Annual Report 2003

COMPTEL

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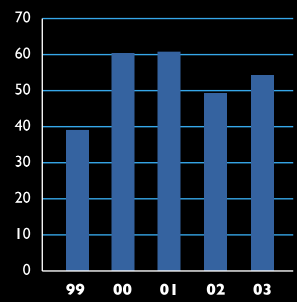
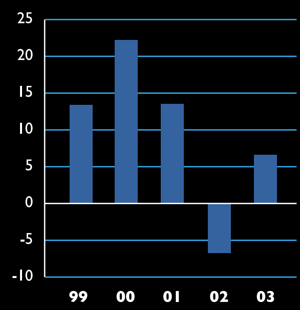
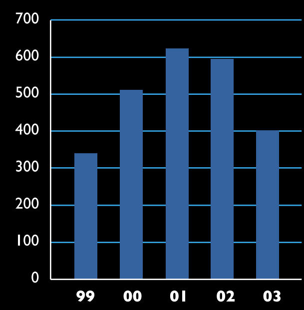
The development of group turnover, EUR million



The development of group operating profit, EUR million



The number of personnel at year-end



COMPTEL
INTELLIGENT LINK

COMPTEL CORPORATION'S FINANCIAL REPORTS IN 2004

Financial statements for 2003 11 February 2004
Interim report January-March 22 April 2004
Interim report January-June 22 July 2004
Interim report January-September 20 October 2004

ORDERING FINANCIAL REPORTS

Comptel publishes its financial statements, an annual report and three interim reports in Finnish and English. Financial reports are available in pdf format from Comptel's website at www.comptel.com under Investors. They may also be ordered by email at communications@comptel.com or by phone on +358 9 700 11793.

Main events in 2003

Q1

Introduction of the Comptel Link product family.

Comptel continued with cost adjustment measures and initiated personnel negotiations across the entire Group.

Q2

Comptel and Accenture signed an extensive alliance and outsourcing agreement.

As a result of the personnel negotiations, Comptel resolved to reduce the number of personnel by 60.

Telefónica Móviles chose Comptel as its global supplier of mediation and content charging solutions.

Q3

Vesa-Pekka Silaskivi, Executive Vice President of Corporate Finance, Elisa Corporation, nominated as Chairman of Comptel's Board of Directors following the retirement of Matti Mattheiszen, President and CEO of Elisa Corporation.

Comptel delivered an IP provisioning solution for SWIFT's global IP network.

Comptel announced the delivery of an IP mediation solution to Brasil Telecom.

Comptel's mediation and provisioning solutions delivered to América Móvil's operators in Ecuador and Colombia.

Chairman Vesa-Pekka Silaskivi resigned from the Board of Directors.

Q4

Comptel opened a customer support centre in Latin America (São Paulo).

Tuija Soanjärvi, Executive Vice President of Corporate Finance, Elisa Corporation, nominated as Chairman of Comptel's Board of Directors.

Comptel announced the delivery of a TETRA solution to Moratel in Morocco.

Key indicators

KEY INDICATORS	2003	2002
Turnover, EUR million	54.0	49.3
Change from previous year, %	9.5	-18.9
Operating profit, EUR million	6.6	-6.7
as % of turnover	12.2	-13.5
Earnings per share (EPS) EUR	0.04	-0.05
Equity per share, EUR	0.37	0.33
Divident per share, EUR	0.05*	0.00
Divident payout ratio, %	132.9	-
R&D costs, EUR million	5.5	10.4
as % of turnover	10.3	21.1
Equity ratio, %	77.8	83.6

*) The Board's proposal.

Comptel in 2003

Comptel Corporation, established in 1986, is a Finnish software company listed on the Helsinki Exchange. In addition to the parent company, Comptel Corporation, the Comptel Group comprises Comptel Communications Brasil Ltda. (Brazil), Comptel Communications Sdn Bhd (Malaysia), Comptel Communications Inc. (USA), Comptel Communications Oy (Finland) and Probatus Oy (Finland) as its subsidiaries. Comptel's associated companies include Tango Telecom Ltd. (Ireland) and Mobicus Ltd. (Finland). The Comptel Group has two business areas: product-based business and system services. Comptel is part of the Elisa Group.

Comptel is highly specialised in a well-focused field of expertise, with operations worldwide. The company's clientele includes operators which maintain and provide services in telecommunications networks. The company develops, manufactures and delivers off-the-shelf mediation and provisioning solutions, as well as software that helps operators to effectively deliver their services for customers' use, and to bill for the usage accurately and efficiently. Comptel is a global market leader in commercial mediation and provisioning solutions.

As the range of service offerings in telecommunications networks broadens, content becomes more versatile and network technologies develop, the opportunities for Comptel's products and services increases. Comptel's solutions serve as intelligent links between the operators' customer care and invoicing systems, telecommunications networks and content providers. By offering clear cost savings, the solutions support operators' core processes, enabling implementation of new business models, increasing the competitive edge for operators. Comptel's solutions enable, for example, real-time deployment, management and billing of new mobile content services, such as news, information and entertainment.

Comptel has delivered products and solutions to more than 220 customers in 67 countries. The company's ten international offices and extensive partner network guarantees high quality, comprehensive local presence and customer service in all market areas.

Increased Profitability

After an unprofitable year in 2002, the company's primary goal for 2003 was to increase profitability and achieve positive results. The objectives were achieved as result of the determined measures taken. Operating profit was positive and the turnover showed a slight increase after two years of decline; an operating profit of EUR 6.6 million (EUR -6.7 million) was reached from last year's turnover of EUR 54.0 million (EUR 49.3 million).

Comptel reached the set objective by improving the efficiency of its operations and by increasing the company's turnover. The company divested functions that were not part of the company's core business operations in its subsidiaries. As a result of the measures taken, the number of personnel at Comptel Group was reduced from 595 to 402 during the year.

Comptel strengthened its market position in 2003. Like Comptel, those established global companies which were able to meet the requirements of leading operator customers which have operations in several countries, also strengthened their position. A sign of trust from these leading operators is the fact that in 2003 Comptel signed framework and delivery agreements with some of the world's largest operators. Comptel successfully implemented its expansion strategy by conquering new areas. Outside the traditional operator segment, the company signed a delivery agreement with a TETRA operator and delivered a global IP solution to SWIFT, which delivers secured messaging software for the financial sector.

The strong financial position creates new, positive opportunities for Comptel to improve its operations as the market expands in future.

Vision

Comptel is the best software product company in the world in its field of expertise.

Mission

Comptel's customers are operators of communications networks. Based on our profound expertise we provide our customers with software products and solutions that increase their competitive edge, open up new business opportunities and enable cost savings.

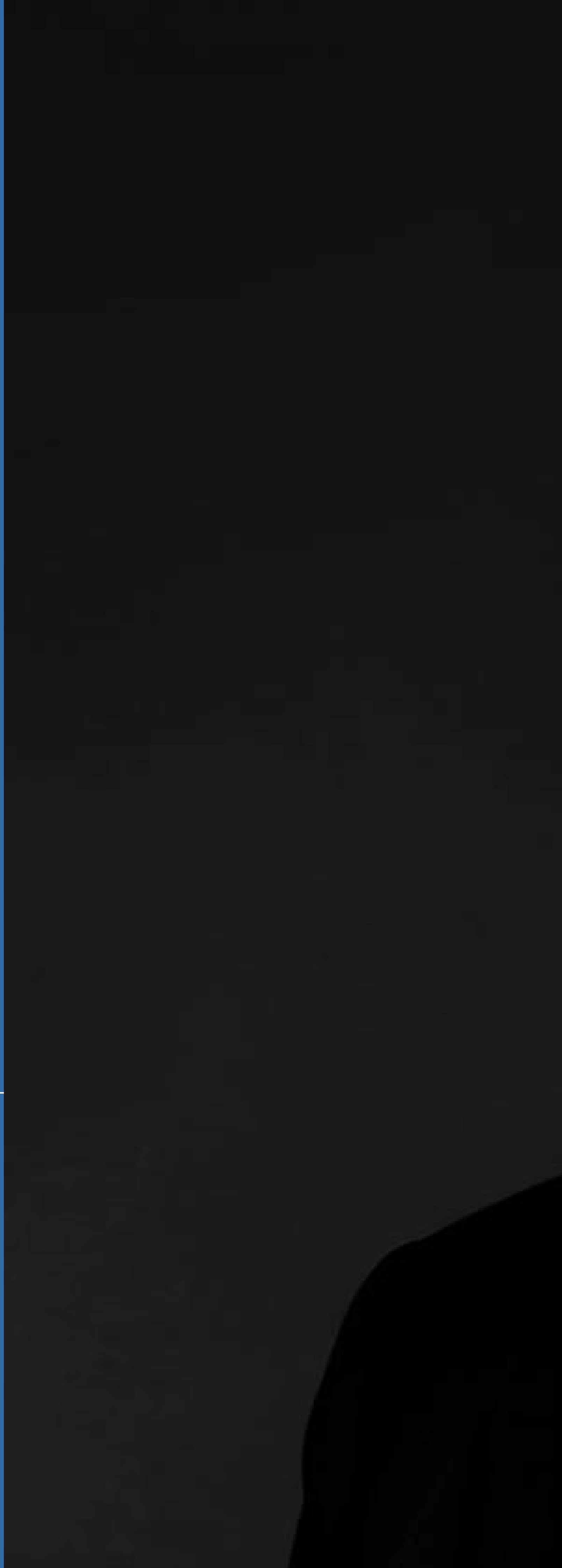
Values

- Innovative thinking
- Ongoing development
- Reliability
- Respect for individuals

Comptel has met its Targets – Profitable Results and Growing Revenue

For Comptel, 2003 came to a positive conclusion, despite a challenging start to the year. The company reached the goals it had set for itself, made profit, and turned revenues back to growth.

Report of the President and CEO



Report of the President and CEO

2003 came to a positive conclusion, despite the challenging start to the year. At the beginning of the year, we set ourselves two goals: to attain a profitable result and to turn revenues back to growth. We have reached both of these objectives. In 2003, Comptel proved profitability could be an object of investment as well, since the value of the company's share doubled during the year. The outlook for 2004 is prudently positive.

The main characteristic of the past year for Comptel was the determined effort to increase profitability, by improving the efficiency of our operations. We continued with the cost savings and divestment of operations not included in our core business, which we had initiated at the end of the previous year. With the help of the implemented cutbacks, the company's long-term cost savings will amount to approximately EUR 10 million per year. Despite the significant downsizing in personnel, the company maintained – even surpassed – its performance.

One of our goals was to grow faster than the average rate of growth in the market, which we succeeded in accomplishing. Due to the low level of operators' investments, we set our goals moderately. After a decline in turnover in 2002, we considered the change of direction a sufficient objective, which we have achieved. Our turnover increased by 9.5 per cent to EUR 54.0 million.

The company's profitability improved as a result of the increased effectiveness and revenue growth. Comptel generated an operating profit of EUR 6,6 million, which amounts to 12.2 per cent of the turnover.

Effective Basic Strategy

The successful return to a growth path in unfavourable circumstances proves that our strategic choices were effective. Comptel's basic strategy is to operate as a supplier of off-the-shelf software solutions.

During the past year, we honed our product development and organisation to become more customer-driven. We refocused our product development according to the changing needs of our customers. Our product development efforts were focused on our main product sector, mediation and provisioning solutions, while some of our new product development projects were postponed. These projects are developed in co-operation with our customers when new commercially viable customer needs emerge. By focusing on our main products in 2003, we managed to reduce our product development costs significantly from the previous year.

Ensuring at high degree of commercialisation for our products is crucial for our operations. Up to 80 per cent of the value of a typical new product delivery comes from software licenses. The rest is attributable to customer-specific customisation of the software, or its integration with the customer's information system. Licenses contributed to 18.4 per cent of the overall turnover, indicating a slight increase on the previous year.

We opened a new customer support centre in Brazil in order to better serve our new and potential customers operating in South and Central America. We also increased our service level in Europe by establishing offices in Madrid and Paris.

Strengthening Market Position

After several years of decline, the market started to show tentative indications of upturn during 2003. Comptel has strengthened its position as the market leader by increasing its turnover and according to the independent international research institution Chorleywood, we announced a larger number of new delivery contracts than our competitors in the industry, between 1.9.2002–31.8.2003.

Our commercial achievements during the past year include the framework and delivery agreements signed with major international operators. These agreements give Comptel a prime position in operators' decision making, relating to investments in telecommunications network development or reconstruction. An example is the framework agreement signed with two of the world's largest mobile operators, the Spanish Telefónica Móviles, and T-Mobile International. We also delivered an IP-based mediation solution to SWIFT Worldwide Networks, which delivers secured messaging services to more than 7500 banks and financial institutions in 200 countries.

We also agreed on several new deliveries that significantly strengthen our order backlog. At the end of the year the value of our order backlog was EUR 23.5 million, which amounts to 33.5 per cent increase on the situation year ago.

Due to difficult economic trends, the competitive situation in our market changed. Comptel and other established players in the industry strengthened their position, whereas newcomers lost their market share. The trend was especially evident when competing for deliveries to the large operators that function at both the international and regional level.

Competitive Edge from the Factors of Success

Comptel's success in a new competitive situation is the sum of several important factors. The most important factor is the cumulative long-term knowledge in our field of expertise. This enables us to provide our customers with reliable solutions that help them to create new business, or to optimise existing business. In difficult times, customers tend to primarily direct their sparse investments to improvement of cost efficiency and optimisation of their systems. With this aim in mind, many operators are replacing their old, internally developed systems with modern, off-the-shelf software solutions. Our products offer customers concrete added value in all phases of the business cycle.

Our products and delivery processes comply with the high quality standards demanded by our customers. We are able to provide a high-quality service by operating on an equally international scale. Our competitive position is also good, in terms of price-quality ratio.

As a supplier of business-critical solutions for operators, Comptel is a reliable and viable partner, thanks to its strong balance sheet. An indication of this, is the fact that the majority of our agreements comprise of long-term partnerships.

Comptel also utilises its specialist expertise in the field by working with other leading companies in the industry. The co-operation ensures a high-quality comprehensive solution for customers, and generates added value and new business opportunities for partners.

Outperforming the Future Market Growth

At the beginning of 2004 the overall climate in our industry is showing signs of recovery, and we estimate that both the market and our turnover will grow from last year. One of our primary objectives is to outperform market growth by increasing our turnover and profitability. Our procedures and organisation, fine-tuned to be even more effective during 2003, will be of substantial advantage in achieving our goal.

We estimate that a significant part of our growth will result from the sales of new system licenses. With the recovery of the market, the investments in operators' production systems, postponed for several years, will increase. We expect our business to grow, particularly with regard to international operators.

In 2004, we will increase our product development resources and further improve the quality of both our products and our operations.

By developing our core competences and strengths, we will succeed in our business and provide added value for our owners, customers, and personnel. Our vision is to become the best software product company in the world in our field of expertise by the end of 2006, measured by the criteria essential for the industry.

Currently, our prospects for future success are good. For this we owe thanks to our customers, partners, and owners for trusting in us. Special thanks should be awarded to our personnel, who are the best in the business and managed to produce excellent results under challenging circumstances in 2003.
Let us all succeed together in 2004!

Decreases in Operator's Software Investments Halted

The decrease in operators' software investments halted in 2003, and the market is now expected to grow. A significant part of software investments in the next few years will focus on system development and maintenance work that had been postponed due to difficult economic conditions. Investments will also be increasingly directed to solutions that streamline operations and lower operative costs.

Markets

The Operations Support Systems Software Market

Operators spend approximately 20 per cent of their turnover on investments each year; 14 per cent of this is spent on business operations support software and systems (OSS: Operations Support Systems). In addition to mediation and provisioning software, the operations support software includes, among others, applications for customer care, order management, billing, fault management, fraud management, customer tracking, segmentation and network traffic planning. Less than half of the operator's support software market is a commercial market open to competition among different suppliers. The other half is a so-called closed, in-house market, where operators' IT departments are responsible for the planning, implementation and maintenance of the support software.

After a peak of nearly 40 billion dollars in 2001, investments in support software decreased significantly, dropping to a low in 2003, when approximately 30 billion dollars was spent on support software. According to estimates given by market research institutions, the industry is now showing signs of recovery, but the upturn is estimated to be slower than the preceding decline. For example, the US market research company RHK, specialists in the support software market, estimated the total value of the open mediation and provisioning market in 2003 to be more than 800 million dollars (RHK: OSS Market Forecast: November 2003). According to Comptel's own estimates, the open market suitable for the company's mediation and provisioning products is approximately 500 million dollars.

The average growth rate for the support software market is estimated to be approximately seven per cent for the next four years. The open market is estimated to grow at a faster rate.

Operators' investments in support software are estimated to reach the 2001 level of 40 billion dollars in 2007. However, the estimates on the volume and growth of different stock markets vary substantially.

A significant part of the software investments in the next few years will be focused on normal system development and maintenance work that had been postponed due to difficult market conditions. The overall trend of directing investments to solutions that streamline operations and lower the operative costs was a characteristic for support software purchases in 2002 and 2003. This trend is expected to continue in the future.

In geographical terms, the North American market lost most support software investments during 2003. This was reflected with those suppliers that have their main markets in the United States. Europe and Asia improved to reach close to the level of North America. In 2007, these geographical market areas are estimated to become nearly equal in value. Latin America, the Middle East and Eastern Europe are seen as emerging markets also represent developing markets for Comptel's business.

In addition to the traditional telephone networks, fixed networks include broadband and IP network technologies. Mobile networks, on the other hand, include all cellular network technologies; from GSM to CDMA, from 1G to 3G, and from TETRA to WLAN networks. These markets, based on different network technologies, behave slightly differently. Investments in support software for mobile networks have increased at a faster pace than support software investments for fixed networks, and they have provided suppliers with more market potential. Fixed network and broadband network operators are also expected to increase their investments in commercial solutions. Comptel is strongly present in both the fixed network and broadband market. This is indicated by the delivery agreements signed by the company in 2003.

The Mediation and Provisioning Market

Many operators are downsizing their internal IT resources and divesting internally developed mediation and provisioning solutions, maintenance and further development; instead opting for off-the-shelf solutions.

In the long term, the advanced multi-channel telecommunications services made possible by new technologies will guide the development of the market and change people's communication habits. Everything that can be converted into a digital format will be distributed in communications networks, regardless of the terminal equipment, subscription type, time and place. This presents great challenges for operators in terms of managing the various technology platforms and services.

Because of tight competition, operators are investing in the off-the-shelf mediation and provisioning solutions that clearly offer a competitive edge and cost savings. The mediation and provisioning products that enable real-time deployment of new services will become more critical for operators' businesses.

Comptel is actively following the product trends for mediation and provisioning solutions. The company has identified and anticipated trends in its business, and developed the features of its products and solutions accordingly. The Comptel OnlineLink™ solution is a good example of this type of development work. The framework and delivery agreements Comptel announced in 2002 and 2003 indicate that the products created as a result of this development work were introduced to the market at just the right time.

Competitive Situation

As a result of the recent low level of operators' investments, competition in the support software market has increased. There are more than 200 software vendors specialising in different product and solution areas and these companies are operating in the open market for support software. Dozens of these are companies offering mediation and provisioning solutions.

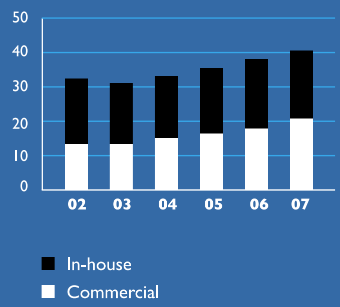
The majority of Comptel's competitors are only operating in one geographical region. They have revenues of less than EUR 10 million, and less than 30 customers. Comptel is one of the few global companies that have customers in all continents covering all technologies, coupled with a global network of offices and partners. Co-operation with more than 220 operator customers for nearly twenty years, has provided Comptel with the best long-term knowledge in its own field of expertise.

Comptel also has a product range that differs from the offerings of its competitors. The company is able to provide operators with widely applicable mediation and provisioning solutions, whereas the majority of its competitors only focus on one of these product groups. Operators can obtain considerable cost savings by integrating their systems and purchasing software from the same vendor.

While competition has become increasingly fierce, Comptel, with the help of its broad product range, global operations and comprehensive customer service, has successfully managed the risks involved in pressures to lower prices.

International companies, such as Comptel, which have long experience in the industry and have already established their position, have succeeded in the global competitive environment. According to market research institution Gartner, the market share of the major suppliers of business support software has increased 10 per cent during the past three years and continues to increase. Despite the decrease in investments in mediation and provisioning software which has continued for several years, Comptel has maintained its position as market leader and globally increased its market share.

The development of global OSS market 2002–2007, USD billion



Source: OSS Annual Forecast Report, RHK Inc., Nov. 2003

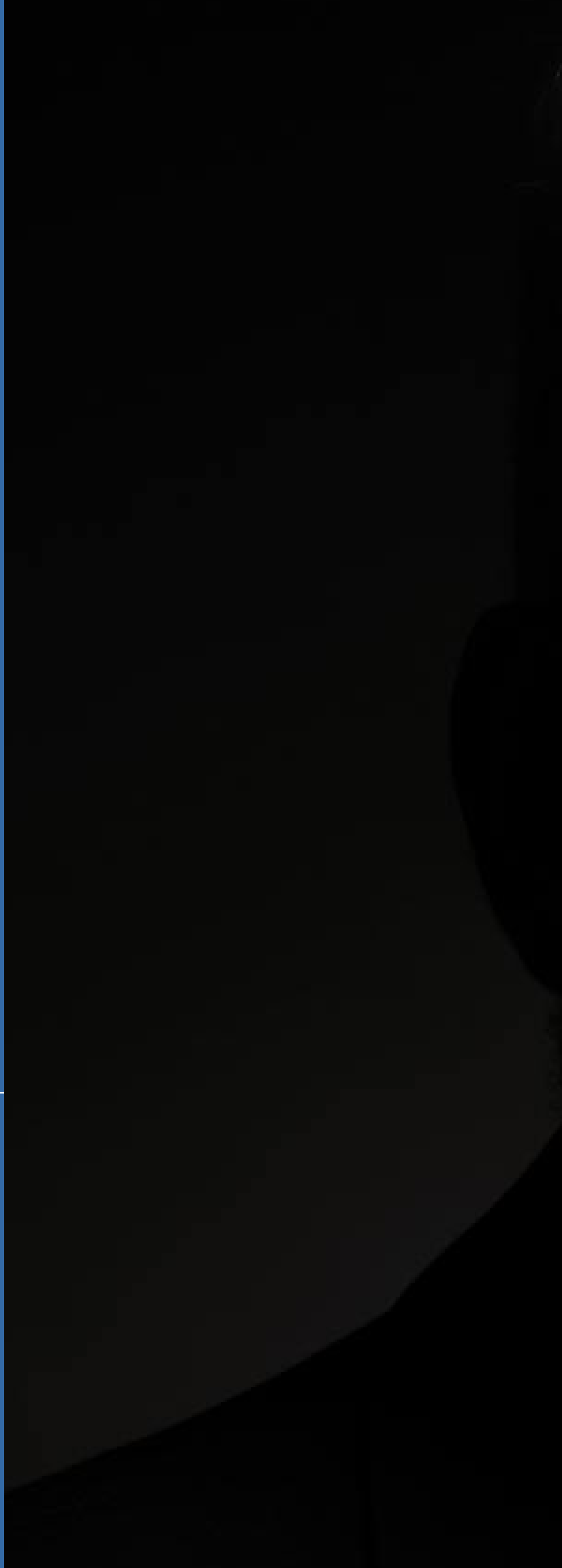
Growth drivers for the market and Comptel

- From in-house systems to packaged software solutions
- Harmonisation of networks and systems of large operator groups
- Return from low investment level
- Replacement of older mediation and provisioning solutions
- Increasing outsourcing activities at operators
- Roll-out of new non-voice services
- New solutions for product portfolio
- New customers outside telecom segment

New Major Customers

Comptel secured new customers in 2003. The company signed framework or delivery agreements with Americá Móvil, Telefónica Móviles, TIM, T-Mobile, and Vodafone.

Customers



Customers

Comptel's customers include mobile, fixed network, broadband and cable operators who maintain and provide services in telecommunications networks. Approximately 60 per cent of Comptel's customer base consists of mobile operators, and 40 per cent are fixed network, broadband and cable operators.

A significant part of the world's operators are regional or international. Due to an ongoing consolidation process, the major operator groups will continue to expand; hence more of the small independent operators will become part of an international operator group. It is especially noteworthy that major international operators and operator groups are substantially well represented among Comptel's clientele. During 2003, Comptel signed framework or delivery agreements with Americá Móvil, Telefónica Móviles, TIM, T-Mobile, and Vodafone. Framework agreements with major operator groups are important for the company's growth, since they enable Comptel to form close relationships with all operators within the group by a single agreement.

Comptel's customer base is very diverse geographically. The company has delivered software products and solutions to more than 220 operators in 67 countries. The business models and technological backgrounds vary substantially. The well-founded and established network operators; represent the largest portion of the company's customer base. Comptel's agreements announced in 2003 cover a large variety of different network technologies. Compared with the agreements signed in during the previous year, a greater number of the signed delivery agreements included both a mediation and a provisioning solution.

Comptel's strategy is to seek new customer clusters for the company's solutions, in addition to operators. Operators serving the TETRA restricted-access public authority networks and operators such as SWIFT that serve private networks, are emerging as a new customer group.

Partners

Partners are a crucial part of Comptel's business strategy. They provide support for sales, technical implementation, deliveries and technology transfer. Comptel's worldwide partner network consists of different kinds of co-operation partners, such as network suppliers and system integrators, with whom the company co-operates in marketing, sales, and strategic planning. Comptel's most well-known partners include Accenture, IBM, LogicaCMG, Nokia, and T-Systems.

The aim of the sales co-operation is to inform customers of how Comptel and its partners can deliver added valuebenefits for customers.

The sales channel co-operation intensifies the established partnership and has a mutually agreed business plan as a prerequisite. The channel partner sells Comptel's mediation and provisioning solutions to customers as part of the comprehensive solution delivered, whereas Comptel provides the partner with its expertise in sales and project implementation.

The companies with whom Comptel has strategic co-operation include, among others, technology suppliers, such as network manufacturers. By engaging in co-operation with technology partners, Comptel ensures that the company's network solutions are compatible with all network technology platforms. Being independent of the technology and supplier enables Comptel to offer its customers a broad range of cutting-edge device platforms for mediation and provisioning software.

In 2003 Comptel stengthened its partner network by announcing a global co-operation agreement with the IT service provider Accenture. At the same time, the companies signed an outsourcing contract, under which Accenture provides Comptel with product development and systems integration services.

Comptel globally

Core Business Back on a Growth Path

Comptel's core business returned to a growth path in 2003. The significant increase in the product-based business clearly exceeded the growth forecast set for the industry. The turnover of system services decreased as estimated.

Comptel has two business areas: product-based business and system services. The product-based business contributed 43.1 million (79.7 per cent) of the turnover for 2003. System services generated a turnover of 8.8 million (16.2 per cent) of the overall turnover. Equipment sales contributed to EUR 2.2 million (4.1 per cent) of the turnover.

Growth and Expansion into New Areas in Product-Based Business

The product-based business line responsible for off-the-shelf provisioning and mediation products and solutions achieved its goals set for the year. Turnover was 43.1 million, indicating a 12.2 per cent growth on the previous year. The growth rate clearly exceeded the market analysts' zero per cent growth estimate for the support software industry.

In 2003, 18.4 million of the product-based business turnover came from software license sales and license upgrades and extensions. The share of license sales and upgrades amounted to 42.8 per cent of turnover of the business area. This indicates a growth of 2.8 per cent on the previous year. Services generated a turnover of EUR 24.7 million, indicating an increase of 20.5 per cent on 2002. Comptel announced almost equal amounts of mediation and provisioning agreements in 2003.

Comptel divides the markets for its product-based business into three main geographical areas: EMEA (Europe, Middle East and Africa), North, Central and South America, and Asia Pacific.

Comptel's main markets are in the EMEA region, with a 65.7 per cent share of the turnover of product-based business in 2003. The Middle East and Europe were the most promising areas in this market, whereas the significance of Western Europe remained important. The biggest relative growth took place in Central and South America, where Comptel, supported by one of its major network infrastructure partners, strengthened its position with its core products. Thanks to the extremely favourable development, share of turnover in the North, Central and South Americas increased to 20.9 per cent. The business environment in Asia Pacific remained challenging. It's share of product-based business was 13.4 per cent decrease on the previous year.

Important Commercial Achievements

The most important commercial achievements of the product-based business in 2003 were the significant framework or delivery agreements signed with major operator groups and individual operators within these groups. These included, among others, Americá Móvil, Telefónica Móviles, TIM, T-Mobile, and Vodafone.

One of the world's largest mobile operators, the Spanish Telefónica Móviles, chose Comptel as its global supplier of mediation and content charging solutions. According to the agreement, the customer has the option of using Comptel's solutions in all the fixed networks of the Telefónica Group, in addition to its mobile phone networks. The agreement enables the standardisation, integration and diverse utilisation of mediation solutions between the various technologies and network elements.

One of the breakthroughs is the promising opening of new markets in South America. Brasil Telecom and Comptel have signed an agreement on the delivery of a Comptel Link mediation solution for Brasil Telecom's IP telecommunications network. The Comptel EventLink™ solution which will be delivered by the end of the first quarter of 2004 will be used for managing and collecting the usage data of all of Brasil Telecom's advanced IP services.

Comptel also delivered a mediation and provisioning solution to the operators within South America's largest operator group, Americá Móvil, in Ecuador and Colombia.

One of the principal achievements in the mediation market for content products during the past year was the delivery of a new product, the interactive Comptel OnlineLink™ solution, to Vodafone Malta. The solution enables the offering pre-paid data services to mobile customers.

The product-based business made a significant expansion into a new market with the delivery of provisioning software to the SWIFT consortium, which produces secured messaging services for over 7500 banks and financial institutions in 200 countries. Together with the public authority networks based on the TETRA standard, SWIFT represents a new customer segment outside the traditional fixed and mobile operator market. These agreements represented approximately 10 per cent of the turnover of Comptel's product-based business in 2003. The company also signed an agreement on a new TETRA delivery to Morocco.

Comptel strengthened its presence in the European market by opening new offices in Spain and France. Operations were also enhanced in Latin America by establishing a customer support centre in Brazil.

At the beginning of 2004, the outlook for the product-based business is positive. The company's goal is to retain market leadership as a supplier of mediation and provisioning software, and to increase market share with new customers and new customer segments.

Profound Expertise in System Services

The System Services unit develops and produces customer-specific software solutions and integration services for the Finnish telecommunications operators' core business areas. Several operators within the Elisa Group are currently using systems developed by System Services to support their business operations, for example in sales, delivery management and billing, as well as in the planning and documentation for telecommunications networks.

The strict IT investment policy among operators was also reflected in Comptel's System Services' business in 2003. Turnover for the year was EUR 8.8 million, indicating a 17.8 per cent decrease on the previous year.

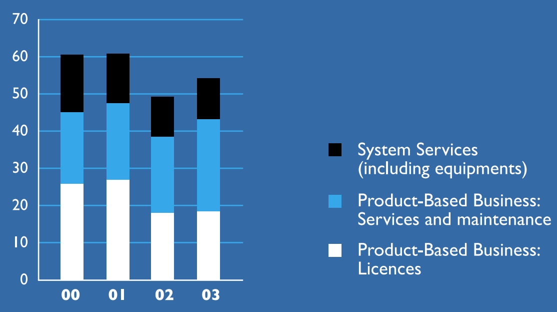
Comptel sold its subsidiary Probatus, which was part of System Services, during 2003.

A joint project to replace the planning and documentation system for telecommunications networks was launched with the operators within the Elisa Group during 2003. Comptel's System Services was chosen as the party to lead the conversion and integration of Elisa Networks Oy's network data systems with the operative systems of the service operator ElisaCom Oy. A management application for number data will also be delivered. The project will continue until the end of 2004.

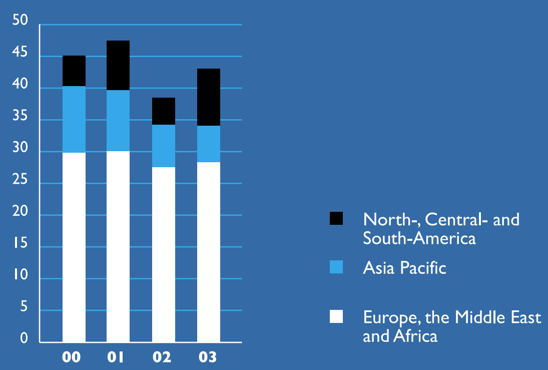
Other significant projects in 2003 were the data system development related to broadband services and the data system integration work conducted for other service operators within the Elisa Group.

System Services also participated in the development projects for Comptel's product-based business during 2003. No significant changes in the development of System Services' turnover are estimated for 2004.

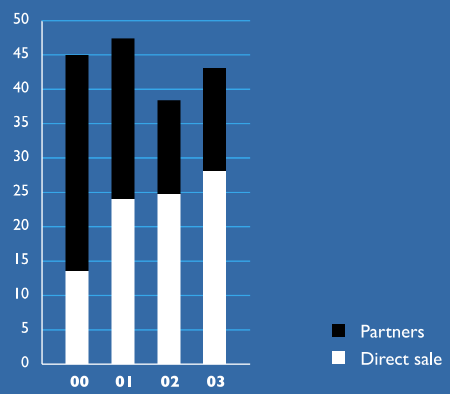
The breakdown of group turnover 2003, EUR million



Geographical turnover breakdown of Product-Based Business 2003, EUR million



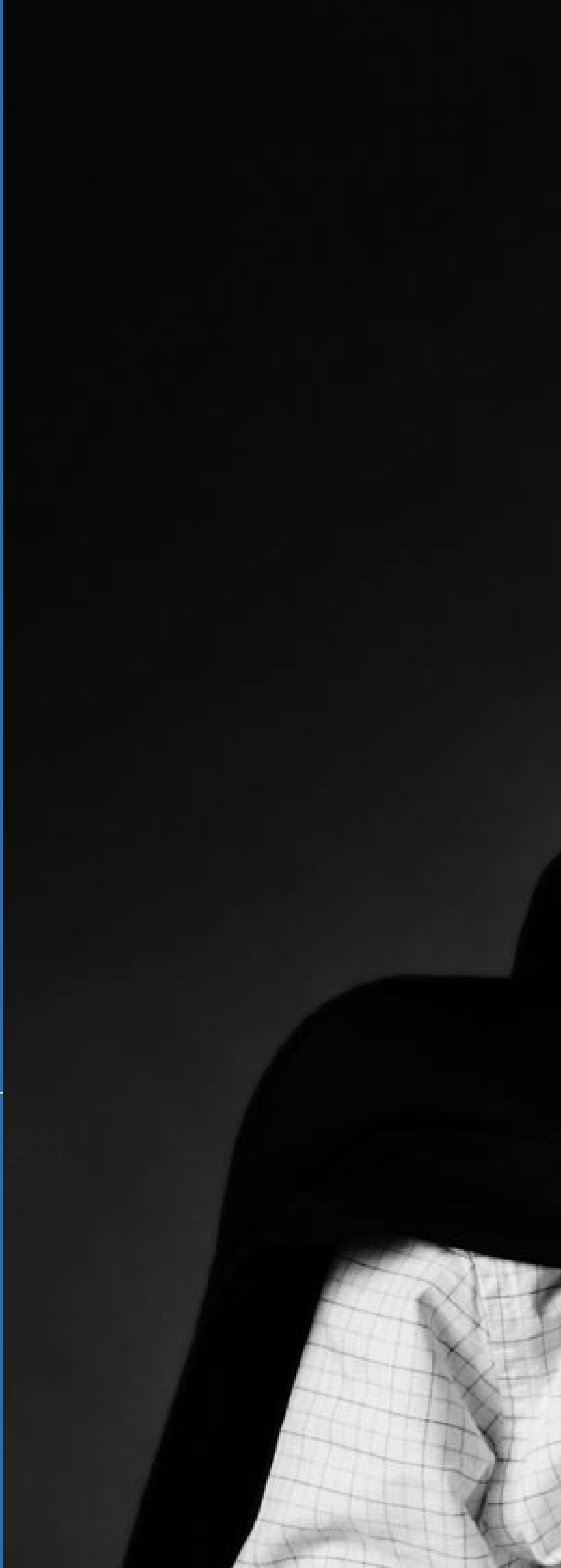
Distribution channels of Product-Based Business, EUR million



Competitive Edge, Cost Savings, and New Business Opportunities

Comptel's solutions help operators optimise their existing networks, operations support systems and create new business. They enable operators to attain a competitive edge and cost savings as well as opportunities to implement new business models.

Products,
Product Development, Quality



Comptel sells mediation and provisioning software to operators and telecommunications service providers. The company's off-the-shelf mediation and provisioning solutions serve as intelligent links between the operators' customer care and invoicing systems, telecommunications networks, and content providers.

The solutions help operators to quickly deliver their services and to bill for their usage accurately and efficiently. By offering support for the launching of new services and pricing models, Comptel solutions also enable operators to differentiate from competitors and increase their competitive edge and customer satisfaction.

The significance of new business models and procedures related to pricing and billing is increasing. For example, traditional voice communications services are stable and noticeably similar between various operators in terms of pricing, which makes it difficult for voice to be used as a means of differentiation. In contrast, data, messaging and content services often have quite a short life span and hence need to be quickly and flexibly priced for the market.

Comptel's software products and solutions have helped operators to develop and enhance their operations and have provided an integrated platform for network development and service management, significantly during challenging economic conditions in the industry. For operators which operate in a fragmented production environment, Comptel's software offers a way to integrate their systems. By integrating a network that consists of different technical elements, the operator will improve system maintenance, gaining savings in fixed costs. As current consolidation continues and operators within the same groups integrate infrastructures, the demand for off-the-shelf software products will increase.

Comptel Link Product Family Announced

The supplier and technology-independent Comptel EventLink™, Comptel InstantLink™ and Comptel OnlineLink™ software solutions that are based on open standards, comprise the Comptel Link product family together with additional added-value products: Comptel Rater, Comptel Balance Management and Comptel Partner Account.

Comptel InstantLink™ is a provisioning solution that serves as a centralised interface for subscriber information and service activation from the administrative systems in telecommunications networks. When the operator enters customer data into the customer care system, the Comptel InstantLink solution forwards it to the appropriate network elements, thus enabling the use of the particular ordered services. A solution compatible with different customer care systems, it equally supports fixed, mobile, and data communications networks.

Comptel EventLink™ is a mediation solution that serves as an integrating communications interface between the billing and customer care systems for the network's usage data. It collects, filters, completes and distributes the usage information, thus reducing the number of complicated connections between different systems, which in turn facilitates change management. Comptel EventLink is compatible with different telecommunications networks, billing and customer case systems, hence service providers do not need multiple separate solutions for management of usage data.

Comptel OnlineLink™ is a mediation solution developed specifically for the management and invoicing of various prepaid data, messaging and content services. The billing information on the services used is collected and forwarded for invoicing, either in real time or as invoicing records, depending on the type of subscription and operator's invoicing system. The software is used for managing the subscriber's use of the data, messaging, and content services. If required, Comptel OnlineLink enables limiting and blocking the use of particular services if the user's credit balance is insufficient. The product enables real-time invoicing of GPRS, SMS, MMS, and WAP services in different billing system environments. This enables offering the same services to both monthly invoiced and prepaid subscribers.

Special Attention in Customer Service

In addition to software products, Comptel offers its customers delivery, support, maintenance and consultation services. Special attention was paid to the operational efficiency and quality maintenance of the customer service organisation during 2003. In order to offer a high-quality service to its growing customer base in Latin America, the company opened a new customer support centre in São Paulo, Brazil. Comptel also has customer support centres in Helsinki and Kuala Lumpur, Malaysia.

Comptel's support services are available 24 hours a day, every day of the year, ensuring continuous support for customers' business-critical systems. In 2003, the number of change and service requests for deployment and utilisation of Comptel products and solutions increased on the year 2002.

Due to the rapid and multifaceted technical development of telecommunications networks and services offered, Comptel takes responsibility for keeping the interfaces of its delivered software continuously compatible. By signing a support service agreement, the operator customer obtains, in addition to the licenses for new product versions, all the necessary new product modules and interfaces. Customers may also obtain additional services that are uniquely customised to meet their needs.

Comptel offers its customers general and customer-specific tailored training for use of the company's products. The training services ensure that the customer's personnel have the necessary skills and knowledge in all circumstances for deployment and utilisation of Comptel's products and solutions. The number of training days offered to customers increased approximately six per cent in 2003, and the number of participants in training programs increased 25 per cent on the previous year. The rise in demand for customer training indicates that customers want to ensure that they are able to realise the full value of their software investments.

Consulting is a new emerging service that helps customers to identify their development needs and opportunities across the range of Comptel products and solutions.

More Customer-Oriented Product Development

Comptel renewed its product development strategy and organisation in 2003. Product development operations were centralised in Helsinki, and development work was reorganised to become more customer oriented. Despite decreased investments in product development compared with the previous year, the product development unit maintained its performance by focusing its product and solution offerings and successfully implementing product development projects.

In 2003, the company used 10.4 per cent of turnover for product development. The company's long-term product development goal is 15–20 per cent of the turnover.

In product development, Comptel is focusing on its current portfolio of main products. The objective is to release a significantly advanced version of each product every year.

The most essential aspect of Comptel's development work is the high degree of commercialisation in which we, as a pioneer in the industry, utilise our knowledge and expertise of the evolution of the communications and software industries. The company has a profound understanding of operators' needs, systems and services, and is therefore able to help its customers to meet future challenges. As a developer of multiple solutions and with a proven track record in the industry, Comptel has commercialised its expertise as configurable products which can be deployed quickly and easily.

Quality as the Crucial Factor

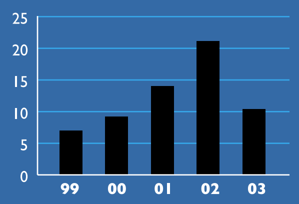
The most important factor for Comptel's competitive edge is quality and its continuous development.

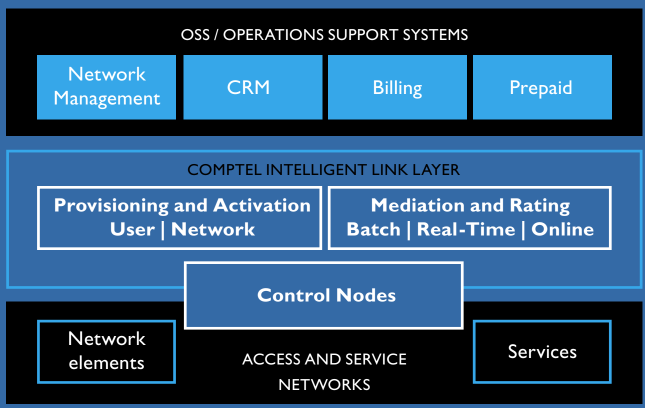
A central part of the company's quality policy is the committed compliance of the whole organisation with the CoMet (Comptel Methodology) quality system. In order to improve quality and facilitate continuous development, the company organises quality training on a regular basis. Comptel will also continue to carry out quality self-assessment by conducting internal audits. In 2003 the company conducted 12 separate audits.

The quality maintenance work focused on the development of the testing processes for product development, began during 2003, as well as the development of testing tools and consistent procedures. Applying the project tools included in the enterprise resource planning system implemented at the end of 2002 has facilitated defining and deploying the principal indicators.

Comptel measures customer satisfaction in connection with all delivery projects. The results for 2003 have shown customers which evaluated the quality of Comptel's deliveries chose rating's between good and excellent. The customer satisfaction has improved during year 2003.

Development of R&D expenditures, % of turnover





Comptel solutions

Factors for Success

Despite the cutbacks in personnel, Comptel retained its operational efficiency in 2003 and outperformed the results of the previous year. To meet future challenges, the company prepared a personnel strategy to support the success of its business and international expert organisation.

Personnel

Personnel

At the beginning of 2003, the number of personnel in Comptel was 595, and at the end of the year, the number had decreased by 32 per cent to reach 402. Despite the downsizing, the organisation retained its operational efficiency and outperformed the results from the previous year.

Comptel is an international organisation with personnel representing 20 different nationalities. Besides running operations in Finland, Comptel has personnel at ten offices in different parts of the world. Approximately 80 per cent of its personnel are based in Finland. The official languages of the company are Finnish and English.

Development in Personnel and Organisation

In 2003, Comptel prepared a personnel strategy to support the company's operations, in which the company's goals for developing the organisation, increasing competencies for the personnel leadership, and improving the physical well-being of its employees were defined. In particular, the operational processes for international projects and foreign assignments were developed on the basis of the strategy during the period under review.

Comptel monitors its employees' job satisfaction and the overall climate within the company with an annual survey. 75 per cent of the personnel responded to this survey in 2003. The results were analysed by unit or department, and used as a starting point for the development of operations for the entire Group. According to the results, 58 per cent of the employees were very or slightly satisfied with their present work. Areas evaluated with a scale from 1 to 5 gave following results: satisfaction with employee's own work 3.45, co-operation and work atmosphere 3.47, the operation of the work in department and unit 3.26, the company's operation 3.19 and qualities of superiors 3.60. The best results were related to satisfaction with one's own superior and with co-operation within one's own department and also to the possibilities to get more inspiring and responsible tasks. Areas that require the most attention were related to the amount of training and development of personnel and sharing information inside the company.

In 2003, the company spent an average of EUR 700 per employee on external personnel training. For example, Comptel organised the 360° managerial evaluation for supervisors. In line with the company's strategy, the personnel were also familiarised with Comptel's customers' business and managerial processes. The training portfolio included courses for the development of IT, economic, project, sales and language skills.

The objective defined in Comptel's personnel strategy is to conduct development discussions with all employees, and to prepare a personal development plan for the following year on the basis of those discussions. Approximately 60 per cent of the persons that responded to the personnel survey had conducted development discussions with their supervisors during the previous 12 months.

The allocation of performance-based incentives for key personnel was restructured so that the factors relating to personal performance and development could be better taken into account – in addition to the company's overall economical situation – expressed in terms of key figures. The Group also has option schemes as part of the company's incentive bonus system. Comptel's salary policy has been developed by assessing the competencies required for different positions and by participating in market salary comparisons.

In 2003, the personnel selected their representative on the Comptel Group's extended Executive Board. The aim of the extended Executive Board is to improve the company's internal communication practices. The strategy and information briefings organised for the staff on a regular basis also contribute to the company's improvement process.

Cutbacks in Personnel

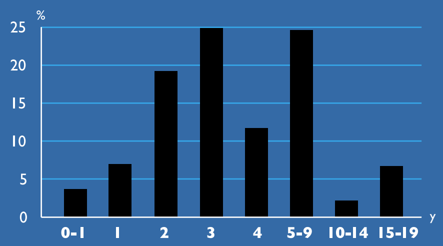
The personnel negotiations carried out on the grounds of financial and economic reasons, and the resulting cutbacks, affected all personnel groups. The largest single cutback was the sale of the business operations of Comptel's affiliate Probatus.

Comptel offered the laid-off employees an opportunity to participate in adaptation coaching which supported maintaining their working ability, while also facilitating their outplacement. Approximately one-third of the laid-off employees took up the opportunity to participate in this coaching.

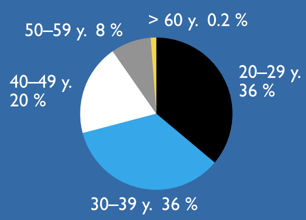
Main Areas of Development in 2004

Comptel is continuing with the improvement of the organisation and personnel, particularly focusing on the improvement of their critical core competencies and the physical and mental well-being of its personnel, as outlined in the personnel strategy.

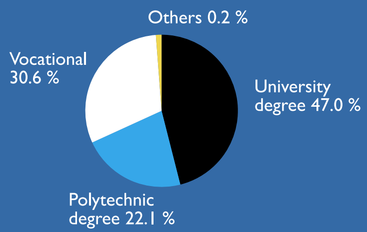
Duration of employment, % of personnel



Age distribution of personnel



Educational background of personnel



Average age of employees

35 years

Gender distribution

Men 65.0 %
Women 35.0 %

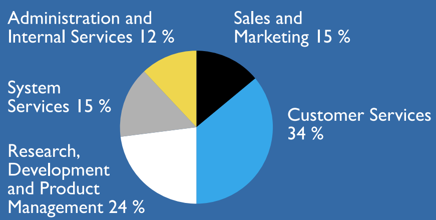
Distribution of personnel

Finland 78.9 %
Other countries 21.1 %

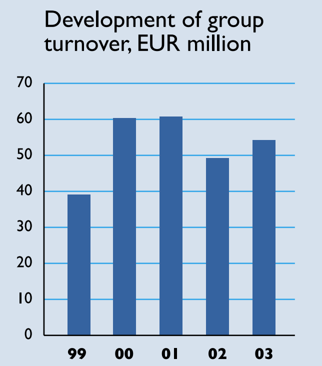
Average seniority of personnel

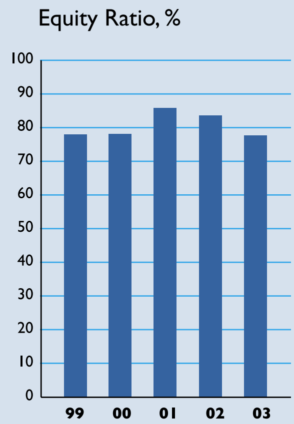
4.8 years

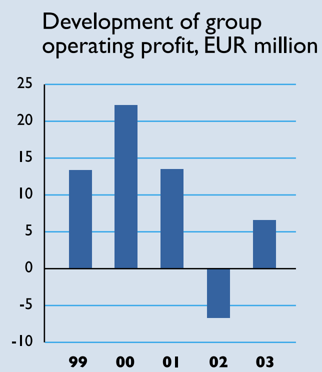
Personnel breakdown by functions, %

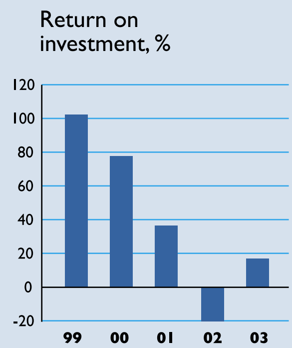


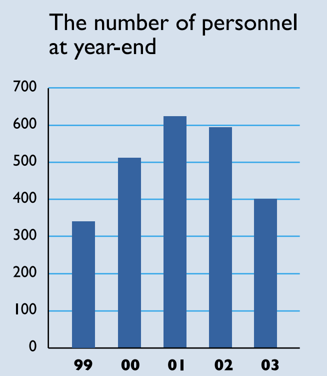
Financial Statements

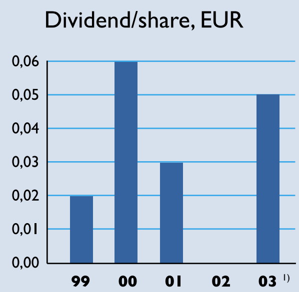












1) The Board's proposal.

Report of the Board of Directors for 2003

Year 2003

By improving the efficiency of its operations, the Comptel Group succeeded in attaining good profitability and increasing its turnover during the challenging market situation in 2003.

The turnover of Comptel in 2003 was EUR 54.0 million (EUR 49.3 million). The turnover of the product-based business was EUR 43.1 million (EUR 38.4 million) and its share of the turnover amounted to 79.7 per cent (77.9 per cent). The turnover of the System Services was EUR 8.8 million (EUR 10.7 million) and its share of the turnover amounted to 16.2 per cent (21.7 per cent). Equipment sales contributed to EUR 2.2 million (EUR 0.2 million) of the turnover. Back order volume at the end of 2003 was EUR 23.5 million (EUR 17.6 million) of which the share of product-based business was EUR 19.3 million (EUR 16.9 million) and System Services EUR 4.2 million (0.7 million).

Group EBITDA was EUR 9.5 million (EUR -2.8 million), which corresponded to 17.6 per cent (-5.7 per cent) of turnover. EBITDA without non-recurring cost items was EUR 10,6 million (structuring costs totalling EUR 1.1 million (in 2002 structuring cots EUR 1.8 million and credit losses EUR 1.2 million). EBITDA without non-recurring cost items was EUR 0.1 million in 2002.

The Group's operating profit was EUR 6.6 million (EUR -6.7 million), which is 12.2 per cent (-13,5%) of turnover.

Financial items totalled EUR -0.5 million (EUR -1.5 million), which mainly consisted of a EUR 0.6 million (EUR 1.7 million) share in the losses of associated companies and writing off of the goodwill from the associated companies.

The Group's profit before extraordinary items was EUR 6.1 million (EUR -8.2 million), in other words, 11.4 per cent (-16.6%) of turnover.

Profit per share for the financial period was EUR 0.04. (EUR -0.05)

FINANCIAL POSITION

Comptel maintained a good financial position. The balance sheet total on 31 December 2003 was EUR 50.5 million (EUR 43.3 →

million), of which cash reserves amounted to EUR 27.5 million (EUR 17.4 million). EUR 19.8 million of Comptel's cash reserves have been placed in Elisa Corporation's group account. Elisa has deposited full security for this.

Sales receivables at the end of the period under review amounted to EUR 14.3 million (EUR 10.4 million). Accruals were EUR 3.2 million (EUR 5.4 million). Deferred income pertaining to partial debiting was EUR 3.6 million (EUR 0.8 million).

The Group had no interest-bearing debt at the time of the financial statements. The equity ratio was 77.8 per cent (83.6 per cent).

INVESTMENTS

Gross fixed asset investments during the financial period amounted to EUR 0.6 million (EUR 4.7 million). Gross investments mainly comprised investments in devices, software and office furnishings. Fixed asset investments have been funded through cash flow from operating activities.

COMPTEL COMPLETED ITS COST ADJUSTMENT MEASURES

During 2003, the Comptel Group concluded the cost saving measures initiated in 2002. They comprised of both the measures taken to reduce personnel and other costs, and the sale and closing of operations not included in the Group's core business. The personnel negotiations carried out on the grounds of financial and economic reasons, and the resulting cutbacks in personnel, affected all personnel groups in the Group. These measures have now been implemented in full and will not further decrease the number of personnel employed by the Group at the end of 2003.

PERSONNEL

At the beginning of the year the number of personnel in Comptel was 595, and at the end of the year, the figure totalled 402. The number of personnel decreased by 32 per cent in 2003. Comptel employed an average of 466 people (625) during the year.

In 2003, the company spent an average of EUR 700 per employee on personnel training.

In 2003, the personnel selected their representatives on the Comptel Group's extended Executive Board. Jani Mononen, Account Technical Coordinator, and Ali Hosseini, Project Manager, acted as employee representatives. The deputies to the employee representatives were Kai Grass, Sales Manager, and Juha Jantunen, Software Specialist.

CHANGES IN THE COMPTEL GROUP'S EXECUTIVE BOARD

The structure and areas of responsibility of Comptel Group's Executive Board in 2003:

Tero Laaksonen, President and CEO
Pellervo Hämäläinen, Senior Vice President,
Corporate Communications and IR (as of May 1, 2003)
Jarkko Jylhä, Senior Executive Vice President, System Services
and Research & Development; deputy to the CEO
Harri Palviainen, Senior Vice President, Deliveries and
Customer Services
Markku Penttinen, Executive Vice President, Account Management
Katri Sahlman, Senior Vice President, Product Business
Ilkka Salonen, Executive Vice President, Corporate Finance
(from January 1, 2003 to May 1, 2003)
Björn Sandell, General Counsel, Legal Affairs
(from May 1, 2003 to December 12, 2003)
Leena Suviranta, Senior Vice President, Human Resources
Simo Sääskilahti, CFO (as of May 1, 2003).

CHANGES IN COMPANY STRUCTURE

In addition to the parent company, Comptel Corporation, the Comptel Group comprises of the fully owned subsidiaries Comptel Communications Oy, Comptel Communications Inc., Comptel Communications Sdn Bhd, and Comptel Communications Brasil Ltda. The Group also includes the subsidiary Probatus Oy, owned 60.4 per cent by Comptel Corporation, and the associated companies Tango Telecom (20 per cent) and Mobicus Oy (20 per cent).

During the period under review, Comptel completed the restructuring of the business operations of its subsidiary Probatus Oy. After the rearrangements, all business operations of Probatus have either been sold or closed. Probatus has had no business operations of its own after the third quarter. At the end of the year, the company also had no employees.

Comptel also established the subsidiary Comptel Communications Brasil Ltda in Brazil to support the sales and customer deliveries of Comptel Corporation in Latin America.

CHANGES IN THE SHARE CAPITAL

There were no changes in Comptel Corporation's share capital during 2003.

Business Areas

PRODUCT BUSINESS

Comptel's product-based business comprises of the development and sales of off-the-shelf mediation and provisioning solutions for operators worldwide. The mediation and provisioning solutions are part of the wider range of operations support systems (OSS) products.

The decline in operators' investments in support software began during the middle of 2001 and seems to have ended during 2003. Throughout the year, the market showed a few signs of recovery. The demand for Comptel's products developed extremely positively in Latin America. In Europe and Middle East the demand remained stable. The relative market development was weakest in Asia and Northern America.

As a result of the recent decline in operators' investments, the competition in the support software market has increased. There are more than 200 software vendors specialising in different product and solution areas, operating in the open market for support software. Dozens of these are companies offer mediation and provisioning solutions. Only a few are companies such as Comptel, which are capable of global operations.

The turnover of the product-based business increased 12.2 per cent (-14.3 per cent) on the previous year and totalled EUR 43.1 million (EUR 38.4 million). This consisted of licence sales and upgrades, whose share totalled EUR 18.4 million (EUR 17.9 million), contributing to 42.8 per cent of product business' turnover (46.6 per cent), as well as services and maintenance, whose share amounted to EUR 24.7 million (EUR 20.5 million), contributing to 57.2 per cent of product business' turnover (53.4 per cent).

The distribution of the turnover in the product business markets for the year 2003 was as follows: EMEA EUR 28.3 million (EUR 27.5 million), APAC EUR 5.8 million (EUR 6.7 million) and the Americas EUR 9.0 million (EUR 4.2 million).

In 2003, Comptel signed significant framework and delivery agreements with major operator groups and individual operators within these groups. These included, among others, Americá Móvil, Telefónica Móviles, TIM (Telecom Italia Mobile), T-Mobile, and Vodafone. The company also signed significant agreements with customers outside of Comptel's traditional operator markets.

Partner relations are a strategically important resource for Comptel, both as a sales channel and as a source for product ideas and technological know-how. In 2003, Comptel strengthened its strategic co-operation with major network suppliers and system integrators. An example is the subcontracting and global alliance agreement signed with Accenture. The sales via partners and retailers generated a share of EUR 15.0 million (EUR 13.6 million) of the turnover of product-based business, whereas direct sales generated a share of EUR 28.1 million (EUR 24.8 million).

In addition, Comptel strengthened its presence in the European market by opening new representative offices in Spain and France. Operations were also enhanced in Latin America by establishing a customer service centre in Brazil.

SYSTEM SERVICES

The System Services unit develops customer-specific software solutions and provides integration services for Finnish operators' core business IT systems.

The strict IT investment policy among operators was reflected in System Services' business in 2003. Turnover for 2003 was EUR 8.8 million, indicating a 17.8 per cent decrease on the previous year. Also, the restructuring of the business operations of the subsidiary Probatus contributed to the decrease in turnover compared to previous years.

The most important new business agreement was the joint project to replace the existing planning and documentation system by packaged software, launched with the network operators within the Elisa Group in 2003. The project will continue in 2004.

RESEARCH AND DEVELOPMENT (R&D)

Comptel renewed its product development strategy and organisation in 2003.

Direct R&D expenditures decreased by 46.8 per cent (22.1 per cent) on the previous year and were EUR 5.5 million (EUR 10.4 million). This corresponds to 10.3 per cent (21.1 per cent) of Comptel Group's turnover. The expenditure level of 2002 was not in proportion to the short to mid-term market prospects. R&D expenditure primarily comprises of direct R&D projects and product maintenance. In addition, the R&D organisation was involved in significant development projects that were carried out in connection with customer deliveries. The company charged all R&D expenditure against the profit for the period. Comptel's long-term goal in R&D expenditure is 15–20 per cent of the turnover of the company.

In 2003, Comptel's product development focused on the further development of its main products. A new major version of the Comptel InstantLink™ provisioning product was released in 2003. The development work for the release of a new major version of the Comptel EventLink™ mediation product was initiated with the goal of releasing the new version in 2004.

Comptel submitted four new patent applications in 2003. The company has applied for patents to protect all of its main products with at least one patent for each.

Events after December 31, 2003

On 16 January 2003, Comptel sold its share of the associated company Mobicus, which sells mobile marketing solutions, to the U.S. company Enpocket Inc.

Outlook for the Future

At the beginning of 2004, the overall industry outlook is prudently positive. The general market situation is expected to improve compared to 2003. Consequently Comptel's turnover is expected to develop favourably in the latter half of 2004. Comptel's main objective is to outperform the market growth in the increase of its turnover and to continuously improve profitability. The cost savings implemented during 2003 will be of advantage in achieving the profitability goal.

No significant changes in the development of System Services' turnover are estimated for the year 2004.

Comptel will make carefully focused additions to the customer service and product development resources. This is to ensure the competitive edge of products and solutions and to guarantee good customer service in all market areas. Additions to existing resources will be implemented in a controlled manner, without jeopardising the goals set for the Company's profitability.

Implementing the IFRS Principles in the Preparation of Financial Statements

Comptel had already implemented International Accounting Standards (IAS) compliant revenue recognition principles for delivery projects in the financial year beginning 1 January 2002. With regard to customer projects to be delivered, the revenue is recognised based on the work progress and degree of completion.

Implementing the IFRS principles in the preparation of financial statements will result in a few additional changes in Comptel's income statement and balance sheet. At the moment, the Group enters all R&D and internal system development costs as expenses in the period they are incurred. Following the implementation of the IAS compliant financial statements preparation, the costs related to the creation of significant new products or information systems (that are in accordance with the criteria of IAS 38) will be activated on the balance sheet. Direct patent costs that are all currently entered as expenses will like- →

wise be activated. The option schemes granted after 7 November 2002 for which the subscription period has not ended on 1 January 2005 will be treated as expenses. The implementation does not affect older option schemes.

The company will prepare its first IFRS compliant financial statement with comparable previous-year figures for the year 2005. The fist IFRS compliant interim report will be prepared for the first quarter of 2005.

Board of Directors

Comptel Corporation's Board of Directors in 2003:

Tuija Soanjärvi, Executive Vice President of Corporate Finance in Elisa Corporation, member and Chairman of the Board of Directors as of 17 November 2003
Markku Alava, MA, member of the Board of Directors since 2002
Erik Anderson, LLM, deputy chairman of the Board of Directors, member of the Board of Directors since 2000
Ann-Maj Majuri-Ahonen, MSc (Economics and Business Administration), member of the Board of Directors since 1994
Matti Mattheiszen, President and CEO of Elisa Corporation, Chairman of the Board of Directors from January 1, 2003 to July 1, 2003, member of the Board of Directors since 2000
Vesa-Pekka Silaskivi, Executive Vice President of Corporate Finance in Elisa Corporation, member from January 1, 2003 to July 1, 2003 and Chairman of the Board of Directors from July 1, 2003 to September 12, 2003, member of the Board of Directors since 2000
Jukka Veteläsuo, President and CEO of Elisa Networks Oy, member of the Board of Directors since November 17, 2003.

Auditors

Comptel's auditors are PricewaterhouseCoopers Oy, authorised public accountants.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISPOSAL OF PROFITS

The Group's distributable equity shown in the consolidated balance sheet dated 31 December 2003 is EUR 29,591,601 and the parent company's distributable equity is EUR 27,194,880.

The Board of Directors proposes to the General Meeting that a dividend of EUR 0.05 per share be paid, totalling EUR 5,352,740.

Helsinki, 10 February 2004

Tuija Soanjärvi

Erik Anderson, Ann-Maj Majuri-Ahonen, Markku Alava, Jukka Veteläsuo

Tero Laaksonen, President and CEO

Profit and loss account

EUR 1000	NOTES	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
Turnover	2	54,042	49,339	52,105	45,696
Other operating income	3	67	32	211	30
Materials and services	4	6,958	7,043	9,178	12,587
Personnel expenses	5	23,142	28,968	18,426	20,863
Depreciation and value adjustments	6	2,893	3,825	3,905	4,889
Other operating charges	7	14,512	16,199	12,544	14,205
		47,505	56,035	44,053	52,543
Operating profit		6,603	-6,663	8,263	-6,817
Financial income and charges	8	-464	-1,527	373	287
Profit before extraordinary items		6,139	-8,191	8,636	-6,530
Extraordinary items	9	0	3,172	-2,414	1,464
Profit before appropriations and taxes		6,139	-5,019	6,222	-5,067
Appropriations	10	-	-	0	124
Income taxes	11	-2,093	2,743	-2,625	469
Minority interests		-20	340	-	-
Profit for the period		**4,026**	**-1,936**	**3,597**	**-4,474**

Balance sheet

EUR 1000	NOTES	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
ASSETS					
Fixed assets	12				
Intangible assets		904	1,422	1,048	1,543
Goodwill		0	964	-	-
Tangible assets		2,454	4,675	2.211	3,773
Financial assets		487	1,087	1,107	2,456
		3,846	8,149	4,366	7,772
Current assets					
Short-term debtors	14	38,917	31,605	38,950	31,830
Cash in hand and at banks		7,733	3,509	6,659	2,383
		46,650	35,114	45,609	34,214
Total		**50,496**	**43,264**	**49,975**	**41,986**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	15				
Subscribed capital		2,141	2,141	2,141	2,141
Share premium account		7,368	7,368	7,368	7,368
Retained earnings		25.565	27,775	23,598	28,072
Profit for the period		4,026	-1.936	3.597	-4,474
		39,101	35,348	36,704	33,107
Minority interests		176	182	-	-
Provisions for liabilities and charges	17	469	958	380	881
Creditors					
Short-term creditors	19	10,751	6,775	12,891	7,997
Total		**50,496**	**43,264**	**49,975**	**41,986**

Cash flow statement

EUR 1000	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
Net cash inflow from operating activities				
Profit before extraordinary items	6,139	-8 191	8,638	-6,530
Adjustments:				
Depreciation according to plan	2,893	3,824	3,905	4,889
Unrealised exchange rate gains and losses	144	-331	-7	-240
Share of associated companies results	600	1,698	-	-
Other income and charges not involving payment	-489	958	-501	2,089
Financial income and charges	-279	-170	-359	-287
Other adjustments	-67	-31	-211	0
Net cash inflow from extraordinary items	0	3,172	0	766
Net cash inflow before change in net working capital	8,941	929	11,463	687
Change in net working capital:				
Increase (-)/decrease (+) in short-term zero-interest receivables	-2,273	-1,128	-1,555	-199
Increase (-)/decrease (+) in short-term zero-interest borrowings	3,868	-3,336	1,392	-1,650
Net cash inflow from operating activities before financial items and taxes	10,536	-3,535	11,301	-1,162
Interest paid and payments for other financial charges for operating activities				
Dividends received from operating activities				
Interest received from operating activities	349	520	370	533
Interest paid and payments for other financial charges for operating activities	-87	-16	-21	-5
Taxes paid	-1,197	613	-1,118	9
Net cash inflow from operating activities	**9,601**	**-2,418**	**10,532**	**-625**
Net cash inflow/outflow from investing activities				
Investments in tangible and intangible assets	-594	-2,023	-513	-2,115
Proceeds from disposal of tangible and intagible assets	1,196	59	138	0
Investments in other financial assets	0	0	-51	-2,387
Investments in consolidated goodwill	0	-22	-	-
Proceeds from disposal of other financial assets	153	0	153	30
Purchase of shares in subsidiary undertakings	0	-1,842	-	-
Dividends received from investments	9	18	9	18
Taxes on proceeds from disposals	0	-9	0	-9
Net cash inflow/outflow from investing activities, total	**764**	**-3,819**	**-264**	**-4,463**
Net cash inflow/outflow from financing				
Dividends paid				
Loan receivables	0	-3,211	0	-3,211
Translation difference	-149	-298	-	-
Change in loan receivables	0	512	-	-
Net cash inflow/outflow from financing	**-149**	**-2,997**	**0**	**-3,211**
Change in cash flows	10,216	-9,234	10,268	-8,298
Liquid assets at 1 January	17,298	26,532	16,172	24,471
Liquid assets at 31 December	27,514	17,298	26,440	16,172
Change	10,216	-9,234	10,268	-8,298

Notes to the Financial Statements

1. Accounting principles

Extent of the consolidated financial statements

The consolidated financial statements comprise parent company Comptel Corporation as well as subsidiaries over which the parent company has direct or indirect control. Companies in which the parent company holds significant ownership share and control, either directly or indirectly, are consolidated as associated companies.

Consolidation principles

Subsidiaries are consolidated from the time of share acquisition. Associated companies are consolidated from the time the company becomes an associate.

The purchase cost method is used in the elimination of internal ownership. The amount of shareholders' equity exceeding the cost of acquisition of subsidiary shares allocated to the asset and liability items in those subsidiaries in accordance with the ratio of group ownership gives rise to a consolidation difference. The part of the consolidation difference that cannot be allocated to a subsidiary's asset and liability items is shown as goodwill on consolidation. Associated undertakings are consolidated using the equity method. The share of associated undertakings' profit for the financial year is shown as a separate item in the profit and loss account under financial income and charges.

Intragroup transactions, internal debtors and creditors and the internal distribution of profit have been eliminated. The margin included in fixed assets has been eliminated in compliance with the essentiality principle.

The profit and loss accounts of foreign subsidiaries will be changed to Euros based on the average monthly exchange rate, and the balance sheets with the average exchange rate of the financial statements date. The ensuing translation difference is shown as separate item under shareholders' equity.

Minority interests are separate from the consolidated financial results and from the shareholders' equity, and shown as separate items in the profit and loss account and balance sheet.

Comparability with the previous year

The figures for the financial year 2003, are comparable to the figures for the previous year.

Sales capitalisation principles

GENERAL

Turnover is calculated on the basis of sales revenue less indirect sales taxes and other sales adjustment items. Income from sales is capitalised on the delivery, except for long-term projects, which are capitalised on the basis of the degree of completion. However, minor projects are capitalised on delivery.

LONG-TERM PROJECTS

Profit capitalised on the basis of the degree of completion include licence payments and work charges. The degree of completion of a project is determined by the relation of accrued work hours to estimated overall work hours. Projects in which work performance is not included will be capitalised in connection with delivery. Capitalisation of projects complies with the prudence concept. A separate warranty reserve will be written to cover costs under warranty periods following the close of the project. The total estimated margin of loss-making projects is booked as a charge and provision for liabilities and charges.

LICENCE EXTENSIONS

Licence extensions are capitalised when the customer's number of subscribers exceeds the number mentioned in the licence terms and conditions.

SOFTWARE MAINTENANCE

Maintenance profit is capitalised as profit for the maintenance period, based on the time spent.

Foreign currency items

Transactions denominated in foreign currency are booked at the exchange rates quoted on the day the transaction took place. Debtors, creditors and liabilities in the balance sheet at the closing date are translated into euro using the average exchange rates quoted on the balance sheet date. Exchange rate gains and losses arising in the valuation of trade debtors are booked under sales adjustment items and those for trade creditors under purchases adjustment items. Exchange rate gains and losses arising from the valuation of other debtors and creditors are booked under financing in exchange rate gains and losses.

Derivative instruments

PRINCIPLES

Receivables, debts and cash flow in foreign currencies can be protected. Cash flows are hedged against currency fluctuations in respect of projects based on the degree of completion and invoiced in a currency other than the domestic currency of the parent company.

BOOKING AND VALUATION PRACTICE

Derivative instruments used by the company are forward exchange rate contracts. Changes in the value of forward exchange rate contracts taken to hedge against currency risks are booked so that the interest difference of exchange rate futures, if it is material, is allocated for the validity of the contract and the allocated share is booked under interest received or paid. Exchange rate gains and losses are booked under sales adjustment items or financing exchange rate gains and losses, depending on what is hedged.

Any open future contracts are valued at the average exchange rate at the balance sheet date and booked in the profit and loss account, except for forward exchange rate contracts relating to the company's sales cash flow, which are booked in the profit and loss account as the cash flow is realised. The nominal values and market value (closing cost) of all unexpired forward contracts are shown in the notes to the financial statements as liabilities, irrespective of whether they have been treated as income in the accounts.

Other operating income

E.g. sales profits of fixed assets are entered as other operating income.

Pension costs

The company's pension arrangements have been prepared in accordance with local legislation. Pension costs are booked as an expense in the period in which they are paid. Statutory pension liability is covered by annual pension insurance premiums.

Research and development costs

Research and development costs are booked as expenses during the financial period in which they occur. The product development subsidies will be presented as a deduction of costs.

Rental costs

Rent is booked as an expense during the financial period in which it occurs.

Taxes

The income taxes of the financial period and previous financial periods, as well as changes in deferred tax assets and liabilities, are presented in the income statement tax.

Deferred tax assets and liabilities that are likely to be realised are booked as such in the consolidated financial statements. Deferred tax assets and liabilities in group companies are shown as separate items only in the notes to the balance sheet. Deferred tax assets and liabilities are calculated using the tax rates in force at the time the financial statements were prepared.

Fixed assets and other expenditure with long-term effects

The bookkeeping value of fixed assets and other long-term expenses are entered in the balance sheet as original acquisition costs with accumulated depreciations and value adjustments deducted. The book values of fixed assets exclude revaluations. Except for the major refurbishment costs of leased premises, which are included in other long-term expenditure, maintenance and repair costs are booked as an expense during the financial period in which they occur.

All fixed assets are depreciated over a period of four years, with the exception of the basic refurbishment of leased premises, which are depreciated over a period of five years or the length of the tenancy agreement, whichever is the shorter.

The difference between depreciation according to plan and depreciation made in taxation is shown as a separate item under appropriations in the parent company's profit and loss account. The accumulated depreciation difference is shown under appropriations in the shareholders' equity and liabilities in the balance sheet.

The accumulated depreciation difference in the consolidated financial statements is divided into shareholders' equity and deferred tax debt.

Consolidated goodwill and goodwill are depreciated over a period of five years.

Cash and bank

Cash in hand and at banks includes cash and bank account balances. Resources lent to Elisa Communications Corporation by way of consolidated account arrangements are entered in loan receivables. The consolidated account balance will be processed as bank receivables in the cash flow statement and the calculation of key figures. →

NOTES TO THE PROFIT AND LOSS ACCOUNT EUR 1000

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
2. Turnover				
By geographical area				
Finland	15,010	17,411	14,205	15,511
Rest of Europe	23,200	20,199	23,200	20,219
Asia	5,002	5,943	4,412	5,285
South America	1,601	1,937	6,850	1,590
North America	7,392	2,272	1,601	1,518
Australia	798	725	798	723
Africa	1,040	851	1,040	850
Total	**54,042**	**49,339**	**52,105**	**45,696**

Turnover figures are according to the actual area the work was delivered to.

The Group operates in the telecommunications industry.
Comptel Group operates in a single industry sector, which is why the turnover and operating profit have not been broken down into different lines of business. A geographic breakdown of operating profit has not been presented as most of the costs are related to all areas and there are no particular risks connected to any of the regions mentioned.

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
Income according to degree of completion				
Turnover capitalised according to degree of completion	15,897	16,465	15,897	16,465
Number of undelivered long-term projects capitalised during the financial year and previous years	12,209	9,329	12,209	9,329
Back-orders of long-term projects capitalised according to degree of completion	8,196	7,177	8,196	7,114
Advances invoiced for long-term projects in the course of construction	0	805	0	805
Accruals entered due to capitalisation on the basis of the degree of completion	1,522	3,198	1,522	2,579
Deferred income entered due to capitalisation on the basis of the degree of completion	3,880	138	3,880	138
3. Other operating income				
Proceeds from the disposal of fixed assets	57	32	57	30
Sales loss from the disposal of fixed assets	144	0	0	0
Proceeds from the disposal of interests	154	0	154	0
Total	**67**	**32**	**211**	**30**
4. Materials and services				
Purchases during the financial year	3,082	1,121	3,082	1,065
External services	3,876	5,922	6,096	11,522
Total	**6,958**	**7,043**	**9,178**	**12,587**

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
5. Personnel expenses				
Wages and salaries	18,774	23,734	15,177	16,789
Pension costs	2,746	3,545	2,196	2,844
Other social security costs	1,622	1,689	1,053	1,229
Total	**23,142**	**28,968**	**18,426**	**20,863**
Management salaries and fees				
Managing Directors and deputies	606	479		
Members and deputies of Board of Directors	27	20		
Total	**633**	**499**		
Average number of persons employed by the Group and parent company during the financial year				
Finland	375	521		
Asia	71	92		
Australia	2	2		
America	12	10		
Europe	3	0		
Middle East	2	0		
Total	**465**	**625**		
Average number of persons employed by the parent company during the financial year	342	414		

Pension commitments in respect of members of the Board of Directors and Managing Directors: The retirement age of the parent company's President and CEO is set at 62 years.

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
6. Depreciation and value adjustments				
Depreciation on intangible rights	329	530	278	466
Depreciation on other long-term expenditure	258	352	258	352
Depreciation on machinery and equipment	2,202	2,529	1,908	2,098
Depreciation on consolidated goodwill	103	413	60	30
Value adjustments on fixed assets commodities	-	-	1 400	1 942
Total	**2,893**	**3,825**	**3,905**	**4,889**
7. Other operating charges				
Rent	3,559	3,787	2,957	2,947
Distribution costs	4,165	4,068	3,435	2,733
Other operating charges	6,788	8,344	6,152	8,524
Total	**14,512**	**16,199**	**12,544**	**14,205**

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
8. Financial income and charges				
Share in associate undertakings' profit share	-600	-1,697	-	-
Share in associate undertakings' profit share, total	**-600**	**-1,697**		
Dividends received				
From others	9	18	9	18
Dividends received, total	**9**	**18**	**9**	**18**
Interest received and other similar income				
From Group undertakings	333	412	333	440
From others	24	87	113	91
Interest received and other similar income, total	**357**	**499**	**446**	**531**
Interest paid and other similar charges				
To others	230	347	82	262
Interest paid and other similar charges, total	**230**	**347**	**82**	**262**
Financial income and charges, total	**-464**	**-1 527**	**373**	**287**
Net exchange gains and losses are included in Financial income and charges	-144	-331	7	-239
9. Extraordinary items				
Extraordinary income	0	4,467	0	4,467
Income taxes for extraordinary income	0	-1,295	0	-1,295
Extraordinary expenses	0	0	-3,400	-2,406
Income taxes for extraordinary expenses	0	0	986	698
Extraordinary items total	**0**	**3,172**	**-2,414**	**1,464**

Extraordinary income in 2002 is related to the change in principles of revenue recognition.

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
10. Appropriations				
Difference between planned depreciation and depreciation made in taxation	-	-	0	124
Total	**-**	**-**	**0**	**124**
11. Income taxes				
Income tax on ordinary operations	1,726	-1,079	2,625	469
Income tax from extraordinaty items	0	0	0	1,295
Income tax from extraordinaty expenses	0	0	-986	-698
Change in deferred tax liability/asset	367	-1,664	0	0
Taxes, total	**2,093**	**-2,743**	**1,639**	**1,066**

NOTES TO THE BALANCE SHEET EUR 1000

	INTANGIBLE ASSETS				TANGIBLE ASSETS
	Intangible rights	Goodwill on consolidation	Other longterm expenditure	Total	Machinery and equipment
12. Fixed assets					
Fixed assets					
GROUP					
Acquisition cost at 1 Jan 2003	2,137	1,976	1,646	5,760	9,444
Increase	102	51	0	153	461
Disposal	31	0	0	31	1,169
Decrease	530	861	349	1,741	1,724
Translation difference	-45	0	0	-45	-184
Acquisition cost 31 Dec 2003	1,634	1,166	1,297	4,097	6,827
Accumulated depreciation at 1 Jan 2003	1,250	1,012	1,112	3,374	4,769
Accumulated depreciation on decrease and transfers	-562	0	-349	-912	-2,557
Translation difference	-10	0	0	-10	-41
Depreciation for the financial year	329	103	258	691	2,202
Accumulated depreciation at 31 Dec 2003	1,006	1,166	1,021	3,193	4,373
Book value at 31 Dec 2003	628	0	276	904	2,454

Fixed assets

	INTANGIBLE ASSETS				TANGIBLE ASSETS
	Intangible rights	Goodwill	Other longterm expenditure	Total	Machinery and equipment
PARENT COMPANY					
Acquisition cost at 1 Jan 2003	1,855	300	1,646	3,801	7,626
Increase	102	0	0	102	426
Disposal	0	0	0	0	307
Decrease	530	0	349	0	1,708
Acquisition cost at 31 Dec 2003	1,427	300	1,297	3,024	6,037
Accumulated depreciation at 1 Jan 2003	1,117	30	1,112	2,258	3,853
Accumulated depreciation on decrease and transfers	-530	0	-349	0	-1,935
Depreciation for the financial year	278	60	258	597	1,908
Accumulated depreciation at 31 Dec 2003	865	90	1,021	1,976	3,826
Book value at 31 Dec 2003	562	210	276	1,048	2,211

	SHARES In associated undertakings		
Fixed assets/ **Shares in associated undertakings and other financial assets**			
GROUP			
Acquisition cost at 1 Jan 2003	1,000		
Increase	0		
Share of operating profit 2003	-600		
Acquisition cost at 31 Dec 2003	400		
Book value at 31 Dec 2003	400		

	SHARES In associated undertakings	SHARES Others	Total
Acquisition cost at 1 Jan 2003	1,000	87	1,087
Transfers between items	0	0	0
Increase	0	0	0
Share of operating profit 2003	-600	-	-600
Acquisition cost at 31 Dec 2003	400	87	487
Book value at 31 Dec 2003	400	87	487

Fixed assets/financial assets	SHARES In group undertakings	SHARES In associated undertakings	Total
PARENT COMPANY			
Acquisition cost at 1 Jan 2003	1,456	1,000	2,456
Increase	51	0	51
Disposal/decrease	900	500	1,400
Transfers between items			
Acquisition cost at 31 Dec 2003	607	500	1,107
Book value at 31 Dec 2003	607	500	1,107

13. Group and parent company interests at 31 December 2002

	REGISTERED OFFICE	PARENT COMPANY INTEREST %
Group undertakings		
Oy Probatus Ab	Helsinki	60,42
Business Tools Oy	Helsinki	60,42
Comptel Communications Sdn Bhd	Kuala Lumpur, Malaysia	100,00
Comptel Communications Inc.	Arlington, USA	100,00
Comptel Communications Oy	Helsinki	100,00
Comptel PASSAGe Oy	Helsinki	100,00
Comptel Communications Brasil Ltda	São Paulo, Brazil	100,00
Associated undertakings		
Tango Telecom Ltd	Ireland	20,00
Mobicus Oy	Helsinki	20,00

The associated undertaking has been consolidated using the equity method.

Associated undertakings include undepreciated goodwill on consolidation of EUR 400, 000

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
14. Debtors				
LONG-TERM				
Amounts owed by Group undertakings				
Loans receivable	-	-	1,500	1,809
Amounts owed by Group undertakings, total	**-**	**-**	**1,500**	**1,809**
Long-term debtors, total	**-**	**-**	**1,500**	**1,809**

A capital loan of EUR 1.5 million has been granted to the subsidiary Comptel Communications Oy in accordance with the Companies Act chapter 5, constituting a long-term loan receivable. Prepayments and accrued income are almost entirely matching sales and purchases in the course of ordinary business.

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
SHORT-TERM				
Amounts owed by Group undertakings				
Loans receivable	19,793	13,790	19,935	14,787
Trade debtors	1,015	1,562	1,544	1,904
Prepayments and accrued income	175	633	175	549
Amounts owed by Group undertakings, total	**20,982**	**15,985**	**21,654**	**17,239**
Amounts owed by others				
Trade debtors	13,319	8,872	12,878	8,352
Loans receivable	0	25	0	0
Advance payments	71	82	0	0
Deferred tax asset	1,515	1,882	0	0
Prepayments and accrued income	3,029	4,759	2,918	4,430
Amounts owed by others, total	**17,935**	**15,620**	**15,797**	**12,782**
Short-term debtors, total	**38,917**	**31,605**	**37,450**	**30,021**
Prepayments and accrued income				
Accrued income capitalised according to degree of completion	1,522	3,198	1,522	2,579
Tax prepayments	0	686	0	686
Other prepayments	1,682	1,508	1,571	1,714
Prepayments and accrued income, total	**3,204**	**5,392**	**3,093**	**4,979**

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
15. Shareholders' equity				
Subscribed capital at 1 Jan	2,141	2,141	2,141	2,141
Subscribed capital at 31 Dec	**2,141**	**2,141**	**2,141**	**2,141**
Share premium account at 1 Jan	7,368	7,368	7,368	7,368
Share premium account at 31 Dec	**7,368**	**7,368**	**7,368**	**7,368**
Retained earnings at 1 Jan	25,839	31,283	23,598	31,284
Dividend paid	0	-3,212	0	-3,212
Translation difference	-274	-296	-	-
Retained earnings at 31 Dec	25,565	27,775	23,598	28,072
Profit for the financial year	4,026	-1,936	3,597	-4,474
Shareholders' equity, total	**39,101**	**35,348**	**36,704**	**33,107**
Statement of distributable funds at 31 Dec				
Retained earnings	25,565	27,775	23,598	28,072
Profit for the financial year	4,026	-1,936	3,597	-4,474
Distributable funds, total	**29,592**	**25,839**	**27,195**	**23,598**
16. Accumulated appropriations				
Accumulated depreciation difference at 1 Jan	-	-	0	124
Change in depreciation difference	-	-	0	-124
Accumulated depreciation difference at 31 Dec	**-**	**-**	**0**	**0**
17. Provisions for liabilities and charges				
Other provisions at 1 Jan	958	0	881	0
Increase during the financial year	324	958	312	881
Decrease during the financial year	812	0	812	0
Provisions for liabilities and charges at 31 Dec	**469**	**958**	**380**	**881**

Provisions for liabilities and charges are related to year 2003 ja 2002 restructuring measures, to which a rental expences reserve of EUR 387,000 as well as a personal cost reserve of EUR 83,000 have been made. Year 2002 provisions for liabilities and charges were related to restructuring measures, to which a rental expences reserve of EUR 175,000 as well as a personal cost reserve of EUR 783,000 were made.

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
18. Deferred tax liabilities and assets				
Deferred tax assets				
From matching differences	61	78	-	-
From appropriations	1,454	1,804	1,327	1,418
Total	**1,515**	**1,882**	**1,327**	**1,418**
Total	**1,515**	**1,882**	**1,327**	**1,418**

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
19. Short-term creditors				
Amounts owed to Group undertakings				
Advances received	0	74	0	74
Trade creditors	70	175	950	655
Accruals and deferred income	77	31	77	116
Total	**147**	**280**	**1 027**	**845**
Amounts owed to others				
Advances received	0	662	280	661
Trade creditors	478	1,294	424	1,148
Other creditors	801	1,314	981	421
Accruals and deferred income	9,324	3,226	10,178	4,923
Total	**10,603**	**6,496**	**11,864**	**7,153**
Short-term creditors, total	**10,751**	**6,775**	**12,891**	**7,997**
Itemisation of accruals and deferred income				
Allocation of taxes	95	0	0	0
Allocation of staff costs	3,190	2,982	1,565	2,424
Due to capitalisation on the basis of the degree of completion	3,595	0	3,595	0
Other accruals and deferred income	2,522	275	5,095	2 615
Accruals and deferred income, total	**9,402**	**3,256**	**10,255**	**5,039**
Collateral, contingent liabilities and other liabilities				
LEASING COMMITMENTS				
Amounts payable under leasing agreements	536	704	536	617
Amounts payable during the current year	304	397	304	344
Amounts payable later	233	307	233	273

Leasing agreements are mostly valid for three years and contain no redemption clauses.

	GROUP 1.1.-31.12.2003	GROUP 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	PARENT COMPANY 1.1.-31.12.2002
OTHER LIABILITIES				
Derivative instruments				
Forward exchange contracts				
Market value	1,734	850	1,734	850
Value of underlying instrument	14,232	13,348	14,232	13,348

Forward exchange contracts have been used for protection purposes.

20. Events in the immediate circle

The immediate Group circle includes Comptel Corporation group companies and Elisa Corporation's group companies, as well as the CEOs and Boards of Directors of the same. The immediate circle does not have loans in accordance with chapter 12 of the Companies Act. Business transactions between companies in the immediate Group circle are carried out using current market prices. Loans and receivables have been itemised in the notes to the balance sheet items in question.

Comptel Corporation is part of the Elisa Group. The company's parent company is Elisa Corporation. The financial statements of Elisa Corporation are available from Elisa's headquarters at Kutomotie 18, FI-00380 Helsinki, Finland.

Financial indicators

FINANCIAL SUMMARY	1999	2000	2001	2002	2003
Turnover EUR 1000	39,059	60,350	60,844	49,339	54,042
Turnover, change %	53.2	54.5	0.8	-18.9	9.5
Operating profit EUR 1000	13,393	22,191	13,531	-6,663	6,603
Operating profit, change %	170.6	65.7	-39.0	149.2	199.1
Operating profit, as % of turnover	34.3	36.8	22.2	-13.5	12.2
Profit before extraordinary items, provision and taxes EUR 1000	14,152	23,106	14,438	-8,191	6,139
Profit before extraordinary items, provision and taxes, as % of turnover	36.2	38.3	23.7	-16.6	11.4
Profit before appropriations and taxes EUR 1000 [1]	14,152	23,106	14,438	-5,019	6,139
Profit before appropriations and taxes, as % of turnover [1]	36.2	38.3	23.7	-10.2	11.4
Return of equity %	77.3	54.8	26.1	-14.2	10.8
Return on investment %	102.4	77.9	36.7	-20.4	17.0
Equity ratio %	78.0	78.2	85.9	83.6	77.8
Gross fixed asset investments EUR 1000	2,862	6,334	5,367	4,730	614
Gross fixed asset investments, as % of turnover	7.3	10.5	8.8	9.6	1.1
Research and development costs EUR 1000	2,725	5,541	8,537	10,426	5,542
Research and development costs, as % of turnover	7.0	9.2	14.0	21.1	10.3
Back orders EUR 1000	13,371	23,714	30,122		
Back orders according to IAS, EUR 1000			25,600	17,587	23,531
Average number of employees during the financial period	314	426	595	625	466
Interes-bearing net liabilities EUR 1000 [2]	-20,537	-32,605	-27,07	-17,325	-27,514
Gearing ratio % [2]	-93.7	-87.1	-65.5	-48.8	-70.1

1) In the parent company from 1999: Profit before appropriations and taxes

2) When calculating net gearing, the consolidated account presented in the short-term receivables has also been included in liquid cash assets.

PER SHARE DATA	1999	2000	2001	2002	2003
EPS, EUR	0.1	0.15	0.09	-0.05	0.04
Diluted EPS, EUR	0.1	0.15	0.09	-0.05	0.04
Equity per share, EUR	0.2	0.35	0.38	0.33	0.37
Divident per share, EUR [1]	0.02	0.06	0.03	0	0.05
Divident per earnings, % [1]	19.8	39.5	32.2	0	132.9
Effective divident yield, %	0.14	0.39	0.96	0	1.5
P/E ratio	138.4	101	33.5	-20.96	53.7
Adjusted number of shares at the end of period	107,000,000	107,053,805	107,054,805	107,054,805	107,054,805
Adjusted average number of shares during the period	105,153,425	107,030,137	107,053,989	107,054,805	107,054,805
Number of fully diluted shares	107,530,155	108,191,773	107,699,417	107,054,805	107,054,805

1) The Board's proposal

Formulae for financial summary indicators

$$\text{Return on equity \% (ROE)} = \frac{\text{Result before extraordinary items and taxes – taxes}}{\text{Shareholder's equity + minority interests (average during the year)}} \times 100$$

$$\text{Return on investment \% (ROI)} = \frac{\text{Result before extraordinary items and taxes + financial charges}}{\text{Balance sheet total – zero-interest liabilities (average during the year)}} \times 100$$

$$\text{Equity ratio \%} = \frac{\text{Shareholder's equity + minority interests}}{\text{Balance sheet total – advances received}} \times 100$$

$$\text{Earnings per share (EPS)} = \frac{\text{Result before extraordinary items – taxes +/– minority interests}}{\text{Adjusted average number of shares for the financial year}}$$

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

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

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

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

$$\text{Equity per share} = \frac{\text{Shareholder's equity}}{\text{Adjusted average number of shares at the balance sheet date}}$$

$$\text{Gearing ratio \%} = \frac{\text{Interest-bearing liabilities – liquid assets}}{\text{Shareholder's equity + minority interests}} \times 100$$

Shares and shareholders

Shares and voting rights

Comptel has one type of share. Each share is equal to one (1) vote at the Annual General Meeting. Under the Articles of Association, the minimum and maximum share capital is EUR 2.1 million and EUR 8.4 million respectively. Within these limits, the share capital can be increased or decreased without altering the Articles of Association. The company's share capital on 31 December 2003 amounted to EUR 2,141,096.10, and the total amount of votes to 107,054,805.

Authorisations to the Board of Directors

AUTHORISATION TO INCREASE THE SUBSCRIBED CAPITAL

At the Annual General Meeting on 21 March 2003, the company's shareholders resolved to authorise the Board of Directors to decide, whether to increase the subscribed capital by one or more new issues, to decide whether to take one or more convertible bond loans and/or issue warrants, provided that such taking of convertible bond loans, issuance of warrants or new shares may not result in the issuance of more than 21,400,000 new shares, and the company's share capital may be increased by a maximum total of EUR 428,000. The authorisation will remain valid until the Annual General Meeting of 2004, however for no longer than a maximum period of one year from the decision of the Annual General Meeting.

At the same time, the authorisation granted by the Annual General Meeting allows the Board of Directors to disapply the pre-emption rights of existing shareholders to subscribe for new shares, convertible bond loans and/or warrants, and to decide the determination principles, issue prices, the terms and conditions of subscribing for new shares and the terms of the convertible bond loans and/or warrants. The pre-emption rights of existing shareholders may be disapplied if an important financial reason to do so exists, such as financing, implementing or enabling corporate acquisitions, strengthening or developing the company's financial or capital structure, or carrying out other arrangements related to developing the company's operations. The Board of Directors has the right to decide on the distribution of the entitlement of pre-emption rights, but may not make such a decision that benefits any member of the company's inner circle. The Board of Directors has the right to decide whether the shares issued in a rights issue, convertible bond or option can be subscribed for in kind or otherwise subjected to certain conditions by using the right of set-off.

OTHER AUTHORISATIONS

At the Annual General Meeting on 21 March 2003, the company shareholders resolved to authorise the Board of Directors to decide on the purchase of own shares at a maximum value of EUR 5.35 million, as well as the disposal of the said shares. Within the limits of these authorisations, not a single one of the company's own shares was purchased or disposed of in the year 2003. The acquisition authorisation and the power of disposition will remain valid until the Annual General Meeting of 2004, however for no longer than a maximum period of one year from the decision of the Annual General Meeting.

Warrants

WARRANT PROGRAMME 1999

At the meeting on 8 November 1999, the Extraordinary General Meeting authorised the Board of Directors to issue 400,000 warrants to the company's employees. Each warrant entitles the holder to subscribe five (5) of the company's shares having a counter-book value of EUR 0.02. As a result of subscriptions, the company's share capital may rise by a maximum of 2,000,000 new shares, in other words by a maximum of EUR 40,000. Warrants endorsed with the letter A began to be exercised from 15 June 2001 and those with the letter B may be exercised from 15 December 2002. The exercise period for both series of warrants expires on 15 June 2004. The total issue price for five shares is EUR 20.89 for both series of warrants*). The issue price will, on the record date for each payment of dividend, be reduced by the amount of any cash dividends paid subsequent to the determination period and before any subscription. Nevertheless, the issue price of the shares shall be no less than the counter book value of the share, as registered in the Trade Register. By the end of the year under review, 400,000 of these options had been issued, giving entitlement to subscribe to 2,000,000 Comptel Corporation shares. 200 of these warrants had been exercised in 2001, 1000 new shares had thus been issued and the share capital had increased by EUR 20.

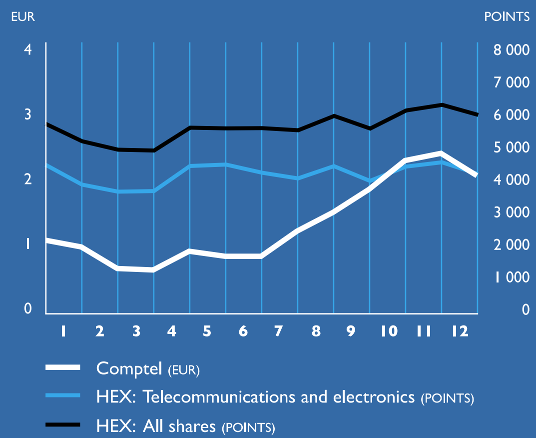
Comptel Corporation's warrant A and B have been listed on the Helsinki Exchanges with the code CTL1VEW199. The total exchange sum during the period under review was 32 775, and the closing quotation was EUR 0.18.

WARRANT PROGRAMME 2000

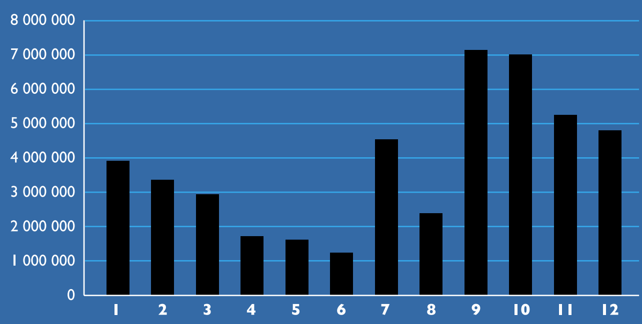
At the Annual General Meeting held on 3 April 2000, the Board of Directors was authorised to issue warrants to key personnel in the Comptel Group and to Comptel's wholly-owned subsidiary. It was decided to disapply the pre-emption rights of existing shareholders, since the warrants are intended as part of an incentive scheme for key personnel. The number of warrants amounts to 1,000,000. Of the warrants issued, 200,000 are to be endorsed with the letter A, 400,000 with the letter B →

*) Dividends for 1999, 2000 and 2001 taken into account

Stock information 2003



Shares traded



	1 JAN– 31 DEC, 2003	1 JAN–31 DEC, 2002
Closing price, EUR	2.02	1.00
Highest price, EUR	2.43	3.93
Lowest price, EUR	0.68	0.69
Weighted average trading price, EUR	1.57	1.75
Shares traded, (1000 shares)	45,875.7	53,811.8
Shares traded, EUR million	72.0	94.4
Market capitalisation, EUR million	216.2	107.1

and 400,000 with the letter C. The warrants may be exercised to subscribe to a maximum of 1,000,000 Comptel Corporation shares in total. The issue price for holders of warrants endorsed with the letter A is the weighted average price of the company's shares traded on the Helsinki Exchanges in April 2000 (EUR 19.36), for holders of warrants endorsed with the letter B, the weighted average price of the company's shares traded on the Helsinki Exchanges in April 2001 (EUR 8.96), and for warrants endorsed with the letter C, the weighted average price of the company's shares traded on the Helsinki Exchanges in April 2002 (EUR 2.44). The issue price will, on the record date for each payment of dividend, be reduced by the amount of any cash dividends paid subsequent to the determination period and before any subscription. Subscription commences in stages as follows: 1 December 2001 (warrant A), 1 December 2002 (warrant B) and 1 December 2003 (warrant C), and shall end on 31 January 2006 in respect of all warrants. As a result of subscription, Comptel Corporation's subscribed capital may be raised by a maximum of 1,000,000 new shares, in other words EUR 20,000. By the end of the year under review, 1,000,000 of these options had been issued, giving entitlement to subscribe to 1,000,000 Comptel Corporation shares.

WARRANT PROGRAMME 2001

At the meeting on 27 March 2001, the Annual General Meeting decided to issue warrants to the personnel of Comptel Group, and to Comptel Corporation's wholly owned subsidiary. It was decided to disapply the pre-emption rights of existing shareholders, since the warrants are intended as part of an incentive scheme for the personnel. The number of warrants amounts to 4,000,000. Of the warrants issued, 1,000,000 are to be endorsed with the letter A, 1,000,000 with the letter B, 1,000,000 with the letter C and 1,000,000 with the letter D. The warrants may be exercised to subscribe to a maximum of 4,000,000 Comptel Corporation shares in total. The issue price of shares purchased by virtue of the warrants endorsed with the letter A and D is the trade volume weighted average price of the shares traded on the Helsinki Exchanges between 1 February and 31 March 2001 plus 15 per cent (EUR 10.11), and for holders of warrants endorsed with the letter B and C, the trade volume weighted average price of the shares traded on the Helsinki Exchanges between 1 May and 31 May 2002 plus 15 per cent. Subscription by way of warrants commences in stages as follows: 15 June 2003 (warrant A), 15 June 2004 (warrant B), 15 June 2005 (warrant C), and 15 June 2006 (warrant D), and shall end on 31 December 2008 in respect of all warrants. As a result of subscription, Comptel Corporation's subscribed capital may be raised by a maximum of 4,000,000 new shares, in other words EUR 80,000. By the end of the year under review, 4,000,000 of these options had been issued, giving entitlement to subscribe to 4,000,000 Comptel Corporation shares.

Management interests

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

- a total of 0.209 per cent of the company's outstanding shares and warrants
- 0.109 per cent of the votes and share capital
- the warrants can provide them with 0.121 per cent of the votes and share capital

Quotation and trading

Comptel Corporation shares are quoted on the Main List of the HEX Exchanges under the code CTL1V. The lotsize is 25 shares.

Largest shareholders
31.12.2003

	SHARES	% OF SHARES AND VOTES
1. Elisa Corporation	62,250,000	58.1
2. State Pension Fund	1,170,000	1.1
3. Ilmarinen Mutual Pension Insurance Company	761,659	0.7
4. Etola Erkki Olavi	500,000	0.5
5. Placeringsfonden Aktia Secura	457,575	0.4
6. Forssan Seudun Puhelin Oy	397,350	0.4
7. Tapiola Mutual Pension Insurance Company	340,000	0.3
8. Sitra National Fund for Research and Development	313,075	0.3
9. Fortum Pension Fund	303,000	0.3
10. Tapiola General Mutual Insurance Company	284,900	0.3
11. Kaleva General Mutual Insurance Company	253,375	0.2
12. Gyllenberg Small Firm Fund	248,625	0.2
13. Mandatum Finnish Small Cap Fund	238,125	0.2
14. Mutual Fund Evli-Select	229,575	0.2
15. Tapiola Mutual Life Assurance Company	225,000	0.2
16. Sijoitusrahasto Pohjola Finland Kasvu	219,650	0.2
17. Nordea Life Assurance Finland Ltd	218,475	0.2
18. Alfred Berg Finland	211,450	0.2
19. Mutual Insurance Company Pension Fennia	200,500	0.2
20. Kesko Pension Fund	200,000	0.2
Nominee registered	5,425,182	5.1

Analysis of shareholders
31.12.2003

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1–10	96	0.30	654	0.00
11–25	570	1.76	13,693	0.01
26–50	952	2.95	46,057	0.04
51–100	1,870	5.79	172,503	0.16
101–500	19,878	61.50	3,837,812	3.58
501–1 000	3,521	10.89	2,914,591	2.72
1 001–5 000	4,431	13.71	10,198,114	9.53
5 001–10 000	594	1.84	4,411,320	4.12
10 001–100 000	373	1.15	9,557,820	8.93
100 001–1 000 000	33	0.10	8,237,445	7.69
Over 1 000 000	3	0.01	67,664,796	63.21
Total	**32,321**	**100.00**	**107,054,805**	**100.00**

SHAREHOLDERS BY OWNER GROUP 31.12.2003	SHARES	% OF TOTAL
Public companies	71,650	0.07
Private companies	67,513,089	63.06
Finance and insurance companies	9,825,495	9.18
Public sector entities	3,956,111	3.70
Non-profit making entities	1,099,230	1.03
Private households	24 381 808	22.78
Foreign	207,422	0,19
Nominee registered	5,217,760	4.87
Joint accounts and waiting lists	0	0
Number of shares issued	107,054,805	100

Comptel Group's Corporate Governance

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

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

Administrative Bodies

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

General Meeting

The highest decision-making power in Comptel Corporation is vested in the General Meeting. In the General Meeting, shareholders adopt the company's income statement and balance sheet, decide on the adoption of the financial statements, the discharge from liability for the members of the Board of Directors and the CEO, any action warranted by the profit or loss in the adopted balance sheet, the number of Board members and auditors, and the remuneration of the Board members and auditors. The General Meeting elects the members to the Board of Directors and elects the company's auditors, deputy auditors or public accounting firm. In addition, any other matters mentioned in the Notice of the General Meeting are dealt with during the General Meeting.

The General Meeting of Comptel Corporation is summoned by the company's Board of Directors. According to the company's Articles of Association, the Annual General Meeting must be held each year before the end of June, on a date set by the Board. The Annual General Meeting of Comptel Corporation was last held in Helsinki on March 20, 2003. An Extraordinary General Meeting concerning the election of additional Board members was held in November 17, 2003.

Board of Directors

DUTIES AND RESPONSIBILITIES

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

The Board of Directors confirms the Group's strategy, budget, corporate structure, major corporate arrangements and investments. The Board of Directors approves and confirms the principles of risk management, appoints and discharges the CEO, and decides on the terms and conditions of the employment of the CEO.

The Board of Directors convenes nine times a year and additionally whenever necessary. In 2003 the Board of Directors convened 14 times. The average attendance percentage of the members at the Meetings of the Board of Directors was 98 per cent. The company had no nominated committees in the financial year 2003.

ELECTION OF THE BOARD MEMBERS

As specified in the Articles of Association, the Board of Directors elects a minimum of three and a maximum of six members. The Board members are elected for a term of one year and thus the term of office for each member ends at the close of the next Annual General Meeting. The Board of Directors elects a chairman and deputy chairman from among its members. When nominating prospective member candidates, special attention is paid to the candidate's expertise in the industry and knowledge in the fields of economy and finance. The members of the Board of Directors during the 2003 financial year were:

Tuija Soanjärvi, Executive Vice President of Corporate Finance in Elisa Corporation, member of the Board of Directors and chairman of the Board as of November 17, 2003; Markku Alava, MA, member of the Board of Directors since 2002; Erik Anderson, LLM, deputy chairman of the Board of Directors, member of the Board of Directors since 2000; Ann-Maj Majuri-Ahonen, MSc, member of the Board of Directors since 1994; Matti Mattheiszen, President and CEO of Elisa Corporation, chairman of the Board of Directors from January 1, 2003 to July 1, 2003; Vesa-Pekka Silaskivi, Executive Vice President of Corporate Finance in Elisa Corporation, member from January 1, 2003 to July 1, 2003, chairman of the Board of Directors from July 1, 2003 to September 12, 2003, member of the Board of Directors since 2000; Jukka Veteläsuo, President and CEO of Elisa Networks Oy, member of the Board of Directors since November 17, 2003.

The chairman of the Board of Directors in the financial year 2003 was Matti Mattheiszen (January 1, 2003–July 1, 2003), Vesa Silaskivi (July 1, 2003–September 12, 2003) and Erik Anderson, Deputy Chairman of the Board of Directors (September 12, 2003–November 17, 2003). At the organizational meeting of the Board of Directors that took place after the Extraordinary General Meeting, Tuija Soanjärvi was elected the chairman of the Board (starting from November 17, 2003).

Of the members of the Board of Directors, Markku Alava and Erik Anderson were independent of the company as outlined by the Corporate Governance Recommendation issued by the Helsinki Exchanges, the Central Chamber of Commerce of Finland, and the Confederation of Finnish Industry and Employers.

The General Meeting confirms the compensation paid to the members of the Board of Directors. The compensation for Board members consists of a 700 Euros monthly fee and a fee of 300 Euros per meeting. Comptel has not paid the Board members any fees in the form of warranties or shares of the company. No compensation is paid to those members of the Board that belong to same group of companies with Comptel Corporation.

CEO

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

Comptel's President and CEO is Tero Laaksonen. The deputy to the President and CEO is Jarkko Jylhä, Senior Executive Vice President.

The retirement age of the CEO of the parent company has been set at 62 years. The CEO also has the option of retiring at the age of 60. →

The compensations paid to the members of the Board in 2003

MEMBER OF THE BOARD	EUR
Alava Markku	12,600
Anderson Erik	12,600
Majuri-Ahonen Ann-Maj	-
Mattheiszen Matti	-
Soanjärvi Tuija	-
Silaskivi Vesa-Pekka	-
Veteläsuo Jukka	-
Yhteensä	**25,200**

Share Ownership of the Board

MEMBER OF THE BOARD	NUMBER OF SHARES
Alava Markku	225
Anderson Erik	-
Majuri-Ahonen Ann-Maj	195
Mattheiszen Matti	-
Silaskivi Vesa-Pekka	-
Soanjärvi Tuija	-
Veteläsuo Jukka	125

Salary, other compensation and fringe benefits of the CEO in financial year 2003 (EUR)
Laaksonen Tero

Salary	155,478.40
Other Compensation	0
Fringe Benefits	5,160
Total	160,638.40

CEO's shareholdings and warrants
Laaksonen Tero

Number of shares	99,475
Warrants in 1999	-
Warrants in 2000	102,400
Warrants in 2001	27,000
Warrants total	129,400

The CEO's period of notice is six months, if Comptel would terminate the service; and two months if the CEO resigns. In a case of termination by the company, the salary for the period of notice and other possible compensation payable on the basis of termination comprises an amount equal to a salary of 15 months less the salary for the period of notice.

Group's Executive Board

The Comptel Group Executive Board's duty is to assist the CEO. The CEO acts as the chairman of the Executive Board, and its members include the directors of the business units and the units supporting business operations. The Executive Board normally convenes in a weekly meeting. In 2003, the Executive Board convened 43 times.

In the financial year 2003, in addition to the CEO Tero Laaksonen, the Executive Board comprised of: Pellervo Hämäläinen, Senior Vice President, Corporate Communications and IR (since May 1, 2003); Jarkko Jylhä, Senior Executive Vice President, Deputy to CEO, System Services, R&D and Information Management; Harri Palviainen, Senior Vice President, Customer Services; Markku Penttinen, Executive Vice President, Account Management; Katri Sahlman, Senior Vice President, Product Business; Ilkka Salonen, CFO (from January 1, 2003 to May 1, 2003); Björn Sandell, General Counsel, Legal Affairs (from May 1, 2003 to December 12, 2003); Leena Suviranta, Senior Vice President, Human Resources and Administration; and Simo Sääskilahti, CFO (since May 1, 2003). Riitta Brander, Management Assistant, served as the secretary of the Executive Board.

The Group also has an Extended Executive Board, a forum for both decisions and information comprising of the Executive Board and two personnel representatives elected in February 2003. The Extended Executive Board convenes in a monthly meeting. In 2003 the Extended Executive Board convened 12 times. Jani Mononen, Account Technical Coordinator, and Ali Hosseini, Project Manager, acted as employee representatives. The deputies to the employee representatives were Kai Grass, Sales Manager, and Juha Jantunen, Software Specialist.

Management of Business Operations

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

Compensation Systems

Comptel strives to develop its compensation systems so that they motivate the company's management and personnel to achieve the set business goals. The compensation systems include result-based bonus schemes and warrant schemes.

The CEO prepares a proposal for the incentive bonus scheme and other compensation offered to the management and personnel, which the Board of Directors confirms.

Internal Control and Risk Management

The Board of Directors of Comptel Corporation has confirmed the principles of internal control of the Group. Their purpose is to ensure that the operations of the company are effective and profitable, the prepared financial information is reliable, and the rules and procedures are complied with.

Risk management is a part of Comptel's internal control. Risk management ensures that any risks that could have a substantial impact on the business are identified and monitored in an appropriate manner. The monitoring system for risk management is based on monthly reports that are used to track the development of turnover, order volume, deliveries, accounts receivable, back order volume and order flow, which in turn enables monitoring the development of the results of the entire Group. The monthly internal reporting is carried out by business areas during the meetings of the Executive Board, and in the audits of the Group's support functions. Inter alia, following risks are monitored within the risk management processes:

Financial risks
- Interest rate, currency, liquidity, credit, market and share-holding risks.

Business risks
- Quality risks related to products and deliveries pertaining to costs (quality system and contractual terms and conditions)
- Life and health risks, and property risks related to war areas and terrorism (keeping in line with the recommendations of EU and the Ministry of Foreign Affairs of Finland)
- Price erosion (monitoring the price level of orders and procurement)
- Plans for the deputies and successors of key personnel.

Auditing

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

For the financial year 2003, the total amount of fees paid for the auditors of Comptel Group reached EUR 67,000 of which the fees from auditing services was EUR 53,000. The fees paid to the auditing companies for non-audit services (such as tax-advisory, consultancy and training services) was EUR 14,000.

Insider Administration

Comptel complies with the Helsinki Exchanges' Guidelines for Insiders. In accordance with the Securities Market Act, the company maintains an annual insider register containing information on the people designated permanent insiders in the SIRE system of the Finnish Central Securities Depository. Comptel's insiders comprises permanent insiders and project-specific insiders.

At the end of 2003 permanent insiders included 37 people: the Board of Directors, the secretary of the Board, the company's auditors, the Executive Board, the Extended Executive Board, the secretary of the Executive Board, and other specially appointed persons. From the beginning of 2004 specific insiders will include 23 people: the Board of Directors, the secretary of the Board, the company's auditors, the Executive Board, the Extended Executive Board, and the secretary of the Executive Board.

Comptel's insiders are obliged to comply with the so-called 'closed window' rule, which has included from the beginning of 2004 a prohibition of trading in the company's shares and warrants for a period of three weeks prior to the announcement of an interim report and financial statements. Conversely, the so-called 'open window' is the two-week period following the announcement of the results, during which insiders are permitted to trade in the company's shares and warrants, unless stated otherwise.

The shareholding and warrants of the Executive Board

	Number of shares	Warrants in1999	Warrants in 2000	Warrants in 2001	Warrants total
Hämäläinen Pellervo	-	300	4,600	16,500	21,400
Jylhä Jarkko	6,000	22,000	26,600	78,400	127,000
Palviainen Harri	-	-	12,200	41,900	54,100
Penttinen Markku	10,000	16,500	21,600	68,400	106,500
Sahlman Katri	-	2,575	11,200	49,400	63,175
Sandell Björn	550	-	4,800	27,200	32,000
Suviranta Leena	-	-	6,000	22,000	28,000
Sääskilahti Simo	-	400	10,000	31,000	41,400

Information for shareholders

Annual General Meeting

The Annual General Meeting of Shareholders of Comptel Corporation will be held at the Finlandia Hall, Helsinki hall, Mannerheimintie 13 e, 00100 Helsinki starting at 1pm on Wednesday 24 March 2004.

Shareholders intending to attend the Meeting shall notify the company by 5pm (Finnish time) on Monday 15 March 2004, either in writing to Comptel Corporation, Lapinrinne 3, FI-00100 Helsinki, Finland or by telephone at +358 800 98733, Monday to Friday, or by fax at +358 10 262 2727. Shareholders registered on Friday 12 March 2004 in the company's share register kept by the Finnish Central Securities Depository (APK) are eligible to attend the Annual General Meeting. Any proxies shall be sent to the above address together with notification.

Dividend and Financial statements

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.05 per share be paid for 2003. The dividend decided at the Annual General Meeting will be paid to shareholders registered on 29 March 2004 in the company's register for shareholders kept by the Finnish Central Securities Depository. The Board of Directors are to propose at the Annual General Meeting that the dividend be paid on 5 April 2004.

Copies of the company's financial statements and the Board of Directors' proposals together with the documents required by the Finnish Companies Act are available for inspection by shareholders from 15 March 2004 at the company's head office at Lapinrinne 3, 00100 Helsinki (Reception). Copies of the documents will, on request, be sent to shareholders, tel. +358 800 98733.

Changes of name and address

Shareholders should notify bank where their book-entries are registered of any changes in name and/or address.

Shares

On the balance sheet date, the company had 107,054,805 shares. The subscribed capital was EUR 2,141,096.10. The counter value of each share is EUR 0.02. Detailed share information about Comptel Corporation shares is given on pages 48–51 of this annual report. Comptel's shares are listed on the Helsinki Exchanges.

To the shareholders of the Comptel Corporation

Auditor's report

We have audited the accounting, the financial statements and the corporate governance of Comptel Oyj for the period from January 1, 2003 to December 31, 2003. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements have been prepared by the Board of Directors and President and CEO. Based on our audit, we express an opinion on these financial statements and on corporate governance.

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

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors concerning the distributable assets is in compliance with the Companies Act.

Helsinki, February 19, 2004

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Authorised Public Accountants

Henrik Sormunen
Authorised Public Accountant

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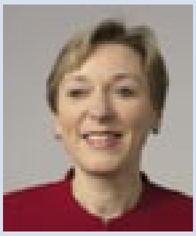
THE BOARD OF DIRECTORS OF COMPTEL CORPORATION

Tuija Soanjärvi
born in 1955



MSc (Economics and Business Administration), Executive Vice President, Corporate Finance, Elisa Corporation, Chairman of the Board since 2003.

Other positions of trust:

Member of the Board of Patria Industries Oyj

Markku Alava
born in 1943

MA,
Member of the Board since 2002.

Erik Anderson
born in 1943

LLM,
Deputy Chairman of the Board since 2000.

Other positions of trust:

Member of the Board of Stockmann Oyj Abp

Ann-Maj Majuri-Ahonen
born in 1946

MSc (Economics and Business Administration), Member of the Board since 1994.

Other positions of trust:

Member of the Board:
Solidium Oy
Finnish Association of Professional Board Members

Jukka Veteläsuo
born in 1951

MSc (Engineering Physics), Executive Vice President, managing director of ElisaNetworks Oy, Member of the Board since 2003.

Other positions of trust:

Member of the Board of Flextronics Network Services Finland Oy

COMPTEL GROUP'S EXECUTIVE BOARD

Tero Laaksonen
born in 1946

MSc (Mathematics),
President and CEO of
Comptel Corporation,
joined Comptel in 2002,
Member of the Executive
Board since 2002,
Chairman of the Executive
Board since 2002.

Other positions of trust:
Member of the Board:
Teleste Oy
Novo Group Plc

Jarkko Jylhä
born in 1949

MSc (Computer Science),
Senior Executive
Vice President,
Deputy to CEO,
System Services, R&D,
joined Comptel in 1986,
Member of the Executive
Board since 1986.

Pellervo Hämäläinen
born in 1966

Student of Social Sciences
(Communications),
Diploma in Business
and Administration,
(Marketing),
Senior Vice President
(Corporate Communications
and Investor Relations),
joined Comptel in 2001,
Member of the Executive
Board since 2003.

Harri Palviainen
born in 1968

MSc (Computer Science),
Senior Vice President,
Deliveries and
Customer Services,
joined Comptel in 2001,
Member of the Executive
Board since 2002.

Markku Penttinen
born in 1961

MSc (Engineering),
Executive Vice President,
Account Management,
joined Comptel in 1986,
Member of the Executive
Board since 1999.

Katri Sahlman
born in 1967

BSc (Computer Science),
Senior Vice President,
Product Business,
joined Comptel in 1989,
Member of the Executive
Board since 2002.

Leena Suviranta
born in 1954

MSc (Economy and Business
Administration), MBA,
Senior Vice President,
Human Resources,
joined Comptel in 2002,
Member of the Executive
Board since 2002.

Simo Sääskilahti
born in 1971

MSc (Engineering Physics)
and MSc (Economics), CFO,
joined Comptel in 2001,
Member of the Executive
Board since 2003.

EMPLOYEE REPRESENTATIVES IN THE EXTENDED
EXECUTIVE BOARD OF COMPTEL GROUP

Ali Hosseini
born in 1959

BSc,
Project Manager,
joined Comptel in 1999,
Employee Representative
since year 2002.

Jani Mononen
born in 1976

BBA,
Account Technical
Coordinator,
joined Comptel in 2000,
Employee Representative
since year 2002.

Glossary

2G (2nd Generation. Second) Generation mobile communications system; the first digital mobile communications system. The most common example of 2G is the GSM mobile phone network, which is the most widely used mobile technology in the world. In second-generation systems the data transfer speed was originally designed for voice transfer only.

2.5 G (also known as 2G+) 2.5 Generation Second-generation mobile communications network that has been enhanced with new data transfer capabilities. The best-known example is GPRS, which enables limited multimedia messaging and reasonably effective data transfer.

3G (3rd Generation) Third-generation mobile communications system, in which the data transfer is substantially more effective. 3G enables multimedia phone calls, data transfer speed of up to 2 Mbps, and flexible call routing possibilities. The best-known examples of 3G are the UMTS and WCDMA mobile phone networks.

Comptel Balance Management Comptel's product with which the operator can offer its customers service usage tracking, e.g. on a monthly basis.

Comptel EventLink™ Comptel's product for collecting and managing usage data. The product collects the usage data from the telecommunication network and delivers it to the billing and customer care systems. It reduces the number of complicated connections between different systems, and facilitates change management.

Comptel InstantLink™ Comptel's product for subscriber provisioning and service activation. The product forwards the customer data to appropriate network elements in the communications network, and thus activates the subscription and all the services the customer has ordered.

Comptel Online Link™ Comptel's mediation product for the management of mobile content services. The product is particularly suitable for the billing and management of prepaid non-voice services. The product keeps track of how much of the prepaid balance has been spent on data, messaging, and content services. For monthly invoiced subscriptions, the product enables the blocking of a particular service if the user's balance is not sufficient.

Corporate Licence With a corporate licence a group can licence Comptel's solutions for joint usage by all of the group's companies through a joint contract.

GPRS (General Packet Radio Service) A packet-based wireless communications service with data transfer speed of approximately 56–114 kbps. GPRS enables, for instance, a continuous Internet connection. See 2.5G.

GSM (Global System for Mobile communication) The most widely used digital mobile phone system. See 2G.

IP (Internet Protocol) The general standard for packet-supported data transfer on the Internet and local area networks. Data is split into packages that include the IP address of the sender and the receiver. The IP protocol transfers the packets from the sender to the receiver.

MMS (Multimedia Messaging Service) A multimedia message that combines various ways of presenting digital data, such as text, voice, photos and video, in a single message. Multimedia messages are mostly used in mobile phones, but it is possible to utilise them in e-mail communication as well.

Mediation, mediating Traditionally, the term "mediation" refers to software that collects customer usage data from the operator's network and forwards it to the operator's business support systems, such as billing and customer care systems.

OSS (Operations Support Systems) In addition to mediation and provisioning software, the operations support software includes, among other things, applications for customer care, order management, billing, fault management, fraud management, customer tracking, segmentation, and network traffic planning.

Postpaid Invoicing. An invoice, for example a monthly phone bill, is regularly sent to the customer for services used.

Prepaid Advance payment. The customer can pay for the services used in advance from a network account in which the customer has a stored balance of an amount of money.

Provisioning Subscriber provisioning and service activation. With provisioning software the information pertaining to the new customer – the subscription and the services ordered – is transferred to the communications network.

SMS (Short Message Service) A text message service available in the digital mobile phone network.

TETRA Terrestrial Trunked Radio. A digital multi-user radio network that is also suitable for communication between multiple parties. TETRA has been especially developed for public authorities. The TETRA network is targeted at the needs of, e.g., police and fire and rescue operations.

WAP (Wireless Application Protocol) A communication protocol that standardises the access to Internet services from wireless terminals, such as a mobile phone.

WLAN Wireless Local Area Network. A local network in which the mobile user can connect to the local area network with a wireless radio connection.

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