total	**21,875**	**21,750**

Management salaries and other compensation

EUR 1,000	2008	2007
Members and deputy members of the Board of Directors	291	219

Information on the remuneration of the Group management is presented in more detail in note 30. Related party transactions to the consolidated financial statements.

	2008	2007
Average number of personnel	313	331

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	2008	2007
Intangible rights	1,512	1,754
Other long-term expenditure	42	39
Machinery and equipment	930	1,004
Goodwill	2,166	2,196
Total	**4,651**	**4,993**

7. Other operating expenses

EUR 1,000	2008	2007
Operating lease payments	2,805	2,494
Sales and marketing expenses	3,703	3,426
Other operating expenses	30,186	30,748
Total	**36,694**	**36,668**

Auditor's fees

EUR 1,000	2008	2007
Audit	44	56
Statements	1	0
Tax consultation	55	92
Other services	205	210
Total	**305**	**358**

8. Financial income

EUR 1,000	2008	2007
Interest income		
From Group companies	56	48
From others	250	353
Dividend income		
From Group companies	0	52
Exchange gains		
From others	663	442
Total	**969**	**895**

9. Financial expenses

EUR 1,000	2008	2007
Interest expenses		
To others	105	0
Other financial expenses		
To others	32	8
Exchange losses		
To others	1,600	898
Total	**1,737**	**906**

10. Income taxes

EUR 1,000	2008	2007
Current tax expense	1,932	3,193
Withholding taxes	810	1,034
Taxes from previous years	192	-23
Total	**2,934**	**4,205**

11. Non-current assets

Intangible assets

EUR 1,000	Intangible rights	Goodwill	Other long-term expenditure	Total
Cost at 1 Jan 2008	7,693	11,132	417	19,242
Additions	111			111
Cost at 31 Dec 2008	7,804	11,132	417	19,353
Accumulated amortisation at 1 Jan 2008	4,851	5,172	225	10,248
Amortisation	1,512	2,166	42	3,721
Accumulated amortisation at 31 Dec 2008	6,363	7,338	267	13,968
Book value at 31 Dec 2008	**1,440**	**3,794**	**151**	**5,385**
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**

Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2008	4,233
Additions	760
Cost at 31 Dec 2008	4,993
Accumulated depreciation at 1 Jan 2008	2,524
Depreciation	930
Accumulated depreciation at 31 Dec 2008	3,454
Book value at 31 Dec 2008	**1,539**
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**

Investments

	Shares in Group companies	Shares in associated companies	Total
Cost at 1 Jan 2008	830	400	1,230
Additions	9,690		9,690
Disposals	-335		-335
Cost at 31 Dec 2008	10,186	400	10,586
Book value at 31 Dec 2008	**10,186**	**400**	**10,586**

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**

12. Non-current receivables

EUR 1,000	31 Dec 2008	31 Dec 2007
Receivables from Group companies		
Loan receivables	5,513	2,945
Total	**5,513**	**2,945**
Non-current receivables total	**5,513**	**2,945**

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 2008	31 Dec 2007
Receivables from Group companies		
Trade receivables	608	802
Other receivables	283	782
Prepayments and accrued income	7	0
Total	**897**	**1,584**
Receivables from others		
Loan receivables	150	150
Prepayments	15	16
Trade receivables	24,922	24,616
Other receivables	2,852	2,668
Prepayments and accrued income	7,174	4,992
Total	**35,113**	**32,442**
Current receivables total	**36,010**	**34,026**
Specification of prepayments and accrued income		
Accrued income capitalised according to degree of completion	3,789	3,300
Tax accrual	1,920	70
Other prepayments	1,465	1,622
Total	**7,174**	**4,992**

14. Equity

EUR 1,000	2008	2007
Share capital at 1 Jan	2,141	2,141
Share capital at 31 Dec	**2,141**	**2,141**
Fund of invested non-restricted equity at 1 Jan	7,368	7,368
Treasury shares given to the members of the Board of Directors	66	0
Fund of invested non-restricted equity at 31 Dec	**7,433**	**7,368**
Retained earnings at 1 Jan	30,106	29,495
Dividends paid	-6,415	-5,332
Acquisition of Corporation's own shares	0	-792
Retained earnings at 31 Dec	**23,691**	**23,371**
Profit for the financial year	**4,203**	**6,735**
Equity, total	**37,468**	**39,615**

Breakdown of distributable funds

EUR 1,000	31 Dec 2008	31 Dec 2007
Fund of invested non-restricted equity	7,433	7,368
Retained earnings	23,691	23,371
Profit for the financial year	4,203	6,735
Total	**35,327**	**37,474**

15. Accumulated appropriations

EUR 1,000	2008	2007
Accumulated depreciation difference at 1 Jan	59	59
Accumulated depreciation difference at 31 Dec	**59**	**59**

16. Provisions

EUR 1,000	2008	2007
Provisions at 1 Jan	765	166
Provisions made during the financial year	156	765
Provisions used during the financial year	-37	-166
Provisions at 31 Dec	**884**	**765**

The 2008 provisions include a provision recognised for unoccupied leased office facilities, a warranty provision and a provision for employment benefit expenses. The 2007 provisions include a provision recognised for unoccupied leased office facilities and a warranty provision.

17. Non-current liabilities

EUR 1,000	31 Dec 2008	31 Dec 2007
Liabilities to Group companies		
Other liabilities	272	0
Liabilities to others		
Other liabilities	1	0
Total	**273**	**0**

18. Current liabilities

EUR 1,000	31 Dec 2008	31 Dec 2007
Liabilities to Group companies		
Trade payables	594	1,624
Other liabilities	6,444	6,869
Accruals and deferred income	1,690	0
Total	**8,728**	**8,492**
Liabilities to others		
Loans from financial institutions	5,000	0
Trade payables	575	1,394
Other liabilities	716	630
Accrued expenses and deferred income	10,211	10,986
Total	**16,503**	**13,010**
Current liabilities total	**25,231**	**21,502**
Specification of accrued expenses and deferred income		
Personnel expenses	3,613	4,060
Items recognized on the basis of percentage of completion method	1,811	2,735
Other accrued expenses and deferred income items	4,787	4,191
Total	**10,211**	**10,986**

Other accrued expenses and deferred income include items related to revenue recognition amounting to 3,545 thousand euro (2007: 3,659 thousand euro).

19. Collaterals, commitments and other contingent liabilities

Lease commitments

EUR 1,000	31 Dec 2008	31 Dec 2007
Amounts payable during the next financial year	352	313
Amounts payable later	314	333
Total	**666**	**646**

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

Rental commitments

EUR 1,000	31 Dec 2008	31 Dec 2007
Amounts payable during the next financial year	2,097	2,114
Amounts payable later	12,577	15,503
Total	**14,674**	**17,617**

Guarantees

EUR 1,000	31 Dec 2008	31 Dec 2007
Bank guarantees due within one year	487	368

Contingent liabilities assumed on behalf of Group companies

In 2008 Comptel Corporation has given a performance guarantee on behalf of its subsidiary. The total value of this agreement is 4 million US Dollars.

Derivative instruments

EUR 1,000	31 Dec 2008	31 Dec 2007
Forward exchange contracts		
Market value	-63	511
Value of underlying instrument	14,730	14,268

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 2008 the parent company's equity was 37,468,073.82 euro of which the distributable funds were 35,326,977.62 euro. The parent company's net profit for the financial year 2008 was 4,202,605.05 euro.

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

- dividend of eur 0.04 per share which makes in total 4,278,486.24 euro
- to be left in equity 31,048,491.38 euro

Shares and Shareholders

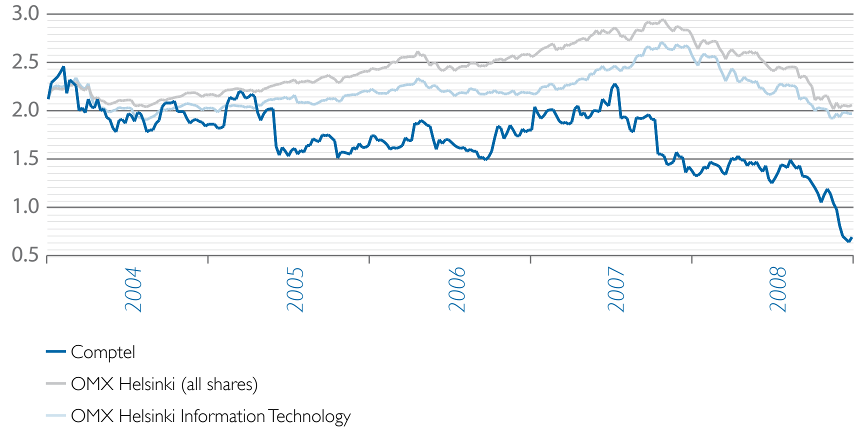
The share of Comptel Corporation is listed in the NASDAQ OMX Helsinki under the code CTL1V.

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

The share capital of the company has not changed during the year ended. The company's share capital on 31 December 2008 amounted to 2,141,096.20 euros, and the total number of shares was 107,054,810.

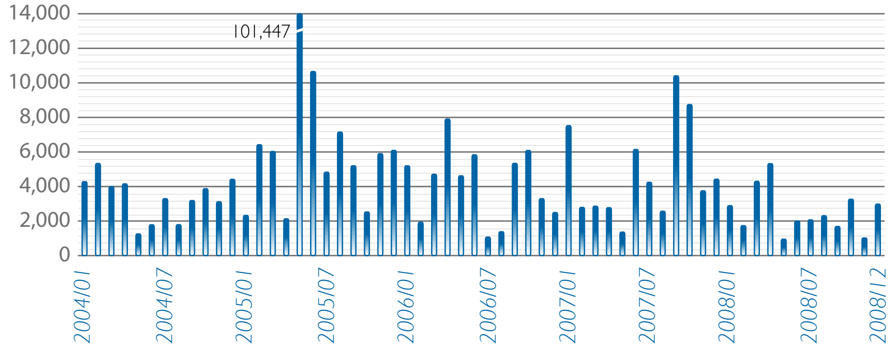
Share quotations 2004–2008

Weighted weekly average, EUR



Shares traded 2004–2008

Thousand shares/month



Authorisations to the Board of Directors

Authorisation to decide on share issues

The Annual General Meeting on 19 March 2008 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 2009.

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.

In 2008, no shares were purchased or disposed based on this authorisation.

The authorisation to repurchase the own shares is valid until 30 June 2009.

Share option schemes

Comptel has currently one share option scheme.

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 (1.73 euros), 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 (1.93 euros) 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 (1.48 euros).

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 euros. 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 670,000 of these share options were granted to Comptel's subsidiary Comptel Communications.

Comptel Corporation's 2006A share options were listed on Helsinki stock exchange commencing from 3 November 2008. The trading code for the share options 2006A is CTL1VEW106 and ISIN code is FI0009652390. No options were traded in 2008. The total number of 1,400,000 A share options entitles to subscribe a maximum of 1,400,000 Comptel shares. The share capital after subscription of shares may increase by a maximum of EUR 28,000.

Share option scheme 2001

The share subscription period of all Comptel Corporation 2001 A–D share options expired on 31 December 2008. During the subscription period no shares were subscribed. The total exchange of the merged 2001 B/C share options numbered 197,250 in the financial year and the closing price was 0.01 euro.

Share-based incentive program

In 2006, Comptel started an 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 2007 was paid in 2008 by transferring gratuitously 110,463 company shares and in cash, amounting to 243,190 euros. 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 2007, there were 13 key persons in the program and 17 key persons at the end of 2008.

Management interests

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

- A total of 0.399 per cent of the company's outstanding shares and share options
- 0.218 per cent of the votes and share capital
- The share options can provide them with 0.189 per cent of the votes and share capital

Share trading data

	1 Jan–31 Dec 2006	1 Jan–31 Dec 2007	1 Jan–31 Dec 2008
Closing price, EUR	1.80	1.42	0.69
Highest price, EUR	2.01	2.29	1.58
Lowest price, EUR	1.44	1.36	0.60
Weighted average trading price, EUR	1.70	1.85	1.28
Shares traded, 1,000 shares	49,819	57,547	30,480
Shares traded, EUR million	85.0	106.0	39.7
Market capitalisation at the year end, EUR million	192.7	151.7	73.8

Shareholding by owner group on 31 Dec 2008

	Shares	% of total shares
Companies	20,244,414	18.9
Financial and insurance companies	45,064,848	42.1
Public sector	13,222,618	12.4
Non-profit making entities	3,455,240	3.2
Private households	17,881,056	16.7
Foreign holding and nominee registered	7,186,634	6.7
Total number of shares	**107,054,810**	**100.0**

Shareholding by number of shares on 31 Dec 2008

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of total shares
1–100	2,175	11.3	136,832	0.1
101–500	12,084	62.8	2,228,665	2.1
501–1000	1,842	9.6	1,526,524	1.4
1001–5000	2,386	12.4	5,688,193	5.3
5001–10000	389	2.0	2,982,691	2.8
10001–50000	274	1.4	5,534,704	5.2
50001–100000	30	0.2	2,295,930	2.1
100001–500000	19	0.1	4,795,207	4.5
500001–	32	0.2	81,866,064	76.5
Total	**19,231**	**100.0**	**107,054,810**	**100.0**

Largest shareholders on 31 Dec 2008

	Shares	% of shares and votes
1. Mandatum Life Insurance Company Limited	**19,569,925**	**18.28**
2. Elisa Corporation	**14,304,000**	**13.36**
3. OP-funds	**8,116,514**	**7.58**
OP-Finland Small Firms Fund	4,411,802	4.12
OP-Delta Fund	1,910,000	1.78
OP-Nordic Small Firm Fund	1,300,000	1.21
OP-Focus Special Equity Fund	494,712	0.46
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. ABN AMRO funds	**5,348,551**	**5.00**
Alfred Berg mutual funds	3,088,085	2.88
ABN AMRO Small Cap Finland Fund	1,290,900	1.21
ABN AMRO Optimal Fund	969,566	0.91
6. Varma Mutual Pension Insurance Company	**5,144,825**	**4.81**
7. The State Pension Fund	**2,600,000**	**2.43**
8. FIM	**1,859,329**	**1.74**
FIM Fenno Investment Fund	820,119	0.77
FIM Tekno Investment Fund	313,512	0.29
FIM Securities Ltd	300,000	0.28
FIM Nordic Sijoitusrahasto	290,350	0.27
FIM Visio Investment Fund	135,348	0.13
9. 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
10. The Finnish National Fund for Research and Development Sitra	**1,364,529**	**1.27**
11. Forssan Seudun Puhelin Oy	**989,998**	**0.92**
12. Landskapet Ålands Pensionsfond	**883,719**	**0.83**
13. Etera Mutual Pension Insurance Company	**882,268**	**0.82**
14. Tapiola Mutual Pension Insurance Company	**840,000**	**0.78**
15. Suomi Mutual Life Assurance Company	**800,000**	**0.75**
16. Evli funds	**762,700**	**0.71**
17. SEB funds	**699,159**	**0.65**
18. Ilmarinen Mutual Pension Insurance Company	**683,591**	**0.64**
19. Kemira Pigments Oy Pension Fund	**631,349**	**0.59**
20. Veikko Laine Oy	**576,275**	**0.54**

On Behalf of the Board

Helsinki, 11 February 2009

Olli Riikkala

Timo Kotilainen

Juhani Lassila

Matti Mustaniemi

Hannu Vaajoensuu

Sami Erviö
President and CEO

Auditors' Report

To the Annual General Meeting of Comptel Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Comptel Corporation for the year ended on December 31, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director

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

Auditors' responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit has been performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

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

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

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

Helsinki, February 11, 2009
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 15 pm on Monday, 16 March 2009.

Shareholders intending to attend the Meeting shall notify the company thereof by 4 pm Finnish time on 9 March 2009, 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 6 March 2009 in the Company's Shareholder Register maintained by Euroclear Finland Ltd 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 0.04 euros per share be paid for year 2008. The dividend decided by the Annual General Meeting will be paid to shareholders registered on 19 March 2009 in the Company's Shareholder Register maintained by the Euroclear Finland Ltd. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 26 March 2009.

The proposals of the Board of Directors as well as the notice are available on Comptel Corporation's website at www.comptel.com. Copies of the documents will be sent to shareholders upon request, 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 2008

Comptel Signs Major Long-Term Deal with IBM in India	7 January
Comptel Shifts Its Organisation Closer to the Customers	8 January
Notice of Annual General Meeting	13 February
Comptel's Financial Statements for 2007	13 February
Correction to Notice of Annual General Meeting	18 February
Comptel's Transfer of Company's Own Shares	25 February
Shareholder's Proposal for the Board Members and their Compensation	27 February
Comptel's Annual Report 2007 Published	7 March
Resolutions Passed by Comptel Corporation's Annual General Meeting	19 March
Comptel Has Signed a Major License Deal with IBM India	26 March
Comptel's Disposal of Own Shares	1 April
Comptel Acquires UK-based Axiom Systems	21 April
Interim Report of Comptel Corporation 1 January–31 March 2008	23 April
Change in the Board of Directors' Audit Committee	19 June
Interim Report of Comptel Corporation1 January–30 June 2008	30 July
Comptel Delivers Axiom Licenses in India	18 August
Invitation to Capital Markets Day on 7 November	20 October
Interim Report of Comptel Corporation 1 January–30 September 2008	22 October
Comptel Corporation's Share Options 2006 A Will Be Listed	31 October
Comptel Establishes a Customer Service Center in Bulgaria and Increases Its Product Development in Malaysia	7 November
The Growth of Comptel's Net Sales Remains Lower Than Expected	26 November
Comptel's Financial Reporting and Annual General Meeting in 2009	27 November
CFO of Comptel Corporation Has Resigned	15 December

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

COMPTEL

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