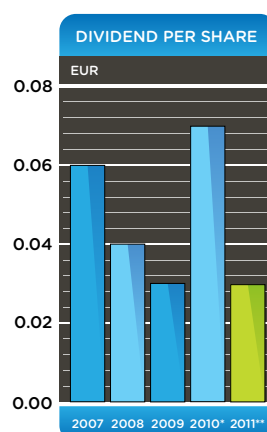
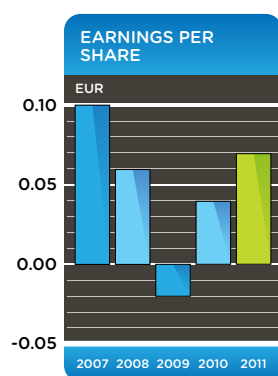
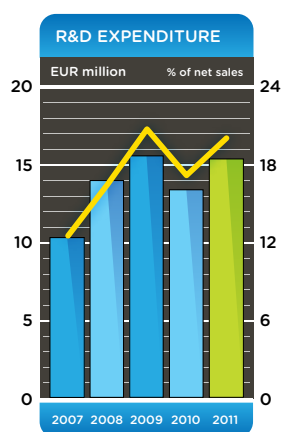
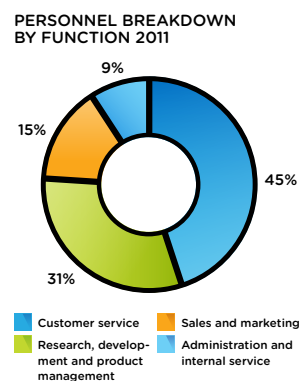
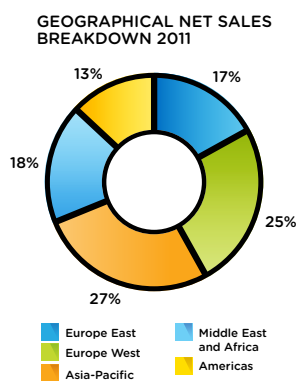
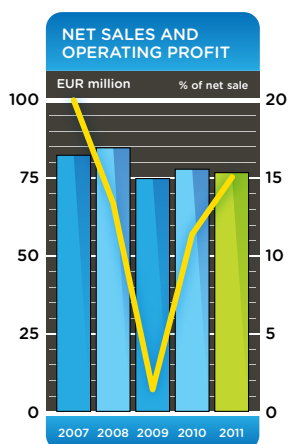




Annual Report 2011

Comptel is an international software company specialising in telecommunications. We have delivered solutions to over 280 operators in 85 countries and our software serves over 1 billion people.



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

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Key figures

	2007	2008	2009	2010	2011
Net sales, EUR million	82.4	84.8	74.9	77.9	76.8
Net sales, change %	2.4	3.0	-11.7	4.0	-1.5
Operating profit, EUR million	16.5	11.4	1.0	8.9	11.6
Operating profit, as % of net sales	20.0	13.4	1.4	11.4	15.1
Operating profit excluding non-recurring items, EUR million	16.5	12.5	3.5	8.9	2.8
Return on equity, %	21.9	12.8	-4.4	9.9	16.0
Return on investment, %	32.9	19.1	1.1	16.3	22.9
Equity ratio, %	77.6	67.4	62.6	71.6	66.6
Research and development expenditure, EUR million	10.3	14.0	15.6	13.4	15.4
Research and development expenditure, as % of net sales	12.5	16.5	20.8	17.2	20.1
Order backlog, EUR million	35.1	38.8	37.6	34.0	47.2
Average number of employees	555	606	613	586	623

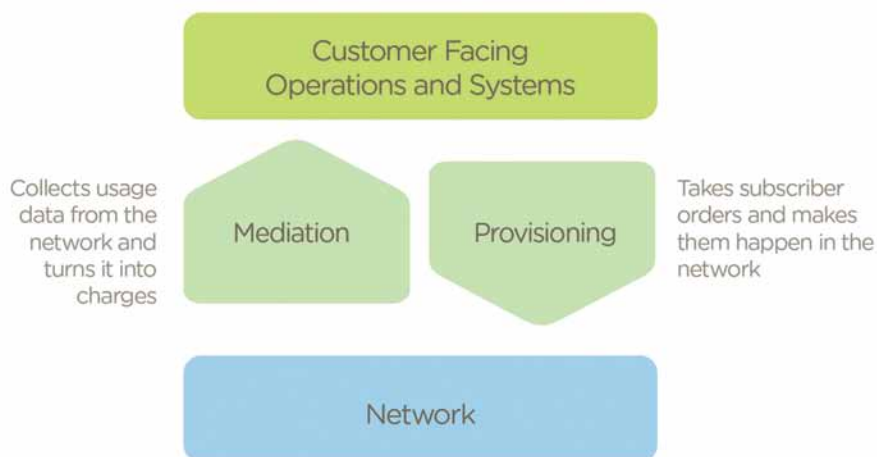
Comptel - Making Data Beautiful

Comptel helps communication service providers (CSPs) improve customer experience, increase revenue and reduce costs. We turn data into something quite beautiful.

Together with our customers and partners we develop Customer Engagement solutions that create new bridges between CSPs and their customers.

Our customers include leading global CSPs, such as América Móvil, Bharti Airtel, China Mobile, Orascom, QTel, Saudi Telecom, T-Mobile, Telefónica O2, Vodafone and Zain. We also cooperate in sales and delivery with partners, for example IBM, Logica, Tech Mahindra and Alcatel-Lucent.

What does Comptel do?



Strategy

We respond to the challenges that CSPs face

To differentiate from competition CSPs need agility in service and customer experience management.

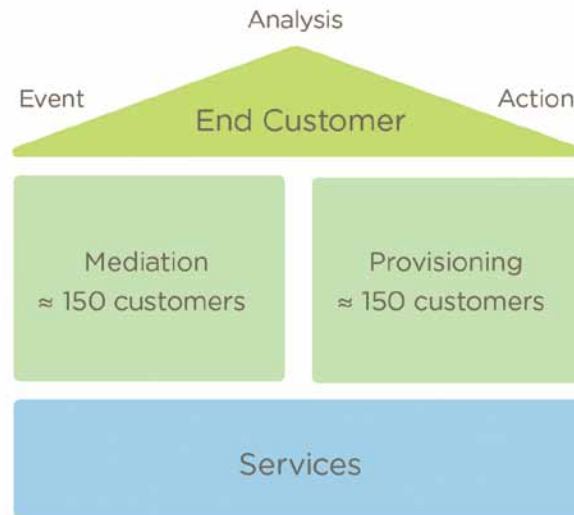
Comptel is connecting service fulfillment automation to real-time data collection and analysis, and our aim is to become the market leader in these areas.

Executing the strategy

Comptel's new strategy is around building an integrated offering for service providers to manage the customer experience and to drive new revenues from their subscriber base.

Comptel has a world leading platform for information extraction and automated service fulfillment. During year 2012, we will combine world class analytics capabilities with our existing software assets. Thus, we will create a unique offering that will enable operators to react quickly to events from the network and transform them automatically into relevant and timely actions that improve the customer experience.

How will Comptel grow?



Comptel will build new solutions based on our solid installed base. We will execute the above vision of analysing network events in real-time and then taking action based on the results. By responding to subscriber's needs in real-time, CSPs can bring more value to their customers as well as to their own actions.

Secondly, we will continue to develop our services business. We will strengthen our delivery and support services, develop our managed services and continue building professional services. All our services are based on Comptel's product offering and our deep understanding of technology.

Partners will continue to play an important role in addressing the market. We will expand our partnering with small, innovative companies lacking market access, creating a new ecosystem.

Way of working

After a lively discussion within the whole company, Comptel's values were renewed during year 2011. The new values are:

Passion: we are proud and excited about our achievements and the benefits we bring to our customers.

United: we work as a team and support each other to reach our common goal.

Respect: we listen to our customers, keep our promises and value diversity of thinking.

Make it happen: we focus on the solution, nothing is impossible.

The above are examples of what Comptel's values reflect. The values give clear guidelines to all at Comptel and guide the daily work in the company.

Message from the CEO



In 2011, we built a strong basis for Comptel's growth. We renewed the company's management and structure, established new teams and offices, adopted new values and formulated a new strategy.

We executed these changes in order to put Comptel back on a growth track. To obtain new customers, we need to operate in the local markets, close to telecom operators. We also need new products that will increase our sales to our existing, extensive customer base. Furthermore, our customers are interested in acquiring more and more of our services thanks to our leading specialist competence. We have persistently worked to build up these conditions for future growth.

We won new customers in all regions

During the year, we recruited a significant number of new professionals close to our customers and opened six new offices within our growth areas. We increased our product development investments in order to launch new products. In addition, we significantly expanded our solution-related service offering. These investments, which were in line with our strategy, deteriorated our operational profitability over the financial period.

During the year, we won 15 new customers globally, five in countries that are new to us. Furthermore, the number of projects and licences sold increased by ten from the previous year as we received 23 new significant orders. Over the last quarter, our order backlog reached a new, record-breaking level.

Surveys that we conducted at the end of the year showed that the change process has improved both our personnel and customer satisfaction.

Net sales from services turned to growth

We had a good start in developing our service operations over the reporting year. We improved the efficiency of our software deliveries, expanded our offering of managed services and built up new consultation competence. From the previous year our services sales increased by one fourth.

Professional services, outsourcing and business consultancy will complement our technology offering and strengthen our position as a trusted partner for operators undergoing business transformation process. In the long-term, increasing services plays a key part in dividing our business operations evenly throughout the year.

Analytics to be added to our offering

Comptel's strategy is based on an integrated offering, with which telecom operators can control their customers' experience and create new sales from their subscriber base. Through our 280 customers, we offer one of the world's leading software platforms for collecting information and automating service fulfillment.

At the beginning of 2012, we completed a strategic transaction by acquiring the Finnish software company Xtract, a leading global expert in customer analytics. By combining competence in analytics with our software, we have a unique offering, with which telecom operators can react quickly to events in the telecommunications network and establish automatic measures that improve the customer experience.

In 2012, we will launch our next generation Fulfillment and Order Management solutions. We are determined to expand our software offering in order to increase the share of licence sales in our net sales. This will help improve our company's profitability.

Capital returned to our shareholders

Financially speaking, the most significant event during the reporting year was the sale of the Axioos fulfillment software to Cisco Systems, which increased our operating profit from the previous year. Thanks to the transaction, we paid a capital repayment and an extra dividend to our shareholders in December. Our financial position remains strong.

The year 2011 was a time of transformation for Comptel. Several change initiatives were not yet reflected in the profit for the period, but I am convinced that we can return Comptel to the path of growth.

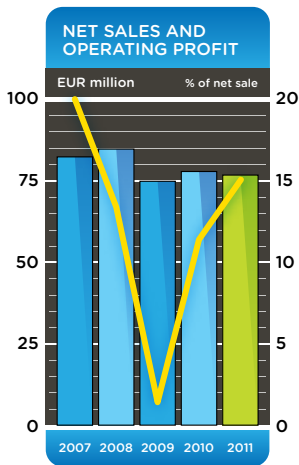
I wish to thank our shareholders for the trust they have shown towards our company during this transition. I also wish to warmly thank our personnel who, in addition to their strong contribution, showed an exemplary attitude towards change during the year. I wish to thank our customers and partners for their productive cooperation - which I hope will be even closer this year!

Helsinki, March 2012



Juhani Hintikka
President and CEO

Report of the Board of Directors



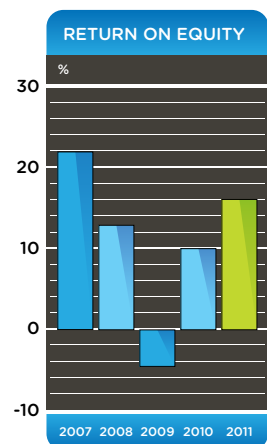
Market development

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

In 2011, telecom operators' revenue and investments continued a moderate growth of 6 - 8 per cent as in the previous year, and the European debt crisis did not have an impact on the industry's investments. The most important industry trend was still the strong growth of data services and of the amount of data being transmitted. In developed markets, growth was generated by mobile broadband solely and also in the developing markets the focus of growth is moving from number of subscribers to number of data services.

The development of fast broadband networks and services as well as end-user devices has led to a more versatile need to manage and charge the services. This requires investment in systems that allow flexible service packaging, selling of 3rd party services, and diverse pricing models. At the same time, operators need to invest in the consolidation and rationalisation of their existing systems.

Operators' competition for customers has intensified with new types of service providers, such as Google, Amazon, Facebook and Apple, taking their share of the business. Customer retention and capitalisation of additional sales opportunities have brought new requirements for business management systems. Operators have to automate the monitoring the customer experience and to be able to respond to customer needs in real time. In addition, a unified interface to the operations is needed as the communications network and its services are opening also to other industries such as healthcare, logistics and energy sectors.



Net sales and profitability

In 2011, the net sales of Comptel Group decreased by 1.5 per cent compared to the previous year and were EUR 76.8 million (2010: 77.9; 2009: 74.9). Net sales impaired as a result of the license sales, which was lower than in the previous year.

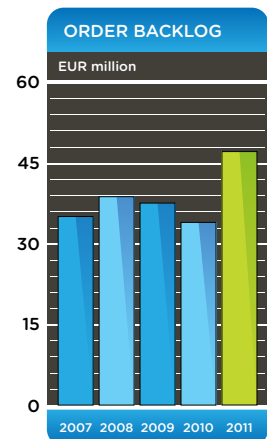
The Group's operating profit was EUR 11.6 million (2010: 8.9; 2009: 1.0), which corresponds 15.1 per cent (11.4) of net sales. The sale of Axioss fulfillment software to Cisco Systems for EUR 22.1 million increased the operating profit. Following the impairments of goodwill and R&D capitalisations, and other deal-related expenses, the final net operating result impact of the transaction was EUR 8.8 million. Operating profit excluding one-off items was EUR 2.8 million (2010: 8.9; 2009: 3.5), corresponding 3.7 per cent (11.4) of net sales. The continued investments in sales and service organisation as well as a lower than targeted license sales weakened the profitability.

Net financial items were EUR -0.8 million (-0.7). Profit before taxes was EUR 10.7 million (8.5), which corresponds 13.9 per cent (10.9) of net sales. Net profit was EUR 7.3 million (4.7). Earnings per share for the financial year were EUR 0.07 (2010: 0.04; 2009: -0.02).

Tax expense for the financial year was EUR 3.4 million (3.8). The expense included EUR 1.3 million (1.0) of withholding taxes due to double taxation. The cumulative amount of outstanding, non-credited and as an expense recognized double withholding taxes payment since 2004 is EUR 7.6 million.

Return on equity was 16.0 per cent (2010: 9.9; 2009: -4.4).

The Group's order backlog strengthened significantly towards year-end and was EUR 47.2 million (2010: 34.0; 2009: 37.6) at the end of the financial year. Maintenance agreements represented EUR 24.9 million (20.5) and other order backlog EUR 22.3 million (13.6) of the total.



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

Business areas

Business areas are defined by geography. During the financial year, Comptel divided its European business into two regions: Europe East and Europe West. Following this split, Comptel has five business segments: Europe East, Europe West, Asia-Pacific, Middle East and Africa, and the Americas. The operating profit of the segments includes the cost of sales and customer services. Group R&D and general costs are not allocated to the segments.

During the financial year, Comptel received 23 significant orders (13), 10 fulfillment, 9 control & charge and 4 covering both of these main solution areas. As significant orders Comptel reports sold projects and licenses with a value of EUR 500,000 at the minimum.

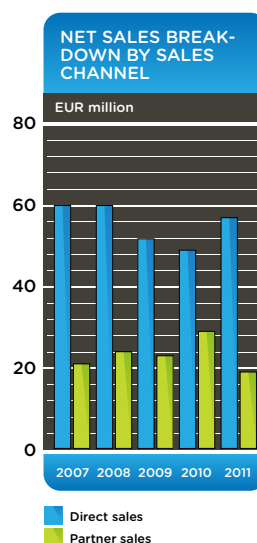
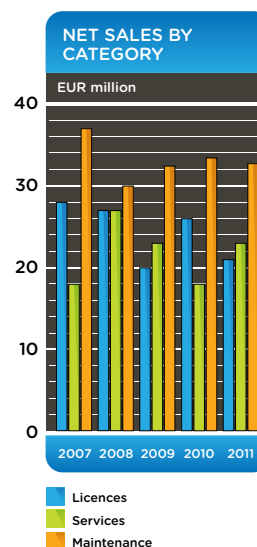
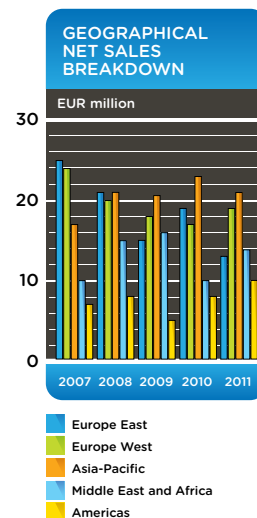
The net sales of Europe East were EUR 12.9 million (19.5). Net sales decreased from the previous year when new license deals were agreed with Telenor Norway together with the removal of the maintenance of Telenor's old IT systems from Comptel. The Group's operating profit for the segment was EUR 2.2 million (8.8), representing 16.9 per cent of net sales (45.0). During the financial year, Comptel won one new customer in the region which expanded towards east. Some of the most significant customers were Elisa, Telenor, TDC, operators belonging to the TeliaSonera Group, and Mobile TeleSystems (MTS). Comptel established offices in Istanbul and Stockholm, and strengthened its team in Moscow.

The net sales of Europe West were EUR 19.1 million (17.6). The Group's operating profit for the segment was EUR 11.4 million (11.0), representing 60.0 per cent of net sales (62.6). Comptel obtained three new customers in the region and won the first project in which separate systems in several countries were consolidated and replaced with one Comptel solution. Some of the most significant customers were operators belonging to the Telefónica O2-, Deutsche Telekom-, Vodafone-, KPN- and Cosmote groups. Comptel established offices in Den Haag and Düsseldorf, and strengthened its team in Milan.

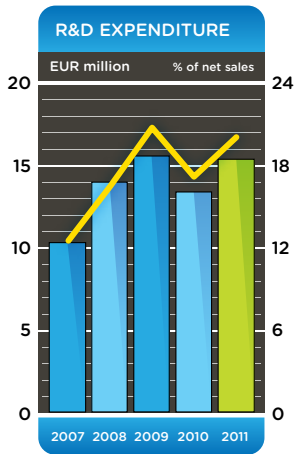
The net sales of Asia-Pacific were EUR 21.1 million (23.1). The Group's operating profit for the segment was EUR 11.9 million (13.1), representing 56.5 per cent of net sales (56.6). Comptel won four new customers in the region and entered the South Korean market. Some of the most significant customers were Bharti, Idea, IBM and Vodafone in India, IBM, NBN Co and Vodafone Hutchison in Australia, Indosat in Indonesia, FarEastTone (FET) in Taiwan and Australia as well as operators belonging to the Telenor Group. Comptel established a new office in Singapore.

The net sales of Middle East and Africa were EUR 13.7 million (9.8). Net sales grew from the previous year as a result of new delivery projects. The Group's operating profit for the segment was EUR 5.5 million (2.5), representing 39.8 per cent of net sales (25.3). Comptel won two new customers in the region. Many of the biggest operators in the Middle East are Comptel's customers, among them operators belonging to the Etisalat, Orascom, Q-Tel and Zain groups and Saudi Telecom. Comptel established a new office in Cairo.

The net sales from the Americas were EUR 9.9 million (7.8). New deals and deliveries generated the growth. The Group's operating profit for the segment increased to EUR 5.7 million (4.2), representing 56.9 per cent of net sales (53.5). Comptel won five new customers in the region and entered two new countries. The most significant customers in the Americas were operators belonging to the América Móvil and Telefónica groups, and Axtel, Oi and T-Mobile US.



Report of the Board of Directors

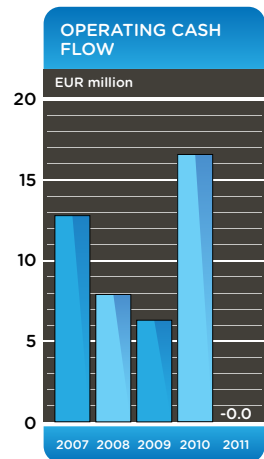


Comptel's net sales are comprised of selling software licenses and license upgrades, and selling the services and maintenance supporting its products. License sales decreased from the previous year and were EUR 21.1 million (26.2). In line with the company's strategy, services sales increased and were EUR 22.9 million (18.3). Maintenance agreements represented EUR 32.7 million (33.4) of net sales.

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 IBM, Logica, Tech Mahindra and Capgemini, and network equipment vendors like Alcatel-Lucent and NSN. In addition to its global partners, Comptel cooperates with a number of local partners that are significant in their own region, such as T-Systems in Germany. Direct sales were EUR 57.1 million (48.7) and sales through partners and resellers were EUR 19.6 million (29.2). The share of partner sales decreased from the previous year, however, the role of partners was significant in several deals booked in as direct sales.

Investments

In 2011, gross investments in tangible and intangible assets were EUR 1.0 million (1.1) and comprised of investments in devices, software and furnishings. The investments were funded through cash flow from operations.



Research and development

Comptel's direct R&D expenditures and investments were EUR 15.4 million (2010: 13.4; 2009: 15.6). This corresponds to 20.1 per cent (2010: 17.2; 2009: 20.8) of net sales.

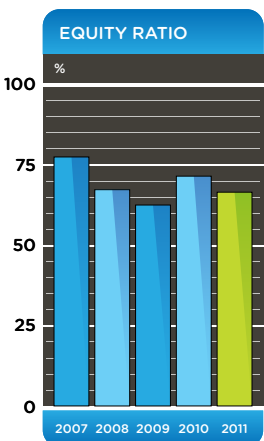
Comptel's R&D expenditure was mainly targeted at the service fulfillment automation of telecom operators and to the management of rapidly increasing data traffic in real-time. In addition, the company is developing an integrated software platform, which will enable a cost-efficient and solution-based R&D.

New product releases were done for the Comptel Control and Charge solution suite which combines the Convergent Mediation, Policy Control and Online Charging products. These new software releases allow the operator to dynamically manage pricing models and the service quality levels for subscribers, thus enabling operators to manage their services and to create new business models, in particular for mobile broadband. They also allow roaming cost control, bandwidth management and optimising resource usage.

Comptel's fulfillment solutions enable operators to optimise their operating processes both in mobile and IP domains. Comptel's investments were targeted at new solutions in order management and dynamic SIM management, and following the Axioss divestment to Cisco, at continued development of the converged fulfillment platform.

Comptel extended 5 previously filed patent applications in 2011 (13). The company did not file new patent applications (0). During the year Comptel was granted 3 patents (5) related to real-time mediation of usage data and charging of subscribers in an online mediation environment, and managing data traffic in telecom network. At the end of the year, Comptel had 20 (17) granted patents and 72 (77) pending patent applications to protect its main products and solutions.

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



Financial position

Statement of financial position total on 31 December 2011 was EUR 71.8 million (76.4), of which liquid assets amounted to EUR 9.4 million (7.0).

During the financial year, net operating cash flow was EUR -0.0 million (16.6), paid dividends were EUR 7.2 million (3.2) and net investments after the Axioss sales income were EUR +16.9 million (-5.1).

The trade receivables were EUR 26.0 million (24.3) at the end of the period. The accrued income was EUR 10.2 million (7.6). The deferred income related to partial debiting was EUR 2.1 million (1.9).

Comptel Corporation has available in full a revolving credit facility of EUR 15.0 million maturing in the year 2013. The equity ratio was 66.6 per cent (71.6) and the gearing ratio was 22.3 per cent negative (-14.1).

Company structure

At the end of 2011, Comptel Group comprised of the parent company Comptel Corporation and the fully owned subsidiaries Comptel Communications Oy, Comptel Communications AS, Comptel Communications EOOD, Comptel Communications Sdn Bhd, Comptel Communications Brasil Ltda, Comptel Communications Inc., Comptel Ltd., Comptel Passage Oy and Business Tools Oy. In addition the Group included the fully owned subsidiary Comptel Communications Holdings and its fully owned subsidiaries Comptel Communications Ltd and Viewgate Networks Limited. The Group also included an Irish associated company Tango Telecom Ltd. (share of ownership 20.0 per cent).

During the financial year Comptel established branches in Germany, the Netherlands, Singapore, Sweden and Turkey. Comptel Group has registered representative and branch offices also in Australia, China, Egypt, India, Italy, Russia, and in the United Arab Emirates.

Personnel

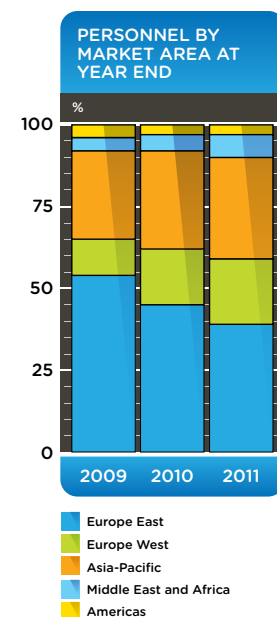
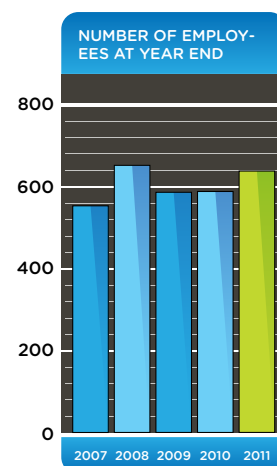
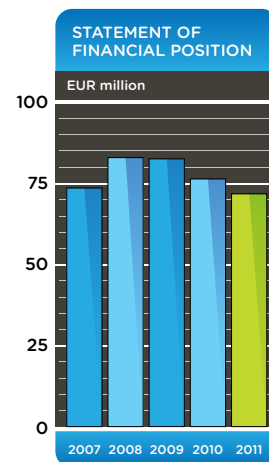
At the beginning of the year Comptel had 589 employees, and at the end of the year 639. The Group employed an average of 623 persons in 2011 (2010: 586; 2009: 613).

Of the Group personnel, 48.2 per cent (51.1) were located in Europe East, 11.0 per cent (10.7) in Europe West, 31.1 per cent (30.2) in the Asia-Pacific area, 6.4 per cent (5.1) in the Middle East and Africa, and 3.3 per cent (2.9) in the Americas at the end of the financial year.

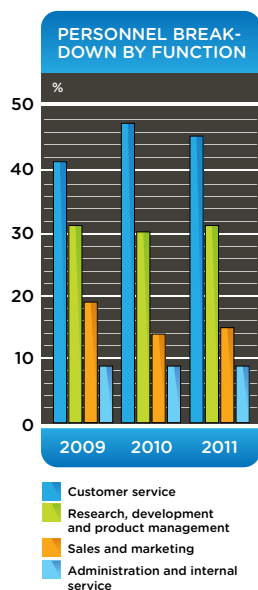
Of the Group personnel, 44.8 per cent (46.7) worked in customer services, 30.7 per cent (29.7) in research, product development and product management, 15.6 per cent (14.1) in sales and marketing and 8.9 per cent (9.5) in administration and internal support services at the end of the financial year.

At the end of the year the Group had 621 (583) regular workers and 18 (6) non-permanent employees. Of the employees, 611 (560) were full-time and 28 (29) part-time.

Average personnel turnover in 2011 was 26.1 per cent (13.8). The average years of service was 4.9 (5.8). The average age of the employees at the end of the year was 36 years (37). At the end of the year 72 per cent (72) of the employees were men and 28 per cent (28) women.



Report of the Board of Directors



Salaries and commissions totalled EUR 30.7 million in 2011 (2010: 29.2; 2009: 32.0).

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

Of the personnel, 76 per cent had a university degree, 13 per cent had a polytechnic diploma, 6 per cent a vocational college diploma and 5 per cent other education.

The Group continued the Comptel University programme for personnel competence development. An average of EUR 1,077 per person was spent on training (815). The number of training days per person was 4.6 (5.2).

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

Corporate governance

The Annual General Meeting, held on 23 March 2011, re-elected the following members for the Board of Directors: Mr Olli Riikkala, Mr Hannu Vaajoensuu, Mr Timo Kotilainen, Mr Juhani Lassila, Mr Petteri Walldén and Mr Henri Österlund. In its meeting held after the AGM, the Board of Directors re-elected Mr Olli Riikkala as chairman and Mr Hannu Vaajoensuu as vice chairman. Mr Juhani Lassila continues as chairman of the audit committee in which the other members are Mr Petteri Walldén and Mr Henri Österlund. Mr Olli Riikkala continues as chairman of the compensation committee in which the other members are Mr Timo Kotilainen and Mr Hannu Vaajoensuu.

Mr Juhani Hintikka acted as the President and CEO of Comptel as of 3 January 2011.

Following the organisational changes implemented in 2011, the members of Comptel Executive Board, in addition to CEO, were the business area leaders Mr Timo Koistinen (Europe East), Mr Mauro Carobene (Europe West), Mr Mika Korpinen (Asia-Pacific), Mr Veqar Islam (Middle East and Africa) and Mr Diego Becker (Americas), Mr Antti Koskela responsible for Products and Solutions, Mr Kari Onniselkä responsible for Global Services, Mr Mikko Hytönen (CFO), Ms Niina Pesonen (HR) and Mr Sami Ahonen responsible for Legal and M&A.

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

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 2011 was EUR 2,141,096.20 and the total number of votes was 107,054,810.

The total exchange of Comptel's shares in 2011 was 32.8 million shares (38.3), which is 30.7 per cent (35.8) of the total number of shares. The closing price was EUR 0.49 (0.69). Comptel's market value at the end of the year was EUR 52.3 million (73.5).

OP-Pohjola Group Central Cooperative notified on 2 February 2011 that the total holdings in Comptel Corporation shares of its interest communities and the mutual funds managed by the subsidiary of OP-Pohjola have decreased to below the threshold of 5 per cent.

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.

During the review period, a total of 165,000 share options 2009B and 1,475,000 share options 2009C have been distributed to the key personnel of Comptel Group. A number of 250,000 share options 2009B and 180,000 share options 2009C were returned to the company.

The current share subscription price for option 2009B is EUR 0.73, which corresponds to the trade volume weighted average quotation of the Comptel share on the NASDAQ OMX during 1 April - 30 April 2010 deducted by the dividends and capital repayment paid. The current share subscription price for option 2009C is EUR 0.57, which corresponds to the trade volume weighted average quotation of the Comptel share on the NASDAQ OMX Helsinki during 1 April - 30 April 2011 deducted by the dividend and capital repayment paid.

The share subscription period for stock options 2009A will be 1 November 2011 - 30 November 2013, for stock options 2009B 1 November 2012 - 30 November 2014, and for stock options 2009C 1 November 2013 - 30 November 2015.

Share options 2009A were listed on NASDAQ OMX Helsinki commencing from 1 November 2011. The trading code is CTL1VEW109 and ISIN code is FI4000031489. The current share subscription price with the share option 2009A is EUR 0.46, which corresponds to the trade volume weighted average quotation of the Comptel share on the Helsinki stock exchange during 1 April - 30 April 2009 deducted by the dividends and capital repayment paid.

The share subscription period of 2006B share options expired on 30 November 2011. During the subscription period no shares were subscribed.

During the year, Comptel Corporation allotted 312,920 shares as part of share-based incentives to persons involved in the program and 110,148 shares to the members of the Board of Directors as part of their annual compensation.

Members of the Board of Directors and CEO owned a total of 0.63 per cent of the company's shares and votes and 0.00 per cent of the company's share options at the end of the financial year.

A total of 5,600,000 Comptel Corporation shares can be subscribed with the company's outstanding share options.

The company held 292,685 of its own shares at the end of the financial year, which is 0.27 per cent of the total number of its shares. The total counter-book value of the shares held by the company was EUR 5,854.

The Annual General Meeting (AGM), held on 23 March 2011, approved the proposal of Board of Directors that a dividend of EUR 0.04 per share be paid for 2010. The AGM authorised the Board of Directors to decide on share issues amounting to a maximum of 21,400,000 new shares and on repurchase of the company's own shares up to a maximum number of 10,700,000 shares. The authorisations are valid until 30 June 2012.

The Extraordinary General Meeting, held on 29 November 2011, approved the proposal of Board of Directors that a capital repayment of EUR 0.07 per share and a dividend of EUR 0.03 per share be paid.

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 demand in the operations support system markets may vary significantly by region.

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

Report of the Board of Directors

may significantly undermine the growth of Comptel's business and its profitability.

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

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.

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

The Middle East, Africa and Asia are increasingly important market areas for Comptel. The company is operating in several countries where the political 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, Malaysian ringgit and Norwegian Krone affect the company's net sales, expenses and net profit.

The application process to prevent Comptel's double taxation is still pending with the Ministry of Finance in Finland. The company believes the treatment of its withholding taxation will be changed. However, the process between the states is very slow and the timing of a change is hard to forecast.

In December 2011, Cisco Systems Inc. filed a request for arbitration against Comptel Corporation and its wholly owned subsidiary Comptel Communications Ltd in the London Court of International Arbitration concerning Comptel's use of a certain sub-set of Axioss software that was sold to Cisco and simultaneously licensed back to Comptel for use in the current release of Comptel Fulfillment. Comptel regards Cisco's claims entirely against the recent agreements concluded by Comptel and Cisco for the sale of Axioss software to Cisco. This dispute has no impact on the next-generation Comptel Fulfillment 8, which will be released in summer 2012.

The financial risks of Comptel are described more in detail in attachment 26 of the financial statements.

Events after the reporting period

Comptel Corporation announced on 26 January 2012 that it will acquire Xtract Oy, a Finnish software company specialising in analytics, for a total consideration of EUR 3.1 million (enterprise value). Xtract has approximately 20 customers including telecom operators AVEA in Turkey, DNA in Finland, Megafon in Russia and TeliaSonera in Finland as well as insurance company If, retail and media companies. Xtract's net sales were EUR 2.4 million in 2011. Xtract has 27 highly skilled employees which are mainly based in Espoo, Finland. The transaction was completed on 9 February 2012 after which time onwards Xtract Group will be consolidated into Comptel Group financials. The acquisition was financed through Comptel Corporation's liquid assets. The main selling shareholders are private equity funds managed by Creandum, Innovations Kapital and Verdane.

Outlook

Comptel's order backlog at the end of 2011 was strong, creating conditions for growth during 2012.

In 2012, Comptel net sales are estimated to grow over 10 per cent from the previous year. Operating profit is estimated to represent 5 - 10 per cent of net sales.

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

Board of Directors' Proposal for the Disposal of Profits

The Group parent company's distributable equity on 31 December 2011 was EUR 15,026,574.95 (24,980,408.87).

The Board of Directors proposes to the General Meeting that a dividend of EUR 0.03 (0.04 and an extraordinary dividend 0.03) per share be paid, totalling EUR 3,202,863.75 (7,473,348.75).

Significant changes have not taken place in the company's financial position after the end of the financial year. The company's liquidity is good. The Board of Directors' view is that the proposed distribution of profits does not undermine the company's solvency.

Helsinki, 9 February 2012

Comptel Corporation
Board of Directors

Consolidated Statement of Comprehensive Income

EUR 1,000	Notes	1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010
Net sales	2	76,751	77,888
Other operating income	4	19,802	426
Materials and services	5	-5,285	-2,607
Employee benefits	6	-36,747	-35,522
Depreciation, amortisation and impairment charges	7	-13,635	-5,941
Other operating expenses	8	-29,277	-25,337
		-84,944	-69,407
Operating profit/loss		11,609	8,908
Financial income	11	536	864
Financial expenses	11	-1,289	-1,574
Share of result of associated companies		-187	314
Profit/loss before income taxes		10,669	8,512
Income taxes	12	-3,373	-3,811
Profit/loss for the period		7,297	4,702
Other comprehensive income			
Cash flow hedges		-727	8
Translation differences		175	900
Income tax relating to components of other comprehensive income	12	177	-2
Total comprehensive income for the period		6,922	5,607
Profit/loss attributable to:			
Equity holders of the parent company		7,297	4,702
Non-controlling interest		-	-
Total comprehensive income attributable to:			
Equity holders of the parent company		6,922	5,607
Non-controlling interest		-	-
Shareholders of the parent company:	13		
Earnings per share, EUR		0.07	0.04
Earnings per share, diluted, EUR		0.07	0.04

Consolidated Statement of Financial Position

EUR 1,000	Notes	31 Dec 2011	31 Dec 2010
ASSETS			
Non-current assets			
Goodwill	15	10,832	19,626
Other intangible assets	15	9,255	10,948
Tangible assets	14	1,381	1,842
Investments in associates	16	817	1,003
Available-for-sale financial assets		87	87
Deferred tax assets	17	636	783
Other non-current receivables		409	432
		23,418	34,721
Current assets			
Trade and other receivables	18	38,919	34,580
Current tax assets		22	36
Cash and cash equivalents	19	9,401	7,028
		48,343	41,644
TOTAL ASSETS		71,761	76,365
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	178	7,575
Translation difference	20	-682	-858
Retained earnings		40,169	40,287
		41,805	49,146
Total equity		41,805	49,146
Non-current liabilities			
Deferred tax liabilities	17	4,798	5,762
Provisions	23	2,750	1,954
Non-current financial liabilities	24	29	68
Other non-current liabilities		-	1
		7,577	7,784
Current liabilities			
Trade and other current liabilities	25	21,615	18,819
Current tax liabilities		726	579
Current financial liabilities	24	38	36
		22,379	19,435
Total liabilities		29,956	27,219
TOTAL EQUITY AND LIABILITIES		71,761	76,365

Consolidated Statement of Cash Flows

EUR 1,000	Notes	1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010
Cash flows from operating activities			
Profit/loss for the period		7,297	4,702
Adjustments:			
Non-cash transactions or items that are not part of cash flows from operating activities	27	-4,463	7,111
Interest and other financial expenses		63	139
Interest income		-56	-37
Income taxes		3,373	3,811
Change in working capital:			
Change in trade and other receivables		-4,903	4,082
Change in trade and other current liabilities		1,211	-1,711
Change in provisions		796	-587
Interest paid		-63	-163
Interest received		48	29
Income taxes paid and tax returns received		-3,350	-820
Net cash from operating activities		-47	16,556
Cash flows from investing activities			
Investments in tangible assets		-434	-1,085
Investments in intangible assets		-558	-39
Investments in development projects		-3,965	-3,932
Proceeds from sale of tangible and intangible assets		21,903	-
Change in other non-current receivables		-58	-3
Net cash used in investing activities		16,888	-5,059
Cash flows from financing activities			
Dividends paid		-7,242	-3,191
Capital repayment		-7,473	-
Acquisition of Corporation's own shares		-	-468
Lease payments		-38	-
Proceeds from borrowings		-	6,000
Repayment of borrowings		-	-14,000
Net cash used in financing activities		-14,753	-11,659
Net change in cash and cash equivalents		2,088	-163
Cash and cash equivalents at the beginning of the period	19	7,028	6,730
Cash and cash equivalents at the end of the period	19	9,401	7,028
Change		2,373	298
Effects of changes in foreign exchange rates		286	461

Consolidated Statement of Changes in Equity

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY EUR 1,000							
	Share capital	Other reserves	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total
Equity at 31 Dec 2009	2,141	7,499	-1,757	-45	-287	38,748	46,299
Dividends						-3,191	-3,191
Acquisition of Corporation's own shares						-468	-468
Transfer of treasury shares		76			155	-155	76
Share-based compensation						824	824
Total comprehensive income for the period			900	6		4,702	5,607
Equity at 31 Dec 2010	2,141	7,575	-858	-40	-600	40,927	49,146
Dividends						-7,473	-7,473
Capital repayment		-7,473					-7,473
Transfer of treasury shares		76			225	-225	76
Share-based compensation						608	608
Total comprehensive income for the period			175	-550		7,297	6,922
Equity at 31 Dec 2011	2,141	178	-682	-589	-375	41,133	41,805

Notes to the Consolidated Financial Statements

1. Accounting principles for the consolidated financial statements

Company profile

Comptel Corporation is a Finnish public limited liability company organised under the laws of Finland. Founded in 1986, Comptel Corporation is one of the leading providers of productised telecom software in convergent fulfillment, mediation and charging. 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 2011 including the IAS and IFRS standards as well as the SIC and IFRIC interpretations. IFRSs referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the EU. The notes to the consolidated financial statements also conform to the Finnish accounting and company legislation.

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

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

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

On 1 January 2011 the Group adopted the following new and amended standards and interpretations endorsed by the EU and that are applicable to Comptel:

Revised IAS 24 Related Party Disclosures. The amendment simplifies and clarifies the definition of a related party and relaxes the disclosure requirements of business operations between public enterprises.

Improvements to IFRSs (May 2010) (mainly effective for financial periods beginning on or after 1 July 2010). Under this procedure minor and non-urgent amendments are grouped together and carried out through a single document annually.

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

Principles of consolidation

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

Subsidiaries

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

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

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

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

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

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

Associates

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

Foreign currency transactions

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

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

Financial statements of foreign subsidiaries

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

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

Tangible assets

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

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

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

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

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

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

Intangible assets

Goodwill

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

Acquisitions that have taken place between 1 January 2004 and 31 December 2009 have been recognised based on the previous IFRS standards. Goodwill arisen from the business combinations occurred prior to the IFRS transition date has

been accounted for in accordance with FAS and has been taken as a deemed cost.

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

Research and development costs

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

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

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

Other intangible assets

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

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

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

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

Leases

Comptel as lessee

IAS 17 *Leases* divides leases into finance and operating leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the typical risks and rewards of ownership to the lessee. At the commencement of the lease term an asset acquired under a finance lease is recognised in the statement of financial position at an amount equal to the lower of its fair value and the present value of the minimum lease payments. An asset acquired under a finance lease is depreciated over the shorter of the lease term and its useful life. Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability so as to achieve a constant periodic rate of interest on the liability balance outstanding. Lease liabilities are included in financial liabilities. If the lease does not meet the requirements of a finance lease, it is always classified as an operating lease. In such a case the lessee has the right to use the asset for a limited time and the risks and rewards incidental to ownership are not transferred to the lessee.

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

Impairment

Tangible and intangible assets

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

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

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

Pension obligations

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

In a defined benefit plan the liability to be recognised in the statement of financial position is the net amount of the net present value of the pension obligation and the plan assets measured at fair value at the year-end, adjusted with both unrecognised actuarial gains and losses as well as with unrecognised 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 recognised in profit or loss 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 profit or loss on a straight-line basis over the vesting period. The expense determined at the grant date is based on the Group's estimate on the number of those options that eventually vest at the end of the vesting period. The fair value is determined using the Black-Scholes option pricing model.

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

Provisions

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

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

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

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

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

Income taxes

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

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

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

Revenue recognition and net sales

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

Long-term projects

Revenue and expenses from long-term projects are recognised using the percentage-of-completion method, when the outcome of a long-term project can be estimated reliably. The revenue from a long-term project comprises license income and work. The outcome of a long-term project can be estimated reliably when the revenue and expenses expected as well as the progress made towards completing a particular project can be measured reliably and when it

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is probable that the economic benefits associated with the project will flow to the Group. In Comptel the degree of completion of a long-term project is determined by the relation of accrued work hours to estimated overall work hours. If it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately.

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

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

Earnings per share

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

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

Financial assets and liabilities

Financial assets

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

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

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

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

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose

of the investment within 12 months of the reporting date, in which case they are classified as current. Available-for-sale financial assets may include shares (equity securities) and interest-bearing investments. They are measured at fair value, or when the fair value can not be reliably determined, at cost.

Cash and cash equivalents

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

Financial liabilities

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

Derivative financial instruments and hedge accounting

Derivatives are initially recognised in the statement of financial position at cost, equivalent to their fair value and are subsequently measured to fair value. 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 profit or loss. 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 reporting date, the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The changes in the fair values of those derivatives meeting the criteria of a fair value hedge are recognised in profit or loss together with the fair value changes of the hedged asset or liability attributable to the hedged risk.

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

Dividends

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

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

The preparation of financial statements calls for the management to make future-related estimates and assumptions which may differ from the actual results. In addition, judgment is required when applying accounting principles. The

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estimates are based on management's best view at the reporting date. Possible changes in estimates and assumptions are recognised in that period when an assumption or estimate is corrected as well as in all subsequent periods.

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

Impairment testing

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

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

Revenue recognition

As described above under the heading Revenue recognition principles revenue and expenses from long-term projects are recognised using the percentage of completion method when the outcome of a long-term project can be estimated reliably. The percentage of completion method is based on estimates of total expected project revenue and costs, as well as on reliable measurement of the progress made towards completing a particular project. The recognition of project revenue and project costs in profit or loss is changed if the estimate of the outcome of a project deviates from the plan, in the period in which the change is identified for the first time and it can be estimated reliably. An expected loss on a long-term project is recognised in profit or loss immediately when it is identified and can be estimated reliably. Additional information about the long-term contracts is presented in note 3. Revenue recognition using percentage of completion method.

Application of new or amended standards and interpretations

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

Amendments to IFRS 7 *Financial Instruments: Disclosures* (effective for financial years beginning on or after 1 July 2011): The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial instruments and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendments are not expected to have an impact on Comptel's consolidated financial statements.

Amendments to IAS 1 *Presentation of Financial Statements* (effective for financial years beginning on or after 1 July 2012): The major change is the requirement to group items of other comprehensive income as to whether or not they will be reclassified subsequently to profit or loss when specific conditions are met. The amendments only have an impact on the presentation of Comptel's consolidated financial statements. The amendments have not been endorsed for use in the EU yet.

Amendment to IAS 19 *Employee Benefits* (effective for financial years beginning on or after 1 January 2013): In future all actuarial gains and losses are immediately recognized in other comprehensive income, i.e. the corridor approach is eliminated, and finance costs are calculated on a net funding basis. Currently Comptel does not have defined benefit plans, so the amendment will not have an impact on the consolidated financial statements. The amendment has not been endorsed for use in the EU yet.

IFRS 9 *Financial Instruments and subsequent amendments* (effective date deferred by IASB for financial years beginning on or after 1 January 2015 (previously 1 January 2013)): IFRS 9 is the first step of the IASB's three-phase project to replace the current IAS 39 *Financial Instruments: Recognition and Measurement*. The amendments resulting from the first phase address the classification, measurement and recognition of financial assets and financial liabilities. Different

ways of measurement for financial assets have been retained, but simplified. Based on measurement, financial assets are classified into two main groups: financial assets at amortised cost and financial assets at fair value. Classification depends on a company's business model and the characteristics of contractual cash flows. For financial liabilities, the standard retains most of the IAS 39 requirements. Comptel Group is yet to assess the full impact of the amendments. The standard has not been endorsed for use in the EU yet.

IFRS 10 Consolidated Financial Statements (effective for financial years beginning on or after 1 January 2013): IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard is not expected to have an impact on Comptel's consolidated financial statements. The standard has not been endorsed for use in the EU yet.

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

IFRS 12 Disclosures of Interests in Other Entities (effective for financial years beginning on or after 1 January 2013): IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles. The information disclosed on these entities will be extended by the standard. The standard has not been endorsed for use in the EU yet.

IFRS 13 Fair Value Measurement (effective for financial years beginning on or after 1 January 2013): IFRS 13 establishes a single source for all fair value measurements and disclosure requirements for use across IFRSs. The new standard also provides a precise definition of fair value. IFRS 13 does not extend the use of fair value accounting, but it provides guidance on how to measure fair value under IFRSs when fair value is required or permitted. The new standard is not expected to have a material impact on Comptel's consolidated financial statements. The standard has not been endorsed for use in the EU yet.

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

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

2. Segment reporting

Comptel Group has five reportable segments which are based on geographical areas. In the beginning of July 2011 Comptel divided its European business into two areas: Europe East and Europe West. Comptel operates globally in all geographical market areas. Market areas differ from each other in terms of price level, competitive position and Comptel's own resource allocation. The segment division is based on the geographical location of customers. Geographical segments are Europe East, Europe West, Asia-Pacific, Middle East and Africa and Americas. All segments generate revenue from sales of software licenses, services and support and maintenance associated with the software licenses.

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

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

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

2011 EUR 1,000	Europe East	Europe West	Asia- Pacific	Middle East and Africa	Americas	Segments total
Net sales	12,910	19,074	21,109	13,716	9,942	76,751
Segment share of operating result	2,180	11,442	11,919	5,458	5,657	36,655
Depreciation and amortisation	27	0	90	12	10	140
Trade receivables	2,273	6,562	3,264	6,292	7,625	26,016

2011 EUR 1,000	Europe East	Europe West	Asia- Pacific	Middle East and Africa	Americas	Segments total
Net sales	19,517	17,611	23,118	9,810	7,832	77,888
Segment share of operating result	8,780	11,030	13,076	2,482	4,189	39,556
Depreciation and amortisation	525	3	72	13	9	622
Trade receivables	3,422	4,351	6,758	6,309	3,456	24,295

Reconciliations

RESULT EUR 1,000	2011	2010
Segment share of operating result	36,655	39,556
Unallocated expenses	-25,047	-30,649
Financial income and expenses	-753	-710
Share of result of associated companies	-187	314
Group profit/loss before income taxes	10,669	8,512

DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES EUR 1,000	2011	2010
Segment depreciation and amortisation	140	622
Unallocated depreciation, amortisation and impairment charges	13,495	5,319
Total depreciation, amortisation and impairment charges	13,635	5,941

ASSETS EUR 1,000	2011	2010
Segment assets	26,016	24,295
Unallocated assets	45,745	52,070
Total assets	71,761	76,365

Information about products and services

REVENUES FROM EXTERNAL CUSTOMERS EUR 1,000	2011	2010
Licenses	21,144	26,237
Services	22,900	18,283
Maintenance agreements	32,707	33,368
Total	76,751	77,888

Geographical information

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

REVENUES FROM EXTERNAL CUSTOMERS EUR 1,000	2011	2010
Australia	7,076	1,479
Finland	6,441	6,646
India	5,782	12,488
Saudi Arabia	5,236	3,248
Norway	2,690	8,188
Other countries	49,524	45,840
Total	76,751	77,888

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

NON-CURRENT ASSETS EUR 1,000	2011	2010
Finland	9,774	10,491
Other countries	1,359	1,367
Investments in associates	817	1,003
Unallocated assets	10,832	20,982
Total	22,782	33,843

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Information about major customers

In 2011 revenues from a single customer did not exceed 10% of the total Comptel group net sales. Revenues of approximately EUR 9,512 thousand derived from a single customer in 2010. This represents 12% of Comptel's net sales and is attributable to the segment Asia-Pacific.

3. Revenue recognition using percentage of completion method

EUR 1,000	2011	2010
Net sales recognised as revenue according to percentage of completion	18,676	10,114
Amount recognised as revenue during the financial year and previous years for long-term projects in progress	22,949	14,066
Total costs of incomplete long-term projects	10,072	10,160
Backlog of orders of long-term projects according to percentage of completion	13,232	8,055
Prepayments and accrued income recognised on the basis of percentage of completion	8,222	5,421
Deferred income and accruals recognised on the basis of percentage of completion	2,070	1,929

4. Other operating income

EUR 1,000	2011	2010
Gains on disposal of tangible assets	3	7
Net gain from sale of Axioss software	19,705	-
Business transfer	-	400
Other income items	95	19
Total	19,802	426

A more detailed breakdown of the gain from the sale of the Axioss software can be found in note 9. The impact of the Axioss software sale on the operating result.

5. Materials and services

EUR 1,000	2011	2010
Purchases	615	563
External services	4,670	2,044
Total	5,285	2,607

6. Employee benefits

EUR 1,000	2011	2010
Wages and salaries	30,076	28,228
Pension expenses - defined contribution plans	3,418	3,728
Pension expenses - defined benefit plans	99	-2
Share options granted	481	562
Expenses related to share-based incentive program	143	427
Other social security costs	2,529	2,579
Total	36,747	35,522

The average number of employees in the Group during the financial year

	2011	2010
Europe East	260	286
Europe West	116	89
Asia-Pacific	195	164
Middle East and Africa	34	28
Americas	18	19
Total	623	586

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.

7. Depreciation, amortisation and impairment charges

EUR 1,000	2011	2010
Depreciation and amortisation by asset type		
Intangible assets		
Patents and trademarks	78	64
Capitalised development costs	3,143	3,014
Other intangible assets	575	1,273
Total	3,796	4,350
Tangible assets		
Machinery and equipment	937	1,024
Total	937	1,024
Impairment charges by asset type		
Goodwill	8,742	-
Capitalised development costs	161	567
Total	8,903	567
Total depreciation, amortisation and impairment charges	13,635	5,941

8. Other operating expenses

EUR 1,000	2011	2010
Lease payments	5,830	5,505
Travel expenses	6,211	3,695
Marketing expenses	1,292	1,333
Other operating expenses	15,944	14,803
Total	29,277	25,337

The auditors' fees

EUR 1,000	2011	2010
KPMG		
Audit	104	120
Tax consultation	54	79
Other services	28	19
Total	186	219
Pricewaterhouse Coopers		
Audit	-	24
Tax consultation	-	10
Total	-	34
Other		
Audit	-	4
Tax consultation	-	1
Total	-	5
Total auditors' fees	186	258

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

9. The impact of the Axioss software sale on the operating result

During the reporting period Comptel sold the Axioss software to Cisco.

The impact on the net operating result is as follows:

EUR 1,000	2011
Sales price	22,122
Impairment of intangible assets related to the operations sold	-2,198
Expenses related to the asset sale	-219
Other operating income, net	19,705
Goodwill impairment	-8,742
Impact on operating result	10,963

The asset sale resulted in one-off expenses of 2,165 thousand euros which impacted the operating result.

10. Research and development costs

The research and development costs recognised as expenses in the statement of comprehensive income amounted to EUR 11,454 thousand in 2011 (EUR 9,482 thousand in 2010).

The capitalised development expenditure totalled EUR 3,965 thousand (EUR 3,932 thousand in 2010). The amortisation of the capitalised development costs amounted to EUR 3,220 thousand (EUR 3,078 thousand in 2010). A write-down of EUR 161 thousand was made on the capitalised development costs in 2011 (EUR 567 thousand in 2010). An impairment loss of EUR 1,273 thousand was booked on capitalised development costs related to the operations sold. The impairment loss was booked in other operating income.

11. Financial income and expenses

EUR 1,000	2011	2010
Interest income from cash and cash equivalents	48	12
Interest income from other receivables	8	25
Foreign exchange gains from other receivables and other liabilities	481	827
Interest expenses from financial liabilities measured at amortised cost	0	-66
Interest expenses from other liabilities	-14	-4
Foreign exchange losses from other receivables and other liabilities	-1,226	-1,444
Other financial expenses	-49	-59
Total	-753	-710

Other statement of comprehensive income items include foreign exchange differences as follows:

EUR 1,000	2011	2010
Net sales	259	-881
Materials and services	-85	-9

12. Income taxes

EUR 1,000	2011	2010
Current tax expense	1,955	2,985
Adjustments for previous years' taxes	-12	-215
Deferred taxes	-619	730
Withholding taxes	1,942	201
Other direct taxes	106	110
Total	3,373	3,811

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

Comptel Corporation recognised and paid these taxes withheld at source for 2004 in 2005. According to the Board of Adjustment's decision currently in force, Comptel Corporation has expensed taxes withheld at source amounting to EUR 1,189 thousand in 2011. The total withholding taxes expensed between 2004 and 2011 amount to EUR 7,619 thousand.

Comptel Corporation has received license revenue from the countries with which Finland has a tax treaty. The purpose of the tax treaties is to avoid double taxation. Taxes have been withheld from the payments made to Comptel Corporation,

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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.

At the end of year 2010 Comptel had a tax receivable of EUR 595 thousand from Greece and Romania. The Ministry of Finance had earlier announced that it had reached an agreement with these two countries. However, during the refund process factors indicating that Greece will not adhere to the agreement have come up. Comptel wrote off the tax receivables during 2011.

Comptel is pursuing negotiations with the Ministry of Finance in Finland and other countries that have withheld tax at source to avoid double taxation. The company believes the treatment of its withholding taxation will be changed. The negotiation process between countries is, however, very slow and the time for the change to take place is very difficult to predict.

Income tax recognised in other comprehensive income

EUR 1,000	2011			2010		
	Before tax	Tax expense (-) / benefit (+)	Net of tax	Before tax	Tax expense (-) / benefit (+)	Net of tax
Cash flow hedges	-727	177	-550	8	-2	6
Translation differences	175		175	900		900
Total	-552	177	-374	907	-2	905

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

EUR 1,000	2011	2010
Profit before taxes	10,669	8,512
Income tax calculated using the domestic corporation tax rate	2,774	2,213
Effect of tax rates in foreign jurisdictions	78	-41
Non-deductible depreciations, amortisations and impairment charges	2,273	-
Withholding taxes, net	1,942	201
Current year losses for which no deferred tax assets was recognised	-3,660	675
Taxes for previous years	-26	-64
Other items	-8	827
Income taxes in the consolidated statement of comprehensive income	3,373	3,811

13. Earnings per share

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

	2011	2010
Profit/loss for the year attributable to equity holders of the parent (EUR 1,000)	7,297	4,702
Number of outstanding shares during the financial period, weighted average	106,775,223	106,477,113
Basic earnings per share (euro)	0.07	0.04

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 2011 and 2010, the options did not have a material dilutive effect on earnings per share.

	2011	2010
Profit/loss for the year attributable to equity holders of the parent (EUR 1,000)	7,297	4,702
Weighted average number of shares for calculation of diluted earnings per share	106,775,223	107,398,488
Diluted earnings per share (euro)	0.07	0.04

14. Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2011	6,142
Additions	479
Disposals	-131
Exchange difference	-24
Cost at 31 Dec 2011	6,467
Accumulated depreciation at 1 Jan 2011	-4,300
Depreciation	-937
Disposals	129
Exchange difference	23
Accumulated depreciation at 31 Dec 2011	-5,086
Book value at 1 Jan 2011	1,842
Book value at 31 Dec 2011	1,381

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2010	8,589
Additions	1,189
Disposals	-4,069
Exchange difference	433
Cost at 31 Dec 2010	6,142
Accumulated depreciation at 1 Jan 2010	-6,999
Depreciation	-1,024
Disposals	4,030
Exchange difference	-307
Accumulated depreciation at 31 Dec 2010	-4,300
Book value at 1 Jan 2010	1,589
Book value at 31 Dec 2010	1,842

Additions to tangible assets include an item acquired through finance lease arrangement amounting to EUR 105 thousand in 2010.

15. Intangible assets

EUR 1,000	Goodwill	Patents and trademarks	Development costs	Other intangible assets	Total
Cost at 1 Jan 2011	19,626	1,081	23,259	11,670	55,636
Additions		98	3,867	558	4,523
Exchange difference	-60			-17	-77
Cost at 31 Dec 2011	19,566	1,179	27,126	12,211	60,083
Accumulated amortisation at 1 Jan 2011	-	-342	-14,651	-10,070	-25,063
Amortisation		-78	-3,143		-3,220
Impairment loss	-8,742		-161	-575	-9,478
Impairment loss booked in other operating income			-1,273	-925	-2,198
Exchange difference	8			-44	-36
Accumulated amortisation at 31 Dec 2011	-8,734	-420	-19,228	-11,615	-39,995
Book value at 1 Jan 2011	19,626	739	8,608	1,600	30,573
Book value at 31 Dec 2011	10,832	759	7,899	597	20,087

EUR 1,000	Goodwill	Patents and trademarks	Development costs	Other intangible assets	Total
Cost at 1 Jan 2010	19,355	949	19,459	11,499	51,263
Additions		132	3,800	39	3,971
Exchange difference	270			132	402
Cost at 31 Dec 2010	19,626	1,081	23,259	11,670	55,636
Accumulated amortisation at 1 Jan 2010	-	-278	-11,070	8,753	-20,102
Amortisation		-64	-3,014	-1,273	-4,350
Impairment loss			-567		-567
Exchange difference				-44	-44
Accumulated amortisation at 31 Dec 2010	-	-342	-14,651	-10,070	-25,063
Book value at 1 Jan 2010	19,355	671	8,389	2,746	31,161
Book value at 31 Dec 2010	19,626	739	8,608	1,600	30,573

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Allocation of goodwill

The goodwill EUR 10,832 thousand (EUR 10,832 thousand in 2010) 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. 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. During the third quarter Comptel sold its Axioss software to Cisco. As a result of the transaction, an impairment loss of EUR 8,742 thousand was recognised in 2011. The goodwill was related to the acquisition of Axiom Systems in 2008.

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 16.4% (16.8% in 2010).

The cash flows after the five-year period have been forecast by estimating the future growth rate of net sales to be 3% (3% in 2010). Based on the impairment tests there is no need to recognise an impairment loss.

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

Sensitivity analysis of impairment testing

The realisation of an impairment loss would require the actual operating profit (EBIT) level to be 84% lower than the management's estimate at the end of reporting period (67% in 2010), or that the discount rate was over 34.5% (27% in 2010).

16. Investments in associates

EUR 1,000	2011	2010
Carrying amount at 1 Jan	1,003	689
Share of results	-187	314
Carrying amount at 31 Dec	817	1,003

The carrying amount of goodwill included in the carrying amount of the investment in the associate amounted to EUR 400 thousand at 31 December 2011 (31 December 2010: EUR 400 thousand).

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

	Assets	Liabilities	Net sales	Profit / loss	Ownership %
2011					
Tango Telecom Ltd.	4,706	1,139	5,025	-933	20
2010					
Tango Telecom Ltd.	5,519	1,249	8,070	1,571	20

17. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities during 2011:

EUR 1,000	31 Dec 2010	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	31 Dec 2011
Deferred tax assets					
Provisions	91	-41			49
Reversal of depreciation and amortisation in taxation	390	-63		0	328
Impairment loss on trade receivables	188	-29			160
Forward contracts hedging backlog of orders	14		177		191
Other tax deductible temporary differences	99	-193		1	-92
Total	783	-326	177	2	636

EUR 1,000	31 Dec 2010	Recognised in profit or loss	Exchange differences	31 Dec 2011
Deferred tax liabilities				
Capitalisation of intangible assets	2,432	-309		2,123
Capitalisation of and amortisation on technology in acquired business operations	407	-407		-
Impact of goodwill amortisation in taxation	2,817	-163		2,654
Cumulative depreciation difference	107	-98	0	8
Other taxable temporary differences	-	14		14
Total	5,762	-964	0	4,798

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Changes in deferred tax assets and liabilities during 2010:

EUR 1,000	31 Dec 2009	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	31 Dec 2010
Deferred tax assets					
Provisions	84	5		2	91
Reversal of depreciation and amortisation in taxation	478	-92		5	390
Impairment loss on trade receivables	241	-52			188
Loss for the period	152	-152			-
Business combinations	248	-246		-2	-
Forward contracts hedging backlog of orders	16		-2		14
Other tax deductible temporary differences	25	74			99
Total	1,243	-464	-2	5	783

EUR 1,000	31 Dec 2009	Recognised in profit or loss	Exchange differences	31 Dec 2010
Deferred tax liabilities				
Capitalisation of intangible assets	2,357	75		2,432
Capitalisation of and amortisation on technology in acquired business operations	549	-142		407
Impact of goodwill amortisation in taxation	2,394	423		2,817
Cumulative depreciation difference	104	-19	22	107
Other taxable temporary differences	55	-55		-
Total	5,458	282	22	5,762

18. Trade receivables and other current receivables

EUR 1,000	2011	2010
Trade receivables	26,016	24,295
Prepayments	86	49
Accruals from long-term projects	8,222	5,421
Other prepayments and accrued income	1,732	2,128
Other receivables	2,861	2,686
Total	38,919	34,580

Comptel has recognised credit losses on trade receivables totalling EUR 598 thousand in 2011 (2010: EUR 909 thousand). These credit losses comprised of over year old trade receivables from four customers. The carrying amounts of the trade receivables and other receivables equal the related maximum exposure to credit risk. Other prepayments and accrued income mainly consist of accruals related to software service and user charges and rent accruals.

Ageing analysis of trade receivables

EUR 1,000	Gross 2011	Impaired	Net 2011
Not past due	17,290		17,290
1-30 days past due	2,337		2,337
31-90 days past due	2,586		2,586
91-180 days past due	1,853		1,853
181-360 days past due	1,040		1,040
Over 360 days past due	1,606	-695	911
Total	26,711	-695	26,016

EUR 1,000	Gross 2010	Impaired	Net 2010
Not past due	17,463		17,463
1-30 days past due	1,133		1,133
31-90 days past due	2,273		2,273
91-180 days past due	1,261		1,261
181-360 days past due	1,184	-270	914
Over 360 days past due	1,817	-567	1,250
Total	25,132	-837	24,295

19. Cash and cash equivalents

EUR 1,000	2011	2010
Cash at bank and in hand	9,401	7,028
Total	9,401	7,028

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 2010	106,750,806	2,141	7,499	-287	9,353
Acquisition of Corporation's own shares	-579,731			-468	-468
Transfer of treasury shares	286,489		76	155	231
Return of treasury shares	-2,659				-
At 31 Dec 2010	106,454,905	2,141	7,575	-600	9,116
Transfer of treasury shares	423,068		76	225	301
Return of treasury shares	-115,848				-
At 31 Dec 2011	106,762,125	2,141	7,651	-375	9,416

The maximum number of Comptel Corporation shares is 500 million at 31 December 2011 (31 December 2010: 500 million). The counter-book value of a share is EUR 0.02 per share and the maximum share capital amounts to EUR 8,400,000.00 (31 December 2010: EUR 8,400,000.00). All shares issued have been fully paid.

The descriptions of the reserves under equity are as follows:

Fund of invested non-restricted equity

The fund of invested non-restricted equity includes other investments of equity nature and subscription prices of shares to the extent that it is specifically not to be credited to share capital. During the financial year 2011 Comptel paid its shareholders EUR 7,473 thousand capital repayment.

Translation reserve

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

Fair value reserve

The fair value reserve comprises the hedging reserve including the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Treasury shares

Treasury shares reserve includes the cost of treasury shares held by the Group. During 9 December 2009 - 30 April 2010 Comptel purchased 791,081 own shares. In 2010 Comptel Corporation allotted 202,042 shares as part of share-based incentives to persons involved in the program and 84,447 shares to the members of the Board of Directors as part of their annual compensation. During the financial year 2011 the company allotted 312,920 shares as part of share-based incentives to persons involved in the program and 110,148 shares to members of the Board of Directors as part of their annual compensation. During the financial year, 115,848 shares have been returned to Comptel Corporation based on the terms and conditions of the 2009 and 2010 share-based incentive plans. At the end of the financial year the company had 292,685 treasury shares (599,905 treasury shares at 31 Dec 2010).

Dividends

After 31 December 2011 the Board of Directors has proposed a dividend to be paid EUR 0.03 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 a subsidiary fully owned by Comptel Corporation. For the option scheme approved in 2006, the total number of share options issued was 4,200,000. The share subscription period is for option 2006C, 1 November 2010-30 November 2012. The subscription period of the 2006B option expired on 30 November 2011. During the subscription period no shares were subscribed. For the option scheme approved in 2009, the total number of share options issued is 4,200,000. The share options may be exercised to subscribe a maximum of 4,200,000 Comptel Corporation shares in total. The share subscription period is for option 2009A, 1 November 2011-30 November 2013, for option 2009B, 1 November 2012-30 November 2014 and for option 2009C, 1 November 2013-30 November 2015. The members of the Executive Board were not included in 2009 option program.

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

	2011		2010	
	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	1.17	4,562,000	1.39	4,640,000
Granted during the year	0.59	1,640,000	0.87	1,250,000
Forfeited during the year	0.58	-740,000	1.06	-238,000
Expired during the year	1.86	-1,114,000	1.66	-1,090,000
Outstanding at the end of the year	0.78	4,348,000	1.17	4,562,000
Exercisable at the end of the year	0.95	1,928,000	1.64	2,182,000

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

Year of expiration	2011		2010	
	Average exercise price, EUR/share	Number of options	Average exercise price, EUR/share	Number of options
2011	-	-	1.86	1,114,000
2012	1.34	1,068,000	1.41	1,068,000
2013	0.46	860,000	0.60	1,170,000
2014	0.73	1,125,000	0.87	1,210,000
2015	0.57	1,295,000	-	-

The fair value of the first grant of the share options 2009C granted during the financial year was EUR 0.70 determined using the Black-Scholes option pricing model. The fair value of the second grant was EUR 0.48. The fair value of the share options 2009B granted during the financial year was EUR 0.47 (2009B EUR 0.78 in 2010), determined using the Black-Scholes option pricing model.

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

	2011			2010
	2009C, 1st grant	2009C, 2nd grant	2009B	2009B
Weighted average share price (euro)	0.70	0.48	0.48	0.78
Exercise price (euro)	0.67	0.57	0.73	0.87
Expected volatility	40%	41%	40%	39%
Expected option life (years)	4.5	4.0	3.0	4.5
Risk-free interest rate	2.64%	1.53%	1.37%	2.05%

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

In 2011 the expense recognised in respect of the option schemes amounted to EUR 481 thousand (2010: EUR 562 thousand).

Share-based incentive plan

The key personnel of the Group has a share-based incentive program. 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.

The plan includes three vesting periods, calendar years 2009, 2010 and 2011. The Board of Directors will decide on the earnings criteria for each vesting period at the beginning of each vesting period. A two-year restriction period will follow each vesting period, during which shares cannot be transferred. Should a key person's employment or service end during the restriction period, must he/she gratuitously return the shares paid as reward to the company. The reward from the plan for vesting period 2011 is based on the Comptel Group's revenue growth and operating profit margin. The earnings criteria set for the financial year 2011 were not met, and no reward will be paid for the vesting period.

The cost of the program is recognised under employee benefit expenses over the commitment period. In 2011, EUR 143 thousand was expensed (2010: EUR 427 thousand), of which EUR 42 thousand is the portion to be paid in cash (2010: EUR 179 thousand).

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 had a voluntary additional pension plan to certain employees in Finland and this arrangement has been accounted for as a defined benefit plan. The plan was brought to an end during the financial year 2011.

The difference between the net liability and unrecognised actuarial gains and losses is included in other non-current receivables in 2010.

Liability/receivable for defined benefit obligations in statement of financial position:

EUR 1,000	2011	2010
Present value of obligations	-	272
Fair value of plan assets	-	-267
Net liability	-	6
Unrecognised actuarial gains (+) and losses (-)	-	-101
Liability (+)/receivable (-) in statement of financial position	-	-95

Defined benefit expense recognised in the statement of comprehensive income:

EUR 1,000	2011	2010
Current service cost	6	54
Interest expense	11	13
Expected return on plan assets	-9	-7
Actuarial gains (-) and losses (+)	4	1
Settlement	88	-
Curtailement	-	-63
Total	99	-2

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Movements in the present value of the obligation:

EUR 1,000	2011	2010
Obligation at the beginning of the period	272	209
Current service cost	6	54
Interest expense	11	13
Actuarial gains (-) and losses (+)	-	96
Settlement	-289	-
Curtailment	-	-100
Obligation at the end of the period	-	272

Movements in the fair value of plan assets:

EUR 1,000	2011	2010
Fair value of plan assets at the beginning of the period	267	198
Expected return on plan assets	9	7
Actuarial gains (+) and losses (-)	1	-6
Contributions into the plan paid by the employer	4	67
Settlement	-282	-
Fair value of plan assets at the end of the period	-	267

Principal actuarial assumptions at 31 December:

	2011	2010
Discount rate	-	4.00%
Expected return on plan assets	-	3.50%
Future salary increases	-	2.00%

EUR 1,000	2011	2010
Actual return on plan assets	11	2

EUR 1,000	2011	2010	2009	2008	2007
Present value of the obligation	-	272	209	139	102
Fair value of plan assets	-	-267	-198	-135	-93
Surplus (-) / Deficit (+)	-	6	11	4	9
Experience adjustments arising on plan assets	1	-6	-4	-3	65
Experience adjustments arising on plan liabilities	-	-35	-26	-4	-40

23. Provisions

Movements in provisions during 2011:

EUR 1,000	Provision for warranty	Lease provision	Total
Balance at 1 Jan 2011	247	1,708	1,954
Provisions made during the year		1,110	1,110
Provisions used during the year	-6	-349	-355
Exchange difference		41	41
Balance at 31 Dec 2011	241	2,509	2,750

Movements in provisions during 2010:

EUR 1,000	Provision for warranty	Lease provision	Total
Balance at 1 Jan 2010	391	2,150	2,541
Provisions made during the year		349	349
Provisions used during the year	-144	-850	-994
Exchange difference		59	59
Balance at 31 Dec 2010	247	1,708	1,954

Provision for warranty

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

Lease provision

This item includes the provisions made for unoccupied leased facilities.

24. Financial liabilities

EUR 1,000	2011	2010
Non-current financial liabilities measured at amortised cost		
Finance lease liabilities	29	68
Total	29	68
Current financial liabilities measured at amortised cost		
Finance lease liabilities	38	36
Total	38	36

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

Comptel did not have any bank loans at 31 December 2011 (no bank loans at 31 December 2010). Comptel has a EUR 15 million Revolving Credit Facility arrangement in place until 2013. At 31 December 2011 the amount available under the said facility was EUR 15 million.

Maturity analysis of finance lease liabilities

EUR 1,000	2011	2010
Finance lease liabilities - minimum lease payments		
Less than one year	38	41
Between one and five years	29	72
Total	67	113
Finance lease liabilities - present value of minimum lease payments		
Less than one year	38	36
Between one and five years	29	68
Total	67	105
Future financial charges	0	8

25. Trade and other current liabilities

EUR 1,000	2011	2010
Trade payables	1,260	2,120
Advances received from long-term contracts	2,070	1,929
Accrued expenses and deferred income	13,559	11,783
Other liabilities	4,726	2,987
Total	21,615	18,819

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

26. Financial risk management

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

Currency risk

Comptel operates globally and is therefore exposed to currency risks arising from various currency positions. In Comptel's business operations the major currencies are Euro and US Dollar (USD). Other significant currencies are UK Pound Sterling (GBP), Malaysian Ringgit (MYR) and Norwegian Krona (NOK).

Comptel hedges open positions in foreign currency and applies hedge accounting for the definition of these positions. The currency position is monitored on a 12-month rolling period.

The hedging instruments are forward contracts entered into with banks. 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 realised turnover of trade receivables exceeds the terms in the client agreements. The hedging of the future cash flows is timed taking these facts into account. The ineffective portion of a hedge is recognised in the statement of comprehensive income.

Interest rate risk

Interest rate risk is the risk that cash flows or the result will fluctuate because of changes in market interest rates. Comptel's interest-bearing liabilities at 31 December 2011 totalled EUR 67 thousand, which constituted of finance lease liability with fixed interest (EUR 105 thousand in 2010). Comptel did not have any bank loans at 31 December 2011 and 31 December 2010. Comptel has a Revolving Credit Facility of EUR 15 million valid until 2013 and the undrawn funds amounted to EUR 15 million. The interest rate is determined based on prevailing IBOR. Possible short-term investments

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

Credit risk

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

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

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

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

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

Comptel has a policy for writing off trade receivables. According to the policy a bad debt provision of 50% of the total value is generally booked if the receivable is overdue more than 360 days and a provision of 100% is impacted when the receivable is overdue more than 540 days. The amount of credit losses recognised in the statement of comprehensive income in the financial year 2011 was EUR 598 thousand (EUR 909 thousand in 2010). These credit losses comprised of over year old trade receivables from four customers. 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 2011 the Group's cash and cash equivalents totalled EUR 9,401 thousand (EUR 7,028 thousand at 31 December 2010). At 31 December 2011 Comptel's interest-bearing liabilities totalled EUR 67 thousand (EUR 105 thousand in 2010). Under the Revolving Credit Facility in place until 2013 there is still EUR 15 million available for down-draw. The Facility contains a covenant whereby Group equity ratio must be at least 35%. At 31 December 2011 Comptel's equity ratio was 66.6% (2010: 71.6%). Furthermore, Comptel has an option for TyEL (earnings-related pension) premium loan amounting to EUR 11.2 million.

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

2011 EUR 1,000	Carrying amount	Contractual cash flow	1-6 months	7-12 months	1-2 years
Non-derivative financial liabilities					
Finance lease liabilities	67	67	19	19	29
Trade payables	1,260	1,260	1,260		
Derivative financial liabilities					
Forward exchange contracts used for hedging					
Inflow	1,222	-1,222	-829	-393	

2010 EUR 1,000	Carrying amount	Contractual cash flow	1-6 months	7-12 months	1-2 years
Non-derivative financial liabilities					
Finance lease liabilities	105	113	21	21	72
Trade payables	2,120	2,120	2,120		
Derivative financial liabilities					
Forward exchange contracts used for hedging					
Inflow	54	-54	2	-57	
Outflow	-210	210	230	-20	

Capital structure management

The purpose of Comptel capital structure management is to support the business operations by securing normal operational demands and grow shareholder value in the long term. Comptel aims at continuing profitable business by investing in R&D and enhancing its presence on the global market place. The amount of dividends paid to the shareholders may vary in order for the Group to reduce debt or increase cash in hand which would result in increased opportunities to focused acquisitions also in the future.

Gearing in 2011 and 2010 was as follows:

EUR 1,000	2011	2010
Interest-bearing liabilities	67	105
Cash and cash equivalents	-9,401	-7,028
Interest-bearing net liabilities	-9,334	-6,923
Total equity	41,805	49,146
Gearing	-22.3%	-14.1%

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Exposure to currency risk

EUR 1,000	2011			2010		
	USD	NOK	GBP	USD	NOK	GBP
Trade receivables	13,849		789	13,552	172	508
Cash and cash equivalents	158	27	667	1,115	15	39
Trade payables	-191		-134	-63	-13	-31
Net statement of financial position exposure	13,816	27	1,322	14,604	174	516
Order backlog (12 months)	23,548	8	923	11,140	188	926
Hedging						
Forward contracts (12 months)	-22,026			-16,465		
Total net exposure	15,337	34	2,245	9,280	362	1,442

Sensitivity to foreign exchange rates

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

EUR 1,000			
Year	Currency	Equity	Result
2011	USD	-608/608	336/-336
	NOK	2/-2	2/-2
	GBP	97/-97	97/-97
2010	USD	-138/138	610/-610
	NOK	13/-13	13/-13
	GBP	38/-38	38/-38

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

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:

2011 EUR 1,000	Positive fair value (carrying amount)	Negative fair value (carrying amount)	Nominal value of underlying instrument
Cash flow hedges			
Recognised in other comprehensive income		781	12,752
Fair value hedges			
Recognised in profit or loss		441	15,859

Currency forward contracts presented in equity will be recognised in profit or loss during 2012.

2010 EUR 1,000	Positive fair value (carrying amount)	Negative fair value (carrying amount)	Nominal value of underlying instrument
Cash flow hedges			
Recognised in other comprehensive income		54	10,103
Fair value hedges			
Recognised in profit or loss	210		15,656

Fair value hierarchy for financial instruments measured at fair value

EUR 1,000	2011	Level 2	2010	Level 2
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward contracts	-1,222	-1,222	156	156
of which cash flow hedges	-781	-781	-54	-54
Total	-1,222	-1,222	156	156

According to IFRS 7 financial instruments carried at fair value must be classified according to a three level hierarchy.

Level 1: fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values are based on inputs other than quoted prices included within level 1. However, the fair values are based on information that is observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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Level 3: fair values are based on significantly different information than the input data and is not based on observable market data (unobservable inputs). The fair values are based on management estimates and application of those in generally accepted valuation models.

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	2011	2010
Other operating income	-19,705	-
Depreciation, amortisation and impairment charges	13,635	5,941
Exchange differences	745	607
Share of result of associates	187	-314
Share-based payments	504	870
Other adjustments	171	7
Total	-4,463	7,111

28. Operating leases

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

EUR 1,000	2011	2010
Less than one year	3,377	3,597
Between one and five years	7,909	11,226
More than five years	-	751
Total	11,286	15,574

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

The statement of comprehensive income for the year 2011 includes lease expenses for the office premises amounting to EUR 5,359 thousand (2010: EUR 4,976 thousand).

29. Commitments and contingencies

EUR 1,000	2011	2010
Bank guarantees	1,847	2,061

Litigations

In December 2011, Cisco Systems Inc. filed a request for arbitration against Comptel Corporation and its wholly owned subsidiary Comptel Communications Ltd in the London Court of International Arbitration concerning Comptel's use of a certain sub-set of Axioss software that was sold to Cisco and simultaneously licensed back to Comptel for use in the current release of Comptel Fulfillment. Comptel regards Cisco's claims entirely against the recent agreements concluded by Comptel and Cisco for the sale of Axioss software to Cisco. This dispute has no impact on the next-generation Comptel Fulfillment 8, which will be released in summer 2012.

30. Related party transactions

The Comptel Group companies are as follows:

Company	Domicile	2011		2010	
		Group holding (%)	Group voting (%)	Group holding (%)	Group voting (%)
Comptel Corporation	Finland				
Comptel Communications Holdings Ltd.	UK	100.00	100.00	100.00	100.00
Comptel Communications Ltd.	UK	100.00	100.00	100.00	100.00
Axiom Systems OSS (Asia-Pacific) Pte	Singapore	-	-	100.00	100.00
Business Tools Oy	Finland	100.00	100.00	100.00	100.00
Comptel Communications AS	Norway	100.00	100.00	100.00	100.00
Comptel Communications Brasil Ltda	Brazil	100.00	100.00	100.00	100.00
Comptel Communications EOOD	Bulgaria	100.00	100.00	100.00	100.00
Comptel Communications Inc.	USA	100.00	100.00	100.00	100.00
Comptel Communications Oy	Finland	100.00	100.00	100.00	100.00
Comptel Communications Sdn Bhd	Malaysia	100.00	100.00	100.00	100.00
Comptel Passage Oy	Finland	100.00	100.00	100.00	100.00
Comptel Ltd	UK	100.00	100.00	100.00	100.00
Viewgate Networks Ltd.	UK	100.00	100.00	100.00	100.00

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

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

EUR 1,000	2011	2010
Purchases of goods and services		
Associates	156	100
Companies under management's influence	14	43
Interest revenue		
Associates	8	7
Receivables		
Associates	91	83
Liabilities		
Companies under management's influence	-	1

Contingent liabilities assumed on behalf of Group companies

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

Key management compensation

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

EUR 1,000	2011	2010
Salaries and other short-term employee benefits	2,942	2,560
Share-based payments	207	519
Total	3,148	3,078

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

EUR 1,000	2011	2010
CEO	361	978

The employee benefits in 2010 include all amounts as defined in the CEO employment contract for the termination of the employment.

BOARD OF DIRECTORS AT 31 DEC 2011 EUR 1,000	2011	2010
Kotilainen Timo	37	33
Lassila Juhani	36	33
Riikkala Olli	64	59
Vaajoensuu Hannu	44	39
Waldén Petteri	34	33
Österlund Henri	36	26
Total	250	222

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

In 2011 no options were granted to the management of the company (2010: 0). At 31 December 2011 management had 70,000 share options, of which 30,000 were exercisable (2010: 290,000 share options, of which 290,000 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. Events after the reporting period

Comptel Corporation announced on 26 January 2012 that it will acquire Xtract Oy, a Finnish software company specialising in analytics, for a total consideration of EUR 3.1 million (enterprise value). The transaction was completed on 9 February 2012 after which time onwards Xtract Group will be consolidated into Comptel Group financials.

Key Figures

FINANCIAL SUMMARY	2007	2008	2009	2010	2011
Net sales, EUR 1,000	82,399	84,849	74,896	77,888	76,751
Net sales, change %	2.4	3.0	-11.7	4.0	-1.5
Operating profit/loss, EUR 1,000	16,518	11,383	1,018	8,908	11,609
Operating profit/loss, change %	47.1	-31.1	-91.1	775.2	30.3
Operating profit/loss, as % of net sales	20.0	13.4	1.4	11.4	15.1
Profit/loss before taxes, EUR 1,000	16,396	10,597	388	8,512	10,669
Profit/loss before taxes, as % of net sales	19.9	12.5	0.5	10.9	13.9
Return on equity, %	21.9	12.8	-4.4	9.9	16.0
Return on investment, %	32.9	19.1	1.1	16.3	22.9
Equity ratio, %	77.6	67.4	62.6	71.6	66.6
Gross investments in tangible and intangible assets, EUR 1,000 *	1,908	10,919	686	1,124	1,037
Gross investments in tangible and intangible assets, as % of net sales *	2.3	12.9	0.9	1.4	1.4
Research and development expenditure, EUR 1,000	10,333	14,007	15,582	13,414	15,419
Research and development expenditure, as % of net sales	12.5	16.5	20.8	17.2	20.1
Order backlog, EUR 1,000	35,051	38,846	37,554	34,049	47,217
Average number of employees during the financial period	555	606	613	586	623
Interest-bearing net liabilities, EUR 1,000	-14,708	-1,083	1,282	-6,923	-9,334
Gearing ratio, %	-28.2	-2.1	2.8	-14.1	-22.3

* The figure does not include investments in development projects. Includes the acquisition of Axiom Systems in 2008. The aggregate gross capital expenditure excluding this acquisition amounted to 1,461 thousand euro, which was 1.7% of the net sales.

PER SHARE DATA	2007	2008	2009	2010	2011
EPS, EUR	0.10	0.06	-0.02	0.04	0.07
Diluted EPS, EUR	0.10	0.06	-0.02	0.04	0.07
Equity per share, EUR	0.49	0.48	0.43	0.46	0.39
Dividend per share, EUR **	0.06	0.04	0.03	0.04	0.03
Dividend per earnings, % **	59.1	64.6	-150.1	90.6	43.9
Effective dividend yield, % **	4.2	5.8	3.8	5.8	6.1
P/E ratio	14.0	11.1	-39.0	15.6	7.2
Highest share price, EUR			0.96	0.95	0.79
Lowest share price, EUR			0.57	0.68	0.42
Market value at year-end, million EUR			83.3	73.5	52.3
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	304,004	599,905	292,685
Outstanding shares at the end of period	106,814,469	106,962,156	106,750,806	106,454,905	106,762,125
Adjusted average number of shares during the period	106,848,199	106,938,539	106,953,918	106,477,113	106,775,223
Average number of shares, dilution included	106,848,199	106,938,539	107,078,252	107,398,488	106,775,223

** The Board's proposal

Definitions of Key Figures

Operating margin %	=	Operating profit/loss Net sales	x 100
Profit margin (before income taxes) %	=	Profit/loss before taxes Net sales	x 100
Return on equity % (ROE)	=	Profit/loss Total equity (average during year)	x 100
Return on investment % (ROI)	=	Profit/loss before taxes + financial expenses Total equity + interest bearing liabilities (average during year)	x 100
Equity ratio %	=	Total equity Statement of financial position total - advances received	x 100
Gross investments in tangible and intangible assets, as % of net sales	=	Gross investments in tangible and intangible assets Net sales	x 100
Research and development expenditure, as % of net sales	=	Research and development expenditure Net sales	x 100
Gearing ratio %	=	Interest-bearing liabilities - cash and cash equivalents Total equity	x 100
Earnings per share (EPS)	=	Profit/loss for the financial year attributable to equity shareholders Average number of outstanding shares for the financial year	
Equity per share	=	Equity attributable to the equity holders of the parent company Adjusted number of shares at end of period	
Dividend per share	=	Dividend Adjusted number of shares at end of period	
Dividend per earnings %	=	Dividend per share Earnings per share (EPS)	x 100
Effective dividend yield %	=	Dividend per share Share closing price at end of period	x 100
P/E-ratio	=	Share closing price at end of period Earnings per share (EPS)	

Parent Company Income Statement, FAS

EUR 1,000	Notes	1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010
Net sales	2	74,157	75,004
Other operating income	3	11	20
Materials and services	4	-4,150	-1,639
Personnel expenses	5	-15,835	-17,422
Depreciation and amortisation	6	-540	-2,791
Impairment charges on non-current assets	6	-	-9,304
Other operating expenses	7	-47,482	-43,740
		-68,006	-74,896
Operating profit/loss		6,161	128
Financial income	8	3,122	2,445
Financial expenses	9	-1,149	-810
Profit/loss before appropriations and income taxes		8,134	1,762
Profit/loss before income taxes		8,134	1,762
Income taxes	10	-3,217	-2,366
Profit/loss for the period		4,917	-604

Parent Company Balance Sheet, FAS

EUR 1,000	Notes	31 Dec 2011	31 Dec 2010
ASSETS			
Non-current assets	11		
Other intangible assets		637	283
Tangible assets		211	541
Investments		1,016	1,016
		1,864	1,840
Current assets			
Non-current receivables	12	1,591	11,418
Current receivables	13	38,530	32,260
Cash and cash equivalents		6,178	4,281
		44,707	36,540
TOTAL ASSETS		48,162	49,798
EQUITY AND LIABILITIES			
Capital and reserves	14		
Share capital		2,141	2,141
Fund of invested non-restricted equity		178	7,575
Retained earnings		9,932	18,009
Profit/loss for the period		4,917	-604
		17,168	27,122
Provisions	15	443	596
Liabilities			
Non-current liabilities	16	272	273
Current liabilities	17	30,280	21,809
TOTAL EQUITY AND LIABILITIES		48,162	49,798

Parent Company Statement of Cash Flows, FAS

EUR 1,000	1 Jan - 31 Dec 2011	1 Jan - 31 Dec 2010
Cash flows from operating activities		
Profit/loss before appropriations and income taxes	8,134	1,762
Adjustments:		
Depreciation, amortisation and impairment charges	540	12,095
Financial income and expenses	-2,712	-1,836
Other adjustments	76	76
Change in working capital:		
Change in trade and other current receivables	-6,663	1,679
Change in trade and other current liabilities	1,228	-1,098
Change in provisions	-153	-98
Interest paid	-26	-143
Interest received	36	32
Taxes paid and tax returns received	-2,461	-112
Net cash from operating activities	-2,001	12,357
Cash flows from investing activities		
Acquisition of subsidiaries	-	-3
Investments in tangible and intangible assets	-519	-462
Proceeds from repayments of loans	9,994	-
Loans granted	-	-2,094
Dividends received from investments	2,554	1,561
Net cash used in investing activities	12,029	-997
Cash flows from financing activities		
Dividends paid	-7,242	-3,191
Capital repayment	-7,473	-
Acquisition of Corporation's own shares	-	-468
Proceeds from borrowings	6,584	6,000
Repayment of borrowings	-	-14,000
Net cash used in financing activities	-8,131	-11,659
Change in cash and cash equivalents	1,897	-299
Cash and cash equivalents at the beginning of period	4,281	4,580
Cash and cash equivalents at the end of period	6,178	4,281
Change	1,897	-299

Notes to the Financial Statements of the Parent Company, FAS

1. Accounting principles for the financial statements

Company profile

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

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

Presentation of financial information

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

Foreign currency transactions

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

Tangible assets, intangible assets and other long-term expenditure

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

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

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

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

Research and development costs

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

Leases

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

Pension obligations

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

Provisions

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

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

Income taxes

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

Revenue recognition and net sales

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

Long-term projects

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

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

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

Trade receivables

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

Cash and cash equivalents

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

Financial Statements

Derivative financial instruments

Principles

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

Recognition and measurement

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

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

2. Net sales

EUR 1,000	2011	2010
By geographical area		
Europe	30,698	34,678
Asia-Pacific	20,371	22,972
Middle East and Africa	13,716	9,761
Americas	9,372	7,593
Total	74,157	75,004

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	2011	2010
Net sales recognised as revenue according to percentage of completion	17,888	11,704
Amount recognised as revenue during the financial year and previous years for long-term projects in progress	22,206	13,827
Total costs of incomplete long-term projects	9,935	8,717
Backlog of orders of long-term projects according to percentage of completion	12,914	7,756
Prepayments and accrued income recognised on the basis of percentage of completion	7,873	5,182
Deferred income and accruals recognised on the basis of percentage of completion	1,475	1,893

3. Other operating income

EUR 1,000	2011	2010
Gains on disposal of tangible and intangible assets	3	3
Other	8	17
Total	11	20

4. Materials and services

EUR 1,000	2011	2010
Purchases	615	417
External services	3,534	1,222
Total	4,150	1,639

5. Personnel expenses

EUR 1,000	2011	2010
Wages and salaries	12,891	13,776
Pension expenses	2,480	2,934
Other social security costs	464	713
Total	15,835	17,422

Management salaries and other compensation

EUR 1,000	2011	2010
Members of the Board of Directors	250	222

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

EUR 1,000	2011	2010
Average number of personnel	216	230

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

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

6. Depreciation, amortisation and impairment charges

EUR 1,000	2011	2010
Depreciation and amortisation		
Intangible rights	161	633
Other long-term expenditure	42	42
Machinery and equipment	337	487
Goodwill	-	1,628
Total	540	2,791
Impairment charges on non-current assets		
Investments	-	9,304
Total	-	9,304

7. Other operating expenses

EUR 1,000	2011	2010
Lease payments	2,280	2,921
Travel expenses	1,741	1,489
Marketing expenses	1,229	1,061
Other operating expenses	42,232	38,269
Total	47,482	43,740

Auditor's fees

EUR 1,000	2011	2010
Audit	38	40
Tax consultation	22	21
Other services	28	18
Total	88	78

8. Financial income

EUR 1,000	2011	2010
Interest income		
From Group companies	159	169
From others	43	32
Income from dividends		
From Group companies	2,554	1,561
Exchange gains		
From others	365	683
Total	3,122	2,445

9. Financial expenses

EUR 1,000	2011	2010
Interest expenses		
To Group companies	18	-
To others	2	66
Other financial expenses		
To others	43	52
Exchange losses		
To others	1,086	692
Total	1,149	810

10. Income taxes

EUR 1,000	2011	2010
Current tax expense	1,379	2,397
Withholding taxes	1,879	201
Taxes from previous years	-41	-232
Total	3,217	2,366

11. Non-current assets

Intangible assets

EUR 1,000			
	Intangible rights	Other long-term expenditure	Total
Cost at 1 Jan 2011	8,064	417	8,481
Additions	558		558
Cost at 31 Dec 2011	8,621	417	9,039
Accumulated amortisation at 1 Jan 2011	7,847	351	8,198
Amortisation	161	42	203
Accumulated amortisation at 31 Dec 2011	8,008	393	8,401
Book value at 31 Dec 2011	613	25	637

EUR 1,000				
	Intangible rights	Goodwill	Other long-term expenditure	Total
Cost at 1 Jan 2010	8,027	11,132	417	19,577
Additions	36			36
Cost at 31 Dec 2010	8,064	11,132	417	19,613
Accumulated amortisation at 1 Jan 2010	7,214	9,505	309	17,027
Amortisation	633	1,628	42	2,303
Accumulated amortisation at 31 Dec 2010	7,847	11,132	351	19,330
Book value at 31 Dec 2010	217	-	67	283

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Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2011	1,428
Additions	6
Cost at 31 Dec 2010	1,434
Accumulated depreciation at 1 Jan 2011	886
Depreciation	337
Accumulated depreciation at 31 Dec 2011	1,223
Book value at 31 Dec 2011	211

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2010	4,379
Additions	426
Disposals	-3,377
Cost at 31 Dec 2010	1,428
Accumulated depreciation at 1 Jan 2010	3,776
Depreciation	487
Accumulated depreciations on disposals	-3,377
Accumulated depreciation at 31 Dec 2010	886
Book value at 31 Dec 2010	541

Investments

EUR 1,000	Shares		Total
	In Group companies	In Associated companies	
Cost at 1 Jan 2011	616	400	1,016
Cost at 31 Dec 2011	616	400	1,016
Book value at 31 Dec 2011	616	400	1,016

EUR 1,000	Shares	Shares	Total
	In Group companies	In Associated companies	
Cost at 1 Jan 2010	9,917	400	10,317
Additions	3		3
Impairment	-9,304		-9,304
Cost at 31 Dec 2010	616	400	1,016
Book value at 31 Dec 2010	616	400	1,016

An impairment loss of EUR 9,304 thousand was recognised for the acquisition cost of shares in Comptel Communications Holdings Ltd. (formerly Axiom Systems Holdings Limited) in 2010.

12. Non-current receivables

EUR 1,000	2011	2010
Receivables from Group companies		
Loan receivables	1,500	11,156
Prepayments and accrued income	-	178
Total	1,500	11,334
Receivables from associated companies		
Loan receivables	75	75
Prepayments and accrued income	16	8
Total	91	83
Non-current receivables total	1,591	11,418

A capital loan of EUR 1,500 thousand has been granted to the subsidiary Comptel Communications Oy in accordance with the Companies Act chapter 12, constituting a non-current loan receivable. The loan is interest-free.

Comptel Communications Ltd. repaid the capital loan granted by Comptel Corporation including the interest in 2011.

13. Current receivables

EUR 1,000	2011	2010
Receivables from Group companies		
Trade receivables	1,412	1,033
Other receivables	58	0
Prepayments and accrued income	153	117
Total	1,623	1,150
Receivables from others		
Prepayments	15	5
Trade receivables	25,406	22,108
Other receivables	2,784	2,544
Prepayments and accrued income	8,701	6,453
Total	36,906	31,110
Current receivables total	38,530	32,260
Specification of prepayments and accrued income		
Accrued income capitalised according to degree of completion	7,873	5,182
Other prepayments	828	1,271
Total	8,701	6,453

14. Equity

EUR 1,000	2011	2010
Restricted equity		
Share capital at 1 Jan	2,141	2,141
Share capital at 31 Dec	2,141	2,141
Non-restricted equity		
Fund of invested non-restricted equity at 1 Jan	7,575	7,499
Treasury shares given to the members of the Board of Directors	76	76
Capital repayment	-7,473	-
Fund of invested non-restricted equity at 31 Dec	178	7,575
Retained earnings at 1 Jan	17,405	21,668
Dividends paid	-7,473	-3,191
Acquisition of Corporation's own shares	-	-468
Retained earnings at 31 Dec	9,932	18,009
Profit/loss for the financial year	4,917	-604
Equity, total	17,168	27,122

Breakdown of distributable funds

EUR 1,000	2011	2010
Fund of invested non-restricted equity	178	7,575
Retained earnings	9,932	18,009
Profit/loss for the financial year	4,917	-604
Total	15,027	24,980

15. Provisions

EUR 1,000	2011	2010
Provisions at 1 Jan	596	694
Provisions made during the financial year	-	116
Provisions used during the financial year	-153	-214
Provisions at 31 Dec	443	596

The provisions include a provision recognised for unoccupied leased office facilities and a warranty provision.

16. Non-current liabilities

EUR 1,000	2011	2010
Liabilities to Group companies		
Other liabilities	272	272
Liabilities to others		
Other liabilities	-	1
Total	272	273

17. Current liabilities

EUR 1,000	2011	2010
Liabilities to Group companies		
Loans	6,584	-
Trade payables *	10,085	1,777
Other liabilities	73	8,516
Accruals and deferred income	18	89
Total	16,760	10,383
Liabilities to others		
Trade payables	871	1,502
Other liabilities	323	339
Accrued expenses and deferred income	12,326	9,585
Total	13,520	11,426
Current liabilities total	30,280	21,809
Specification of accrued expenses and deferred income		
Personnel expenses	2,015	2,450
Items recognised on the basis of percentage of completion method	1,475	1,893
Other accrued expenses and deferred income items related to revenue recognition	6,838	4,344
Other accrued expenses and deferred income items	1,997	898
Total	12,326	9,585

* Items previously included in other liabilities are included in trade payables in 2011.

18. Deferred tax assets

Deferred tax assets, which have not been booked in the balance sheet:

EUR 1,000	2011	2010
Provisions	49	91
Reversal of depreciation and amortisation in taxation	286	343
Impairment loss on trade receivables	160	188
Total	495	622

19. Collaterals, commitments and other contingent liabilities

Lease commitments

EUR 1,000	2011	2010
Amounts payable during the next financial year	204	218
Amounts payable later	156	234
Total	360	453

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	2011	2010
Amounts payable during the next financial year	1,883	2,070
Amounts payable later	7,170	9,521
Total	9,054	11,591

Guarantees

EUR 1,000	2011	2010
Bank guarantees due within one year	1,168	1,203
Bank guarantees due later	191	173
Total	1,358	1,376

Financial Statements

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 USD 4 million. Comptel gave a guarantee of GBP 700 thousand for its subsidiary in 2009.

Derivative instruments

EUR 1,000	2011	2010
Forward exchange contracts		
Market value	-1,222	156
Value of underlying instrument	28,611	25,759

Forward exchange contracts are used for hedging purposes.

Litigations

In December 2011, Cisco Systems Inc. filed a request for arbitration against Comptel Corporation and its wholly owned subsidiary Comptel Communications Ltd in the London Court of International Arbitration concerning Comptel's use of a certain sub-set of Axioss software that was sold to Cisco and simultaneously licensed back to Comptel for use in the current release of Comptel Fulfillment. Comptel regards Cisco's claims entirely against the recent agreements concluded by Comptel and Cisco for the sale of Axioss software to Cisco. This dispute has no impact on the next-generation Comptel Fulfillment 8, which will be released in summer 2012.

20. Events after the reporting period

Comptel Corporation announced on 26 January 2012 that it will acquire Xtract Oy, a Finnish software company specialising in analytics, for a total consideration of EUR 3.1 million (enterprise value). The transaction was completed on 9 February 2012 after which time onwards Xtract Group will be consolidated into Comptel Group financials.

Shares and Shareholders

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

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

The share capital of the company has not changed during the financial year ended. The company's share capital on 31 December 2011 amounted to 2,141,096.20 euros, and the total number of shares was 107,054,810.

Authorisations to the Board of Directors

Authorisation to decide on share issues

The Annual General Meeting on 23 March 2011 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 2012.

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.

The authorisation to repurchase the own shares is valid until 30 June 2012.

Share option schemes

Comptel has currently two share option schemes.

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 share subscription period of 2006 share options A expired on 30 November 2010 and share options B on 30 November 2011. During the subscription period no shares were subscribed. The number of remaining share options is 1,400,000 and they are marked with the symbol 2006C. The share options may be exercised to subscribe to a maximum of 1,400,000 Comptel shares in total.

The current share subscription price for option 2006C is EUR 1.34 which corresponds to the trade volume weighted average quotation of the Comptel share on the Helsinki stock exchange during 1 April - 30 April 2008 deducted by the dividends paid. The share subscription period for option 2006C is 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 1,400,000 new shares or by a total of 28,000 euros. At the end of the financial year, 1,400,000 share options were distributed and these can be exercised to subscribe 1,400,000 shares of Comptel. A number of 332,000 of these share options were granted to Comptel's subsidiary Comptel Communications Oy.

Comptel's 2006B share options were listed on NASDAQ OMX Helsinki commencing from 2 November 2009. The trading code is CTL1VEW206 and ISIN code is FI4000005335. In 2011, a number of 10,000 options B were traded and the closing price was EUR 0.02.

Comptel's 2006C share options were listed on NASDAQ OMX Helsinki commencing from 1 November 2010. The trading code is CTL1VEW306 and ISIN code is FI0009652416. In 2011, a number of 131,500 options B were traded and the closing price was EUR 0.09.

Share option scheme 2009

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

The 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 new shares in the company or existing shares held by the company. The issued share options can be exchanged for shares constituting a maximum total of 3.8 per cent of the company's shares and votes of the shares, after the potential share subscription, if new shares are issued in the share subscription.

The share subscription price will be based on the prevailing market price of the Comptel share on the NASDAQ OMX Helsinki Ltd in April 2009, April 2010 and April 2011. The current share subscription price for Comptel share option 2009A is EUR 0.46 per share, which corresponds to the trade volume weighted average quotation of the share on the NASDAQ OMX Helsinki during 1 April - 30 April 2009 deducted by the dividends and capital repayment paid. The current share subscription price for Comptel share option 2009B is EUR 0.73 per share, which corresponds to the trade volume weighted average quotation of the share on the NASDAQ OMX Helsinki during 1 April - 30 April 2010 deducted by the dividends and capital repayment paid. The current share subscription price for Comptel share option 2009C is EUR 0.57 per share, which corresponds to the trade volume weighted average quotation of the share on the NASDAQ OMX Helsinki during 1 April - 30 April 2011 deducted by the dividend and capital repayment paid.

The share subscription period for stock options 2009A will be 1 November 2011 - 30 November 2013, for stock options 2009B 1 November 2012 - 30 November 2014, and for stock options 2009C 1 November 2013 - 30 November 2015.

Comptel's 2009A share options were listed on NASDAQ OMX Helsinki commencing from 1 November 2011. The trading code is CTL1VEW109 and ISIN code is FI4000031489. In 2011, a number of 10,001 options A were traded and the closing price was EUR 0.15.

A total of 1,250,000 share options 2009A have been distributed in 2009 and a total of 1,250,000 share options 2009B have been distributed in 2010 to the key personnel of Comptel Group. During the financial year 2011, a total of 165,000 share options 2009B and 1,475,000 share options 2009C have been distributed to the key personnel of Comptel Group. A number of 310,000 share options 2009A, a number of 250,000 share options 2009B and a number of 180,000 share options 2009C were returned to the company. The rest of the 2009 share options have been granted to Comptel Communications Oy to be further distributed. The company holds a number of 540,000 share options 2009A, a number of 275,000 share options 2009B and a number of 105,000 share options 2009C.

Financial Statements

Share-based incentive plans

The Board of Directors approved a share-based incentive plan in January 2009. 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 and to commit the key personnel to the company. The plan includes three earning periods, years 2009, 2010 and 2011. The Board of Directors decides on the earnings criteria at the beginning of each period. A two-year restriction period will follow each earning period, during which shares cannot be transferred. Should a key person's employment or service end during the restriction period, he/she must gratuitously return the shares paid as reward to the company.

The reward from the earning period 2010 was based on the growth of net sales and the operating profit margin of the Comptel Group. There were 11 persons in the plan at the end of 2010. The reward for 2010 was paid in 2011 by disposing gratuitously 312,920 company shares and in cash, amounting to EUR 214,296. The potential reward from the plan for the earning period 2011 will be based on the operating profit and the growth of net sales of the Comptel Group. There were 13 persons in the plan at the end of 2011.

Shareholding of the Board and CEO

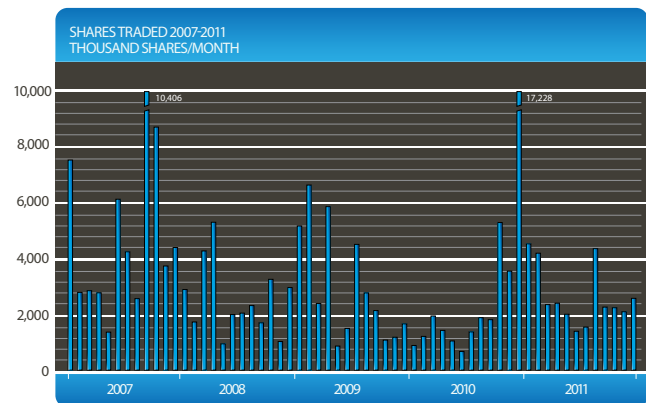
Members of the Board of Directors and the CEO held at 31 December 2011:

- A total of 0.599 per cent of the company's outstanding shares and share options
- 0.630 per cent of the votes and share capital
- The share options can provide them with 0.000 per cent of the votes and share capital

Share trading and holding



Comptel
OMX Helsinki (all shares)
OMX Helsinki Information Technology



Share trading data

	2009	2010	2011
Closing price, EUR	0.78	0.69	0.49
Highest price, EUR	0.96	0.95	0.79
Lowest price, EUR	0.57	0.68	0.42
Weighted average trading price, EUR	0.69	0.80	0.64
Shares traded, 1,000 shares	35,838	38,301	32,837
Shares traded, EUR million	24.3	29.0	21.0
Market capitalisation at the year end, EUR million	83.3	73.5	52.3

Shareholding by owner group on 31 Dec 2011

	Shares	% of total shares
Companies	21,611,006	20.2
Financial and insurance companies	34,205,546	32.0
Public sector	9,622,481	9.0
Non-profit making entities	333,862	0.3
Private households	32,283,856	30.2
Foreign holding and nominee registered	8,998,059	8.4
Total number of shares	107,054,810	100.0

Shareholding by number of shares on 31 Dec 2011

NUMBER OF SHARES	Number of shareholders	% of shareholders	Number of shares	% total of shares
1 - 100	2,026	10.9	126,253	0.1
101 - 500	10,759	57.7	1,989,248	1.9
501 - 1 000	1,754	9.4	1,470,157	1.4
1 001 - 5 000	2,874	15.4	7,167,869	6.7
5 001 - 10 000	610	3.3	4,655,916	4.3
10 001 - 50 000	530	2.8	11,212,188	10.5
50 001 - 100 000	41	0.2	2,998,828	2.8
100 001 - 500 000	38	0.2	8,229,446	7.7
500 001 -	16	0.1	69,204,905	64.6
Total	18,648	100.0	107,054,810	100.0

Financial Statements

Largest shareholders on 31 Dec 2011

	Shares	% of shares and votes
1. Mandatum Life Insurance Company Limited	21,091,625	19.70
2. Saunalahti Group Oyj	14,304,000	13.36
3. Kaleva Mutual Insurance Company	8,724,980	8.15
4. Varma Mutual Pension Insurance Company	5,144,825	4.81
5. OP-Finland Small Cap Fund	2,950,000	2.76
6. The State Pension Fund	2,600,000	2.43
7. Aktia funds	1,467,437	1.37
Investment Fund Aktia Capital	700,000	0.65
Aktia Secura Fund	517,437	0.48
Fund Aktia Solida	250,000	0.23
8. Perisalo Asko	1,151,069	1.08
9. Etera Mutual Pension Insurance Company	1,083,091	1.01
10. Rakshit Tommi	1,000,000	0.93
11. Fourton Fokus Fund Finland	900,000	0.84
12. SSP Yhtiöt Oy	571,669	0.53
13. Kesko Pension Fund	466,790	0.44
14. Lindsay von Julin & Co Ab	400,000	0.37
15. Senior Gareth	376,597	0.35

The Board of Directors' Proposal for the Distribution of Parent Company Profit

According to the parent company balance sheet at 31 December 2011 the parent company's distributable funds were EUR 15,026,574.95. The Board of Directors proposes to the Annual General Meeting the distributable funds be used as follows:

- dividend of EUR 0.03 per share on the 106,762,125 shares outstanding which makes in total EUR 3,202,863.75
- to be left in equity EUR 11,823,711.20

There have not occurred significant changes in the company's financial position after the end of the financial year. The company's liquidity is good and in the Board of Directors' view the proposed disposal of profits does not undermine the company's solvency.

Helsinki, 9 February 2012

Olli Riikkala
Timo Kotilainen

Juhani Lassila
Hannu Vaajoensuu

Petteri Walldén
Henri Österlund

Juhani Hintikka
President and CEO

Auditor's Report

To the Annual General Meeting of Comptel Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Comptel Corporation for the year ended December 31, 2011. The financial statements comprise the consolidated statement of financial position, consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, statement of cash flows and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

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

Auditor's Responsibility

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

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

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

Opinion on the consolidated financial statements

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

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

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

Other opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO be discharged from liability for the financial period audited by us.

Helsinki, February 9, 2012
KPMG OY AB

Pekka Pajamo
Authorized Public Accountant

Corporate Governance Statement

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

In Addition, Comptel complies with the Finnish Corporate Governance Code issued by the Securities Market Association which entered into force on 1 October 2010. The Corporate Governance Code can be read in full at www.cgfinland.fi. Comptel departs partly from the recommendation 9 as the company's Board of Directors does not have member from both genders.

Duties and responsibilities of executive bodies

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

General Meeting

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

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

Comptel Corporation's Annual General Meeting for 2011 was held on the 23rd of March 2011. In addition, an Extraordinary General meeting was held on the 29th of November 2011. The documents concerning the Annual Meetings are available on the company's website at www.comptel.com.

Board of Directors

The duties and responsibilities of the Board of Directors are primarily defined by the Finnish Limited Liability Companies Act and the Articles of Association of Comptel Corporation. The Board of Directors controls and supervises the operational management of the company. The Board of Directors is responsible for ensuring that the company's accounting and financial management are properly organised.

The Board of Directors has confirmed the written charter that specifies the Board's duties, business to be handled, meeting practices and the decision-making processes. According to the written charter, the Board of Directors handles and decides on all matters that are financially, commercially or fundamentally significant to the Group's operations. The Board of Directors confirms the Group's strategy, budget, corporate structure, major corporate arrangements and investments. Furthermore, the Board of Directors approves and confirms the principles of risk management, appoints and discharges the President and CEO, and decides on the terms and conditions of employment for the President and CEO.

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

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

The Annual General Meeting for 2011 elected the following six Board members: Mr Timo Kotilainen, Mr Juhani Lassila, Mr Olli Riikkala (chairman), Mr Hannu Vaaajoensuu (vice chairman), Mr Petteri Walldén and Mr Henri Österlund.

As a general rule, the Board of Directors convenes once a month and additionally, whenever necessary. In 2011 the Board of Directors convened 14 times (2010: 10). The average attendance of the members was 95 per cent (98).

Corporate Governance Statement

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

Board Committees

There are two permanent committees within the Board of Directors: the Audit Committee and the Compensation Committee, both of which consist of three Board members. The Board of Directors elects the chairmen and the members of the committees from among its members for one year at a time. The Board of Directors has confirmed a written charter for the committees that lay down their key duties and operating policies.

The Audit Committee is the Board's preparatory body which focuses on matters relating to the company's financial reporting and control. The Committee makes sure that the company's financial reporting, accounting and financial management as well as external and internal audit and risk management systems are properly organised. The Committee is also responsible for keeping in contact with the auditor and assessing the auditors' performance.

In 2011 the Audit Committee convened 5 times (4). The average attendance of the members was 93 per cent (100). In its meeting held after the Annual General Meeting for 2011, the Board of Directors elected Mr Juhani Lassila as the Chairman and Mr Petteri Walldén and Mr Henri Österlund as members of the Audit Committee.

The Compensation Committee is the Board's preparatory body which assists the Board of Directors in matters relating to the terms and conditions of employment and remuneration for the senior management and prepares and develops the company's compensation systems.

In 2011 the Compensation Committee convened 8 times (2). The average attendance of the members was 96 per cent (100). In its meeting held after the Annual General Meeting for 2011, the Board of Directors elected Mr Olli Riikkala as the Chairman and Mr Timo Kotilainen and Mr Hannu Vaajoensuu as members of the Compensation Committee.

In addition, whenever needed, the Board may also set temporary working committees to prepare subjects for the Board. In 2011, there did not convene any working committee of the Board.

President and CEO

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

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

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

In 2011, Comptel Corporation's President and CEO was Mr Juhani Hintikka as of 3 January 2011.

Executive Board

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

Comptel's management of business operations is based on the operations of the profit and cost units. Comptel Corporation's subsidiaries and affiliated companies operate within the respective business areas. The Executive Board is responsible for integrating the activities of the Group and its parts into an operating plan associated with the annual budget to implement the Group's strategies. 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.

Following the organisational changes implemented in 2011, the members of Comptel Executive Board, in addition to CEO, were the business area leaders Mr Timo Koistinen (Europe East), Mr Mauro Carobene (Europe West), Mr Mika Korpinen

(Asia-Pacific), Mr Veqar Islam (Middle East and Africa) and Mr Diego Becker (Americas), Mr Antti Koskela responsible for Products and Solutions, Mr Kari Onniselkä responsible for Global Services, Mr Mikko Hytönen (CFO), Ms Niina Pesonen (HR) and Mr Sami Ahonen responsible for Legal and M&A.

In 2011 the Executive Board convened 11 times (2010: 7).

Insider administration

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

At the end of 2011, there were 18 insiders with the duty to declare (17) and 56 company-specific permanent insiders (64). The insiders with the duty to declare include the Board members, CEO, the other Executive Board members and the principal auditor.

Comptel's insiders are obliged to comply with the so-called closed window rule during which time no trading with the company's share is allowed. In 2011 Comptel changed the closed window to start seven days before each annual quarter. Earlier it started three weeks prior to the announcement of an interim report and financial statements bulletin. The closed window ends 24 hours after the announcement of an interim report and financial statements bulletin. Comptel does not apply any 'open window' rule.

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

Auditing

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

KPMG Oy Ab acts as the auditors of Comptel, Mr Pekka Pajamo (APA) being the principal auditor.

Communications

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

Main features of internal control and risk management systems pertaining to the financial process

Objectives of internal control

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

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

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

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

Corporate Governance Statement

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

Control environment

The company values are the foundation of Comptel's internal control. During the year 2011, new values were widely discussed throughout the Group. As a result of this dialogue, the following values were selected: Passion, United, Respect, Make it happen. These common values act as guiding principles of the personnel. The company has also approved the code of conduct that guides the Group's operations. The values and the code of conduct are reflected in the day-to-day operations as well as in the internal guidelines, processes and practices, thus developing the corporate culture.

Comptel's management system is based on performance management. The strategy process controls the establishment of objectives. The annual Group-level financial and other targets are translated into targets for business and other units. Target setting is an integral part of each employee's performance management in Comptel. Duties and responsibilities are given in accordance with the strategy to promote the company's objectives.

The achievement of the Group's and individual business units' annual objectives is followed up through monthly management reporting. The Executive Board also regularly follow up on the reliability of the company's financial reporting. Comptel's financial reporting uses an Enterprise Resource Planning system. In 2011, the Group implemented a new ERP system which gives more unified support to the processes of financial administration. The Group's Financial Administration monitors the realisation of internal and external accounting and reconciles the possible differences between the two.

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

Risk assessment

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

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

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

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

Control activities

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

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

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

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

Information and communication

The internal control system needs sufficient and reliable communication within the organisation. The Executive Board follow up on the achievement of the company's financial and other objectives in regular meetings. The Financial Administration is responsible for preparing monthly reports and regularly updating the financial forecast. The Group uses a common reporting system.

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

Monitoring

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

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

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

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

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

Board of Directors

Olli Riikkala

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

Main career history

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

Instrumentarium Corporation

Member of the Board of Directors 1987 - 2003, President and CEO 1997 - 2003,
Executive VP 1995 - 1997, Executive Director, Health Care Group 1990 - 1997

Main board memberships

Chairman of the Board in Oriola-KD Corporation, Helvar Oy Ab, Helvar Merca Oy Ab, Nexstim Ltd.
Deputy Chairman of the Board in Tieto Corporation, Docrates Ltd, Mendor Oy
Member of the Board in Biomedicum Foundation, Clinical Research Institute Helsinki University Central Hospital Ltd.,
Instrumentarium Foundation

Comptel shares: 165,464

Hannu Vaajoensuu

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

Main career history

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

Main board memberships

Chairman of the Board in Basware Corporation, Nervogrid Oy, Dovre Group Plc
Member of the Board in Inventure Oy, Movenium Oy, Profit Software Oy, The Federation of Finnish Technology Industries

Comptel shares: 84,299

Timo Kotilainen

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

Main career history

Nixu Oy, Managing Director 2006 -
Nokia Networks, various management positions 1993 - 2003
Hewlett-Packard Oy, Account Manager 1991 - 1993
Solid Information Technology, Sales Manager 1990 - 1991

Comptel shares: 64,772

Juhani Lassila

born 1962, M.Sc. (Economics)
Member of the Board since 2006

Main career history

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

Comptel shares: 60,615

Petteri Walldén

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

Main career history

Alteams Oy, President and CEO 2007 - 2010
Onninen Oy, President and CEO 2001 - 2005
Ensto Oy, President and CEO 1996 - 2001
Nokia Cables Ltd, President and CEO 1990 - 1996
Sako Ltd., President 1987 - 1990

Main board memberships

Chairman of the Board in Nokian Tyres plc
Vice Chairman of the Board in Tikkurila Oyj
Member of the Board in Alteams Oy, Kuusakoski Group Oy, Mesera Yhtiöt Inc., One Nordic Ab, SE Mäkinen Logistics Oy,
Teleste Corporation

Comptel shares: 42,629

Henri Österlund

born 1971, M.Sc. (Economics)
Member of the Board since 2010

Main career history

Accendo Capital Partners Oy, CEO 2007 -
Conventum Corporate Finance, Partner 2003 - 2004, Executive Director 2002 - 2003
InterQuest, Chairman of the Board, 2000 - 2002
Triton, Partner 1999 - 2000
Doughty Hanson & Co, Associate 1995 - 1999

Main board memberships

Chairman of the Board in Okmetic Oyj
Member of the Board in Talentum Oyj

Comptel shares: 26,754

The holdings of board members are as per 31 December 2011.
Up-to-date information on ownership is available at www.comptel.com/investors.

Executive Board

1 February 2012

Juhani Hintikka

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

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

Comptel shares: 230,000

Sami Ahonen

born 1971, LL.M.
Senior Vice President, Legal and M&A

Joined Comptel in 2001, member of the Executive Board since 2011. Has previously worked as General Counsel and as Legal Counsel. Prior to joining Comptel, worked as Legal Counsel at Otso Law and the Technical Research Centre of Finland.

Comptel shares: 39,529; share options 2006: 10,000

Diego Becker

born 1971, B.Sc. (Business), MBA
Vice President, Latin America and Caribbean

Joined Comptel in 2009, member of the Executive Board since 2011. Has previously been responsible for sales in South America. Prior to joining Comptel, worked as regional manager for Tecnotree and NEC.

No holding in Comptel

Mauro Carobene

born 1970, M.Sc. (Electronic Engineering)
Senior Vice President, Europe West

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

No holding in Comptel

Mikko Hytönen

born 1977, M.Sc. (Engineering)
Chief Financial Officer

Joined Comptel in 2009, member of the Executive Board since 2011. Has previously acted as Group Controller. Prior to Comptel worked as Financial Director in Electrolux Finland, as Group Controller in SmartTrust and as Controller in Sonera.

Comptel share options 2009: 40,000

Veqar Islam

Born 1962, M.Com.

Senior Vice President, Middle East and Africa

Joined Comptel in 2011, member of the Executive Board since 2011. Has previously held senior management positions in Nokia Siemens Networks, most recently heading the Sub Region Middle East - East. Prior to that, was involved in the IT industry and worked with NCR Corporation for 18 years.

No holding in Comptel

Timo Koistinen

born 1957, M.Sc. (Engineering)

Senior Vice President, Europe East

Joined Comptel in 2010, member of the Executive Board since 2010. Has previously held various senior sales management and business development positions in Nokia Siemens Networks since 1997. Before that worked in Hewlett-Packard in sales and sales management positions.

Comptel shares: 23,600

Ulla Koivukoski

born 1954, B.Sc. (Physics)

Senior Vice President, Marketing and Communications

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

No holding in Comptel

Mika Korpinen

born 1961, Engineer of Telecommunications

Senior Vice President, Asia-Pacific

Joined Comptel in 2001, member of the Executive Board since 2009. Has previously worked as Head of Hong Kong office and as Sales Director of North Asia. Before joining Comptel has worked as Senior Manager at Elcoteq Asia Ltd. in Hong Kong and as General Manager of Tecnomen in Hong Kong.

Comptel shares: 43,734; share options 2006: 10,000

Antti Koskela

born 1971, M.Sc. (Engineering)

Senior Vice President, Products and Solutions

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

Comptel shares: 800

Executive Board

Kari Onniselkä

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

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

No holding in Comptel

Niina Pesonen

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

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

Comptel shares: 33,015; share options 2006: 10,000

The holdings of executive board members are as per 31 December 2011.
Up-to-date information on ownership is available at www.comptel.com/investors.

Shareholder Information

Annual General Meeting

The Annual General Meeting of Comptel shareholders will be held at the Marina Congress Center, Fennia I hall, Katajanokanlaituri 6, 00160 Helsinki starting at 11 am on Monday, 26 March 2012.

Shareholders intending to attend the Meeting shall notify the company thereof by 10 am Finnish time on 21 March 2012, either writing to Comptel Corporation, P.O. Box 1000, FI-00181 Helsinki, Finland or by telephone at +358 9 700 11793, or by telefax at + 358 9 70011 224 or by email to yhtiokokous@comptel.com.

Shareholders registered on 14 March 2012 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 0.03 euros per share be paid for year 2011. The dividend decided by the Annual General Meeting will be paid to shareholders registered on 29 March 2012 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 12 April 2012.

The proposals of the Board of Directors as well as the notice are available on Comptel Corporation's website at www.comptel.com from 5 March 2012. 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.

Publication of interim reports 2012

- January - March, Friday 20 April
- January - June, Wednesday 18 July
- January - September, Thursday 18 October

Comptel publishes its interim reports, financial statements bulletins and annual reports in English and also Finnish. The financial reports are available on Comptel's website at www.comptel.com under Investors. They may also be ordered by email (communications@comptel.com) or by phone (+ 358 9 700 11793).

Investor contacts

Samppa Seppälä, Director, Investor Relations and Corporate Communications
Tel. +358 9 700 1131, fax +358 9 700 11375
Email: samppa.seppala@comptel.com

Annual Summary

Stock Exchange Releases of Comptel Corporation in 2011

- 10 Jan Comptel Accelerates Its Customer and Partner Intimate Business Model and Starts Statutory Cooperation Negotiations in Finland
- 2 Feb Notice of Ownership Pursuant to Chapter 2 Section 10 of the Securities Markets Act
- 10 Feb Comptel Corporation's Financial Statements Bulletin for 2010
- 10 Feb Notice of Annual General Meeting
- 21 Feb Comptel Concludes Co-operation Negotiations
- 1 Mar Comptel's Annual Report and Financial Statements for 2010 Published
- 2 Mar Change in Comptel's Holding of Own Shares
- 21 Mar Comptel Renews Its Organisation and the Executive Board
- 23 Mar Resolutions of Comptel Annual General Meeting
- 29 Mar Transfer of Comptel's Own Shares
- 15 Apr Interim Report of Comptel Corporation 1 January - 31 March 2011
- 4 May Share subscription price with options 2009 C and market value of the option serie
- 8 Jun Comptel Appoints Corporate Executives
- 20 Jul Interim Report of Comptel Corporation 1 January - 30 June 2011
- 22 Aug Comptel to Sell Axioss Software to Cisco for EUR 21.3 Million
- 9 Sep Axioss Transaction Has Been Closed
- 9 Sep Change in Comptel Executive Board
- 20 Sep Changes in Comptel Executive Board
- 21 Oct Interim Report of Comptel Corporation 1 January - 30 September 2011
- 21 Oct Notice of Extraordinary General Meeting
- 31 Oct Share Option Rights 2009 A Will Be Listed
- 2 Nov Change in the Holding of Own Shares
- 29 Nov Resolutions of Comptel's Extraordinary General Meeting
- 29 Nov Comptel's Financial Reporting and Annual General Meeting in 2012
- 1 Dec Expiry of Comptel Corporation's 2006B Share Options
- 22 Dec Comptel Provides Information about Request for Arbitration by Cisco

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

Comptel Offices



Europe East and Europe West

Helsinki, Finland
Düsseldorf, Germany
The Hague, Netherlands
Istanbul, Turkey
Milan, Italy
Moscow, Russia
Oslo, Norway
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Sofia, Bulgaria
Stockholm, Sweden

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