Annual Report 2000

COMPTEL

Annual Report 2000

Information for shareholders

Annual General Meeting

Comptel Plc's Annual General Meeting will be held at the Euro Congress Center at Annankatu 41, 00100 Helsinki on Tuesday 27 March 2001 at 1pm.

Shareholders should give notice of their intention to attend the Meeting by 5pm Finnish time on 22 March 2001 either by telephoning +358 800 987 33, by telefacsimile to +358 10 262 2727, or in writing to Comptel Plc, Ruoholahdenkatu 4, FIN-00180 Helsinki, Finland.

Shareholders wishing to attend the Annual General Meeting should be registered in the company's share register kept by the Finnish Central Securities Depository by 16 March 2001. Shareholders are requested to send any proxies to the above address when registering to attend the meeting.

Dividend

Comptel Plc's Board of Directors is to recommend to the Annual General Meeting that a dividend of EUR 0.06 per share be paid for 2000. The dividend will be paid to shareholders registered in the company's share register kept by the Finnish Central Securities Depository (APK) at the record date, 30 March 2001. The Board of Directors is to recommend that the dividend be paid out on 6 April 2001.

Changes of name and address

Shareholders should notify the book-entry securities register where their book-entries are registered of any changes in name and address.

Financial information

Comptel publishes an annual report and three interim reviews in Finnish and English. Copies of the annual report and interim reviews may be ordered from Comptel Plc, Ruoholahdenkatu 4, FIN-00180 Helsinki, Finland. Financial reports in Finnish and English are also posted on the company's website at www.comptel.com.

Comptel Plc will publish the following financial reports during 2001

Financial statements for 2000	5 February 2001
Interim review for January to March	23 April 2001
Interim review for January to June	23 July 2001
Interim review for January to September	22 October 2001

Shares

At the balance sheet date, the company had 107,053,805 shares. The subscribed capital was EUR 2,141,076.10. The counter value of each share is EUR 0.02. Detailed share information about Comptel shares is given on pages 39–42 of this annual report. Comptel's shares are listed on the Helsinki Exchanges.

Investor relations

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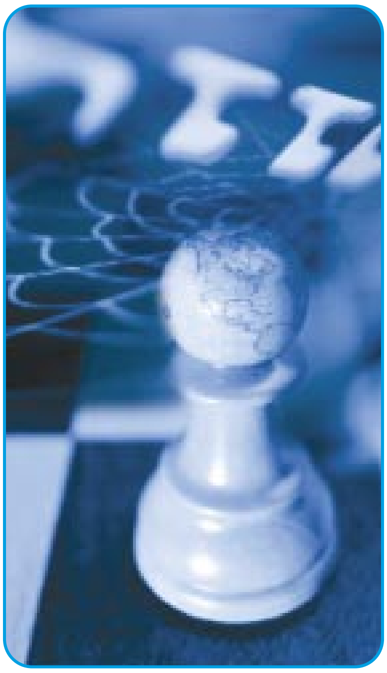
Contents



Comptel in brief

Comptel Plc is the world's leading provider of vendor and network independent mediation software, which is used by over 170 mobile, GPRS, fixed, data, internet and satellite network operators in 50 countries throughout the world.

Comptel's mediation software has been designed to activate subscriber services and to collect, correlate, verify and convert usage data from an operator's network. It enables both the operator's and service and content provider's customer care and billing systems to utilise the information. Mediation software can be integrated into many telecommunications network and systems environments. Comptel has also generated related value added services such as cost and credit control. Additionally, Comptel provides mediation software support and maintenance, help desk, installation, training and development services.

Comptel's major new mediation product, Comptel Chinchilla, is an online mediator that has been designed for operators offering mobile internet services. It acts as a link between the operator, content provider and end-user, enabling interactive real-time service provisioning, payment management and control between these three players in the mobile internet.

Comptel markets and distributes mediation software through its extensive network of partners as well as through its own sales organisation. Comptel's partners include leading global system integrators, hardware vendors and billing and customer care systems vendors.

Besides mediation software, Comptel also provides systems development services to Finnish telecommunications operators. As a subsidiary of Elisa Communications, Comptel is involved in developing leading-edge telecommunications technology. Comptel has developed Elisa Communications' key business information systems and is also responsible for their further development and maintenance.

Comptel is the world's leading provider of vendor and network independent mediation software.

During 2000, Comptel expanded its international distribution network by setting up a subsidiary in the United States and representative offices in Sydney and Hong Kong. Comptel also made a decision to establish representative offices in Beijing and Germany. Comptel's Malaysian representative office in Kuala Lumpur was turned into a subsidiary. Additionally, Comptel has a 53.1 per cent interest in Probatus Oy, an IT consultant services company, and a 23.4 per cent stake in Arcus Software Oy, a company providing 3D technology for maps and city models for internet and mobile internet environments.

Founded in September 2000, Comptel's subsidiary Comptel PASSAGe Ltd focuses on packaging and marketing third-party and Comptel's own products to mobile operators and mobile internet service providers worldwide. Comptel PASSAGe Ltd began operations at the beginning of 2001.

Comptel was founded in 1986 through the incorporation of Helsinki Telephone Company's (now Elisa Communications) systems development and IT services unit. Comptel became a listed company on the Helsinki Exchanges in 1999.

Vision, mission and strategy

Comptel's vision is to be a global market leader in its carefully selected market segments. This will be achieved by strong, profitable growth with the help of the best professionals in the industry.

Comptel's mission is to help its customers, who are providing telecommunication services, to be successful in their own business by offering them high quality software solutions.

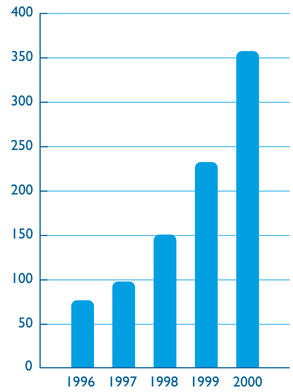
We will achieve these goals through intense cooperation with our partners, further expansion of our own sales network, remarkable investment in R&D and by carefully chosen corporate acquisitions.

Key indicators

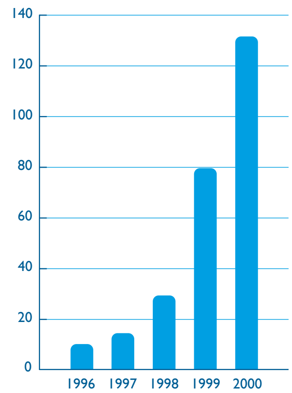
	2000 FIM	1999 FIM	2000 EUR	1999 EUR
Turnover, FIM/EUR million	358.8	232.2	60.4	39.1
– growth on the year, %	54.5	53.2	54.5	53.2
Operating profit, FIM/EUR million	131.9	79.6	22.2	13.4
– growth on the year, %	65.7	170.6	65.7	170.6
– as % of turnover	36.8	34.3	36.8	34.3
Earnings per share, FIM/EUR	0.90	0.60	0.15	0.10
Equity per share, FIM/EUR	2.07	1.22	0.35	0.20
Dividend per share, FIM/EUR	0.36 [1)]	0.12	0.06	0.02
Dividend payout ratio, %	39.5 [1)]	19.8	39.5 [1)]	19.8
R&D costs, FIM/EUR million	32.9	16.2	5.5	2.7
– as % of turnover	9.2	7.0	9.2	7.0
Equity ratio, %	78.2	78.0	78.2	78.0

[1)] Proposal by the Board of Directors

Group turnover, FIM million



Group operating profit, FIM million



Managing Director's review

Comptel continued to enjoy dynamic growth during the year under review. This growth was driven by exports of our mediation software, which rose by 68 per cent and now account for 67 per cent of turnover. Overall turnover was up by more than 54 per cent and approached FIM 359 million. It should be pointed out that such a sharp rise in exports was only achieved by working intensively with our global network of partners. Nearly 80 per cent of the company's exports took place through our partners, who act as a marketing and distribution channel. At the time of writing this review, I became privileged to hear that Comptel was to receive the Internationalisation Award for the year 2000 given by the President of the Republic of Finland. I consider this award to be the highest tribute received by Comptel during its 15-year history.

With reference to the tribute we received, I would call the year 2000 a year of internationalisation for Comptel. Even though our MDS software has been in use throughout the world since the early 1990s, earlier we had our own sales unit only in Malaysia. By the end of 2000, this office of ten persons had grown into subsidiary employing 50 persons. Last year also saw us establish a subsidiary in the United States and representative offices in Sydney and Hong Kong. We also started work on setting up representative offices in Beijing and Germany.

The cornerstone of our growth strategy is partnerships with leading international system integrators, hardware and software vendors. During 2000, we concluded five significant new cooperation agreements, two of which were with new partners, TelesensKSCL and Amdocs. We also delivered the world's first GPRS mediation software to i.a. Finnish mobile phone operators. Our mediation software now serves more than 170 operators in 50 countries. This further consolidated our leading position as a global supplier of mediation software.

As networks and terminals become increasingly advanced, operators are finding content services increasingly important. The intricate charging mechanisms for these new services give rise to additional challenges and opportunities for mediation solutions. In response to this, we have innovated an entirely new type of software, Comptel Chinchilla, which we announced in September. Comptel Chinchilla is a solution that handles the management and charging of interactive mobile services. We are still continuing to invest in this software and we expect sales of Chinchilla to begin to be reflected in turnover for 2002.

There is strong evidence of Comptel's international competitiveness and ability to succeed in the global market. We will also draw on this experience in marketing third-party applications to mobile operators through our subsidiary Comptel PASSAGe. The first product announcements will take place in the first half of 2001. Key persons for the company's management have already taken office and operations have got underway faster than expected.

As a listed company, we represent an industry whose shares experienced major rises and falls on the Helsinki Exchanges during 2000. The end of our first full year as a public company coincided with a time when many companies saw considerable fluctuation in their market capitalisation. Nevertheless, as a whole, I consider we were successful and achieved the objectives we set ourselves. Many customer surveys show that we are a desired and valued partner for our customers.

Again, the sharp growth in company turnover helped us to perform well. Our operating profit rose faster than turnover to reach FIM 132 million. The operating profit margin rose from the previous year's 34 per cent to 37 per cent. Earnings per share were FIM 0.90.

Performance of this calibre is possible only with competent, committed people. Comptel's staff numbers rose by a record 51 per cent, with 173 new employees joining the company. At year-end, we employed a staff of over 500 people. Staff turnover is low and our corporate image of a company producing results helped us to attract competent new staff in an industry that is otherwise experiencing a labour shortage. It was also gratifying to note increased numbers of "returning employees": Comptel's international atmosphere and challenges seem to be attracting people back to the company.

We are committed to becoming a truly international company in future.

I will continue to do my best so that our people consider Comptel as an employer that provides challenges and rewards them for work well done. I am convinced that our warrant scheme, which covers all Comptel employees, reflects this image. It was also due to our competent people that both the transition into the new millennium and the transition to the euro as a parallel currency from the beginning of 2001 went smoothly.

The mediation market continues to show healthy prospects with growing markets and continuing licence updates. We continue to deliver mediation software for use in GPRS networks. For us, the switch from a GSM world to GPRS networks was a major one as far as development of our mediation software is concerned. Most of the work is now behind us and making the transition to 3G networks is significantly easier. Nevertheless, it seems unlikely that the introduction of 3G networks will progress quite as quickly as envisaged, even though basic investments in such networks appear to be continuing as planned.

During 2001, we will again be seeking faster growth than the market as a whole. We will continue to invest in the further development of our sales organisation and in marketing. We are committed to becoming a truly international company in future. Despite these investments in future growth, we seek to retain profitability at a good level and to remain among the top performers in the industry in this respect, too.

I would like to express my thanks to our people, international partners and our customers for helping to make 2000 such a good year for Comptel. Without your contribution we would not have been so successful in the international market or received public acknowledgement for our internationalisation efforts. I would also like to thank our shareholders for the confidence they have shown us. Shareholder numbers have remained largely unchanged throughout a brisk year of trading on the Helsinki Exchanges. The first 15 years of Comptel's history are behind us. I look forward to building on this era as we embark on the next 15 years of success.

Helsinki, January 2001

Heikki Tetri
Managing Director

Comptel's mediation software

Comptel's software solutions have been designed for telecommunications operators and service providers to manage subscriber information and collect usage data. Comptel's core products are Comptel MDS products that collect and process call and usage data e.g. for operator's billing systems, marketing tools and fraud management systems. Additionally, Comptel's systems manage and activate agreed services for subscribers in the network. Announced in 2000, Comptel Chinchilla software can be used to manage content services and charge for them especially in the mobile internet.

Comptel's products designed to manage operators' network services and usage data have already been on the market for more than ten years and are used by over 170 operators throughout the world. The strength of Comptel's products lies in their easy integration, adaptability, scalability and reliability. Modular architecture enables the products to be flexibly integrated into any network or business support system. This means the solutions can be readily adapted to an operator's changing business requirements and used to quickly roll out new products onto the market.

Comptel's software products

Billing mediation

Comptel's MDS/AMD software collects data from different network elements, processes the data collected in a predefined way and sends it to an operator's billing and other IT systems both fast and reliably. MDS/AMD software formats usage data for each client system and sends it with the required delivery mechanism. Work is now underway on developing the 4th generation of the software.

Service provisioning

MDS/SAS software activates and provisions customer services in the network. The software operates on the basis of service requests received from customer care systems. These requests are converted into a format understandable by the telecommunications network. The software is responsible for activating subscriber information and services in the network. Work is now underway on developing the 4th generation of the product.

Transaction storage

MDS/AMD-DB transaction database is a software module for storing usage data in a structured manner for later use. The records are stored in an Oracle database, which can be accessed by any client system processing the usage data to provide the required sample or report. MDS/AMD-DB works together with MDS/AMD software.

Internet mediation

MDS for Internet is a mediation concept automating an operator's key business processes in a packet-switched network. To generate revenue from new innovative services, an operator needs to be able to activate services for its customers and to bill for usage accordingly. MDS for Internet includes functions for both usage data collection and service activation in GPRS and other packet-switched networks. Additionally, the software also supports data storage, correlation, aggregation and prepaid functions.

Cost and credit control

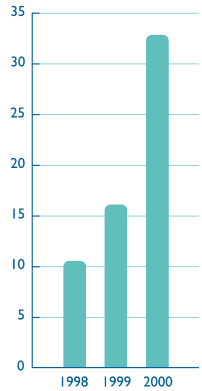
MDS Credit Guard is a cost and credit control service that allows mobile subscribers to effectively track and control the telecommunications costs. Once the credit limit has been reached, the subscriber receives a short message on his or her mobile phone. Subscribers can then decide whether they want to raise their limit and continue to use their mobile phone to make calls, send short messages or use other network services or whether they wish to stop using the services until a new billing period begins. Subscribers can still receive incoming calls and short messages even though they have exceeded their credit limit. If a subscriber so wishes, the mobile phone can also be closed automatically for the remainder of the billing period once the preset limit has been reached. MDS Credit Guard can be used with prepaid and post-paid billing and can be used to monitor a subscriber's accrued costs for both use of services and voice traffic separately.

Comptel's mediation solutions can be readily adapted to an operator's changing business requirements.

Content charging

Comptel Chinchilla is a mobile internet services manager for content brokering and content provider management designed for mobile operators. Operators can use Comptel Chinchilla to collect usage and user data about the use of various mobile internet services in real time. In addition to traditional billing mechanisms, Comptel also supports other payment methods such as prepaid, credit card and various internet payment forms. Secure authentication, payment method handling, profile building and transaction event management are all core features of the Comptel Chinchilla product.

R&D expenditure, FIM million



Research and development

During 2000, R&D at Comptel focused on creation of the new Comptel Chinchilla product, and further development of the Comptel MDS software suite to support new technologies in the mobile network. Together, these products form Comptel's IP mediation solution.

We also carried out further work on developing the next generation of Comptel MDS core products and MDS for Internet (earlier MDS for GPRS/IP), MDS Credit Guard and MDS/AMD-DB database software. MDS for Internet has been developed to support new broadband fixed and mobile networks.

Comptel has kept closely abreast of the development of internet and wireless standards by, among other things, taking part in the activities of the IPDR organisation. Comptel is also a member of the GSM Association founded by mobile operators. Membership provides us with an excellent opportunity to be involved in developing solutions for future mobile networks.

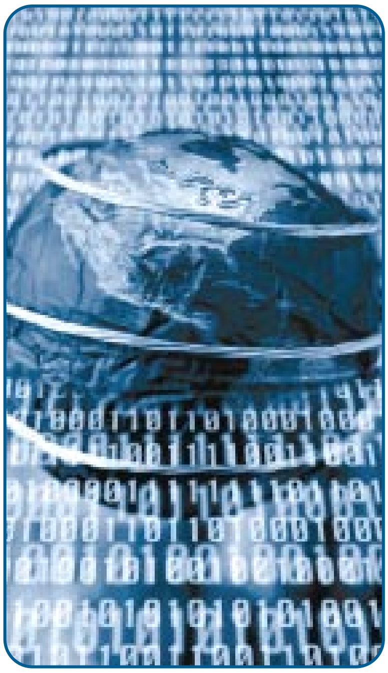
We seek to further develop Comptel products to dominate next generation wireless technologies and services such as new 3G network elements and 4G/WLAN networks. In order to achieve this aim, Comptel is taking part in joint research projects relating to WLAN, Digi-TV, VoIP and PKI technologies and IP Quality of Service (QoS) management with Elisa Communications.

The year under review saw Comptel significantly increase its investments in product development by opening a new R&D centre in Kuala Lumpur, Malaysia. The Multimedia Development Corporation set up by the Malaysian government awarded Comptel's subsidiary, Comptel Communications Sdn Bhd, Multimedia Super Corridor status, which entitles technology companies to benefits granted by the Malaysian government.

Competence centres

Comptel has intensified cooperation with chosen partners and established competence centres in Europe (Czech Republic/Logica, Germany/T-Systems debis Systemhaus and the Netherlands/ Compaq) and in the United States (San Francisco/Logica).

The role of these competence centres is to provide customer support and, in association with customer projects, to develop new product components as required (e.g. interface modules for new network elements) and to collect ideas and customer feedback for R&D purposes.



Business development

The market

Comptel's mediation software forms the link between an operator's business support systems and various network elements. Mediation software is designed to activate subscriber services and to collect, correlate, verify and convert usage data from an operator's network to enable both the operator's and service and content provider's customer care and billing systems to utilise the information. Global growth and technological advances in the telecommunications industry are also important for Comptel's future business development.

Voice services continue to play a dominant role in both mobile and fixed telephone networks alike. Nevertheless, data and SMS services are becoming increasingly important and accounted for over 10 per cent of the turnover of several mobile operators during 2000. Operators invested heavily in GPRS technology during the year under review. Autumn 2000 saw the first GPRS networks opened to a limited number of users in order to test the technology. The first GPRS terminals became available at the same time. The packet-switched GPRS network offers considerably improved opportunities to WAP and internet services in mobile terminals. This creates the potential to offer completely new types of mobile services to a greater number of users.

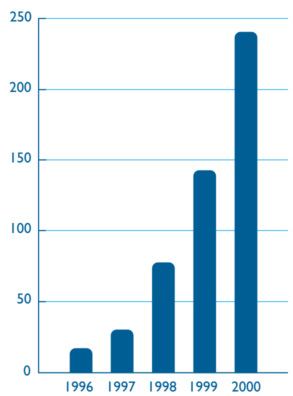
Efforts are constantly being made to improve information security solutions, charging for roaming, charging for the use of services and revenue sharing. Services and content will play a considerably greater role in future as charging mechanisms based on call minutes and traffic volume become less important. In September, again at the leading edge of development, Comptel announced its new Comptel Chinchilla software which, together with Comptel MDS products, offers a mediation solution set to manage and charge for new interactive mobile services.

Flexible customer relationship management, rating and billing systems coupled with smart mediation pave the way for the extensive future use of new mobile services. This development has given rise to new players on the customer care and billing system front. In line with its strategy, Comptel has expanded its network of partners to billing systems vendors.

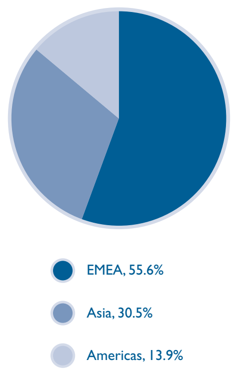
Comptel's competitiveness is based on its leading technology and on the focus on its own core competence.

Allocation of 3G licences is underway and the first network deals have already been made. Nevertheless, 3G networks are still facing technical and commercial uncertainties. However, many 3G network services can already be created and used in 2.5G networks (GPRS). Comptel considers 3G to be a clear technological evolution from the 2.5G network. 4G networks (WLAN) bring an added dimension to the provision of transmission capacity. The positioning of 3G/4G networks is still open in many respects.

Exports, FIM million



Exports by main market areas, 2000



MDS business

Comptel offers operators software solutions to enable them to quickly launch new services, manage change and provide their customers with new services fast and reliably. Comptel's products cover mobile, GPRS, fixed, data, internet and satellite network services.

Comptel's competitiveness is based on the company's leading technology, the focus on its own core competence and its ongoing development. Comptel carries out R&D, marketing and sales activities globally with the world's best professionals. Comptel invests heavily in R&D to improve and maintain its readiness to act as a leading-edge company launching new products. In line with its strategy, Comptel develops packaged software products, which is a clear advantage to customers. Reliability, scalability and flexibility strengthen the competitiveness of Comptel's products.

Comptel's growth and earnings in 2000 were its best ever and the company ranks among the top performers in the industry. Comptel's turnover rose by 54.5 per cent to FIM 358.8 million (FIM 232.2 million). Exports were up by 68.5 per cent to FIM 240.8 million (FIM 142.9 million) and accounted for 67.1 per cent (61.5%) of turnover. Exports of MDS products through partners continued to grow and rose to 77.9 per cent (62.0%) of total exports. This figure is in line with Comptel's long-term strategic intent. Europe, the Middle East and Africa (EMEA) accounted for 55.6 per cent (61.9%), Asia and the Pacific area for 30.5 per cent (23.6%) and the Americas for 13.9 per cent (14.5%) of exports.

The most important innovation during 2000 was the Comptel Chinchilla software, which was launched in September. Comptel Chinchilla enables interactive mobile service management and charging.

In April, Comptel delivered a mediation solution to Sonera Corporation to connect Sonera's GPRS network to its supporting billing and customer care systems. The delivery was one of the world's first GPRS network deliveries. Also in April, Comptel delivered a mediation solution to Radiolinja to develop GPRS services and to collect billing data from the GPRS network. Comptel also delivered mediation software to BT Cellnet's and KPN Mobile's GPRS and IP networks.

In March, Comptel's partner Lucent Technologies delivered Comptel MDS software to Italian mobile operator Blu to collect usage data and manage subscriber information.

Business programmes

Comptel develops tailored software solutions with its customers in response to rapid technological progress and the need of telecommunications operators to quickly reap the financial rewards of new technology. Comptel's R&D packages tailored solutions. Working together with customers, business programmes helped our R&D in 2000 to further develop a subscriber services management solution and usage data collection in the UMTS/3G network, MDS Credit Guard, MDS for Internet and Comptel Chinchilla.

Delivery and support services

Comptel provides 24/7 global delivery and support services centrally from Helsinki and locally through partners. The number and expertise of Comptel's partners has increased as business has expanded. This consolidates the quality and geographical coverage of Comptel's delivery and support services.

Comptel's training programme includes ongoing training in Finland and tailored courses for our customers on a worldwide basis. In addition, two MDS University training events were held during 2000. Customers and partners from around the world took part in these events. The third MDS User Group event for Comptel's customers and partners was held in September. The event was attended by more than 150 persons from different countries.

System Services

Comptel's System Services unit produces customer-specific consultation and IT systems development services for Finnish telecommunications operators. The services particularly relate to customer care, billing, telecom network planning and inventory as well as Data Warehousing and Business Intelligence. Comptel's System Services was responsible for developing most of Elisa Communications', Päijät-Hämeen Puhelin's and FINNETCom's business support systems. Comptel's sound insight into the operator business gives it a distinct competitive advantage in the international market.

During the year 2000, Comptel completed euro projects for the three customers mentioned above. We also carried out architecture projects in the customer care, billing and telecom network sectors, as well as several projects relating to new services introduced by corporate customers.

During the year under review, Comptel introduced an integrated modelling, development and testing environment to implement applications based on J2EE architecture. At the same time, Comptel introduced an extensive training programme to support J2EE architecture.

Our core business area during 2001 is customer projects based on new technology.

Services and content will account for an increasing share in the value chain.

Sales network

During the year under review, Comptel expanded its international distribution network by setting up a subsidiary in the United States and representative offices in Sydney and Hong Kong. Comptel also decided to open representative offices in Beijing and Germany. The Beijing representative office opened in January 2001 and the German representative office will begin operations in the first half of 2001. Comptel's Malaysian representative office in Kuala Lumpur was turned into a wholly-owned subsidiary of Comptel during the year under review. Comptel also has a 53.1 per cent interest in Probatus Oy, an IT consultant services company, and a 23.4 per cent stake in Arcus Software Oy, a company providing 3D technology for maps and city models for internet and mobile internet environments.

Partnerships

Comptel's growth strategy is based on developing global marketing and distribution channels. In line with this strategy, Comptel has concluded numerous partnership agreements with leading international system integrators, technology and software vendors. Sales through our partners have risen sharply since 1996. In 2000, our partners accounted for 77.9 per cent of MDS software exports.

In 2000, Comptel concluded five major new cooperation agreements. Under a global marketing cooperation agreement with Geneva Technology, the companies will jointly market solutions based on Geneva's billing software and Comptel's mediation software on the global internet, data and voice markets.

Under an agreement concluded with Logica, the companies will jointly market Comptel's mediation software to new 3G and other telecom operators in Japan.

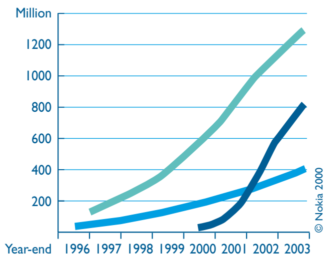
Comptel's mediation solution is integrated into Amdocs' products. This cooperation seeks to generate integrated mediation and billing solutions for mobile internet service providers.

TelesensKSCL and Comptel signed a strategic partnership agreement concerning integration of Comptel's mediation software into TelesensKSCL Jupiter Solutions product suite.

Comptel's partnership network

System Integrators	Technology Vendors	Software Vendors
Accenture	Compaq	Amdocs/Solect
AMS	Hewlett-Packard	CSG
Cap Gemini Ernst & Young	IBM	Geneva
Compaq	Sun	Hewlett-Packard
CSC		IBM
EDS		Logica
Hewlett-Packard		Lucent/Kenan
IBM	Nokia (OEM)	Oracle
Logica		Portal
Lucent		Savera
T-Systems debis Systemhaus		Sema Group/LHS
		TCS
		TelesensKSCL

Mobile Internet Outlook



The future

Mediation solutions will play an increasingly important role in operators' business as the number of transactions increases and there is a need to bill for services, to share revenues and to disseminate information between the various parties in the value chain in real time. This will be a crucial factor for operator competitiveness in packet-switched mobile networks (GPRS and 3G).

Operators will continue to invest in GPRS networks, mediators and services during 2001. Comptel's leading position on the GPRS market in 2000 provides the company with a sound platform for continued success. Allocation of 3G licences is underway and the first network deals have already been made. Comptel's market position in GPRS technology creates a good starting point for success in the 3G mediation market.

Services and content will account for an increasing share in the value chain as traditional charging mechanisms based on call minutes and traffic volume become less important. Comptel Chinchilla together with Comptel MDS products constitute a mediation solution able to manage and charge for new interactive mobile services.

Subsidiaries and associates

Comptel PASSAGe Ltd

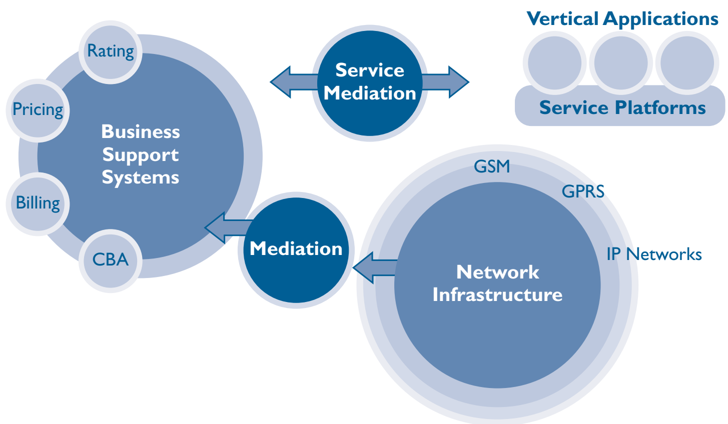
Comptel PASSAGe provides complete business solutions for mobile operators and internet service providers worldwide by combining Comptel's own products with third-party applications. The product portfolio features only software and services of global interest. By combining carefully selected components, Comptel PASSAGe creates solutions to enable its customers to run profitable mobile internet services. Examples of successful solutions include Comptel's new mediation product, which integrates an operator's business support systems and new mobile internet service platforms into a seamless solution. These service platforms and vertical applications complement the mediation product synergetically.

Comptel PASSAGe supports its customers and partners in their business. To ensure the quality of selected products and applications, Comptel PASSAGe helps its partners to organise and manage product and customer processes. The intention is also to acquire minority shareholdings in partners.

May 2000 saw Comptel Plc and Yomi Vision Ltd sign a cooperation agreement to market Yomi Vision's advanced mobile services operating on a Smartal platform. The agreement allows Comptel PASSAGe to include Yomi Smartal products in its service suite.

Comptel PASSAGe, a wholly-owned subsidiary of Comptel Plc, began operations at the beginning of 2001. Comptel PASSAGe's Managing Director is Arvo Mustonen. At the end of January 2001, Comptel PASSAGe employed 8 persons.

Comptel PASSAGe product concept



Probatus Oy

Probatus was founded in 1993. The company began cooperation with Comptel and IT operations in their present form in 1998. Probatus has offices in Tampere, Turku and Forssa. The company focuses on IT consultant services.

Comptel Plc has a 53.1 per cent interest in Probatus through a share arrangement taking place in May 2000. At year-end, Probatus employed more than 50 people, most of whom were software engineers.

Arcus Software Oy

A Finnish company, Arcus Software provides 3D technology for maps and city models for internet and mobile internet environments. In addition to the pilot model of the Helsinki Arena 2000 project, Arcus Software has completed and is still working on models of the Helsinki, Kajaani and Kainuu areas in Finland and the Bremen area in Germany.

Comptel Plc has a 23.4 per cent interest in Arcus Software, which employed 24 people at year-end.

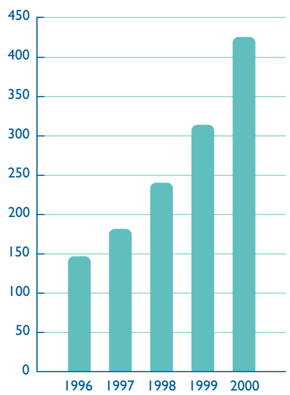
Employees

Multicultural working environment

For Comptel, business growth has been possible because of its ability to attract competent staff. An international business environment, market leadership in its own sector, state-of-the-art products and increased visibility also in Finland contribute to making Comptel a desired employer.

Comptel is an expert organisation whose staff primarily comprise IT and telecommunications professionals. Comptel continues to take on board trainees from a host of different educational establishments. The company had 512 employees at the end of the period under review, an increase of 51 per cent compared to the corresponding time a year earlier. Over twenty different nationalities are represented in our multicultural working environment.

Average number of employees



Development of personal skills

Comptel develops the skills and knowledge of its people to prepare them for working in a challenging working environment. Comptel arranges tailored training programmes relating to products and technology as well as to interaction, presentation and managerial skills for its employees. Individual development needs are also charted in regular development appraisal discussions.

Adequate language proficiency is required to successfully take part in Comptel's international projects. To help its people achieve this and to maintain their existing language skills, Comptel arranges language courses for employees. Some employees will also have an opportunity to work in Comptel's offices abroad.

Employee motivation and commitment

Comptel takes staff motivation and work enjoyment seriously so as to commit employees to the company. Each Comptel employee can share in the success of the company through a company-wide bonus scheme and individual performance reward schemes. Under decisions made by the Board of Directors on 9 March and 26 September 2000, Comptel's warrant scheme covers all permanent Comptel Plc staff employed by the company at the time the decisions were taken.

Sportel, Comptel's staff club, and its 20 different clubs arrange different kinds of sports and cultural activities for the company's employees.

Financial statements

Report of the Board of Directors

Structural changes

The year 2000 is the first time that the financial statements have been given at group level. This is because during 2000 Comptel acquired a majority interest (53.1%) in Probatus Oy, Arcus Software Oy became an associate of Comptel (23.4%), the representative office in Kuala Lumpur changed into a wholly-owned subsidiary of Comptel (Comptel Communications Sdn Bhd), the United States subsidiary Comptel Communications Inc. is now operating and Comptel Communications Oy and Comptel PASSAGe Ltd, both wholly-owned by Comptel, were set up. Unless otherwise stated, this report examines group information, with Comptel Plc's figures for previous financial periods as comparative information.

Continued strong growth for Comptel

Comptel's growth and earnings for the year 2000 were its best ever and the company ranks among the best performers in the industry. Comptel's turnover rose by 54.5 per cent to FIM 358.8 million (FIM 232.2 million). Exports were up by 68.5 per cent to FIM 240.8 million (FIM 142.9 million). Exports accounted for 67.1 per cent (61.5%) of turnover. Exports of MDS products through our partners continued to grow and rose to 77.9 per cent (62.0%) of total exports. This figure is in line with Comptel's long-term strategic intent. Europe, the Middle East and Africa accounted for 55.6 per cent (61.9%) of exports, Asia and the Pacific area for 30.5 per cent (23.6%) and the Americas for 13.9 per cent (14.5%).

EBITDA was up by 62.8 per cent (155%) to FIM 147.9 million (FIM 90.8 million), equivalent to 41.2 per cent (39.1%) of turnover. The company's management expects EBITDA margin for Comptel's packaged software products to remain over 30 per cent level also in the long-term.

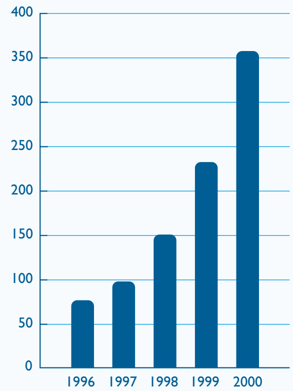
Operating profit rose by 65.7 per cent (170.6%) to FIM 131.9 million (FIM 79.6 million), equivalent to 36.8 per cent (34.3%) of turnover. Operating profit includes a FIM 1.8 million gain on the disposal of Radiolinja shares. A provision for liabilities and charges of FIM 6.7 million has been booked under Staff costs. This item is the full social security contribution arising from the staff warrant programme at the prices quoted at the balance sheet date. Comptel's operating profit rose faster than its turnover. This was attributable to MDS products and exports accounting for a greater share of turnover and to growth in subscriber based licence revenues.

Financial items amounted to +FIM 5.4 million (+FIM 4.5 million), which mostly comprised interest incomes received. Comptel's share of the losses of its associates was –FIM 1.8 million (–). The result after financial items was up by 63.3 per cent at FIM 137.4 million (FIM 84.1 million). The result corresponds to 38.3 per cent (36.2%) of turnover.

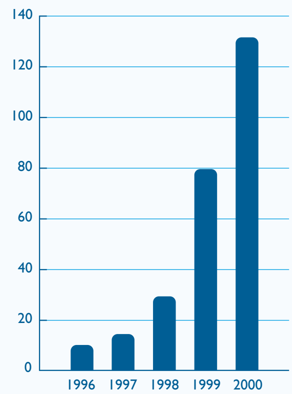
Back orders at the end of the period under review were FIM 141.0 million. The corresponding figure of FIM 79.5 million a year earlier is not comparable owing to different agreement practice. The company's management believes a 47 per cent increase in back orders to be a comparable figure.

Earnings per share during the financial period rose by 50 per cent to FIM 0.90 (FIM 0.60).

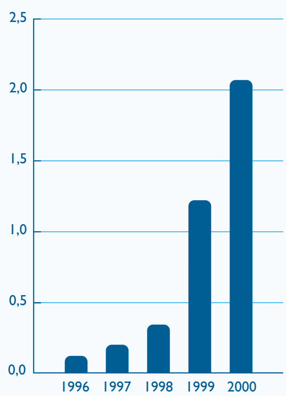
Group turnover, FIM million



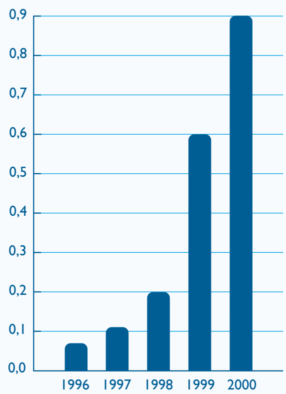
Group operating profit, FIM million



Equity per share, FIM



Earnings per share, FIM



Employees

The company had 512 employees at the end of the period under review, an increase of 173 employees or 51 per cent compared to the corresponding time a year earlier. As far as Comptel is concerned, there was a major improvement in the availability of competent employees during the second half of the financial year, when the company hired far more new employees y-o-y than on the average before.

Most of the new employees were recruited by Sales, Customer Services and R&D units. The company further expanded into new premises and signed a leasehold agreement for a property at Lapinrinne 3 in Helsinki, which will become Comptel's new head office. Probatus Oy opened offices in Tampere, Forssa and Turku.

Comptel employed an average of 426 people (314) during the year.

At its meetings held on 9 March and 26 September 2000, Comptel Plc's Board of Directors decided that the warrant schemes would cover all permanent Comptel Plc's employees at the time the decisions were taken.

Financial position

Comptel's financial position remained solid. The balance sheet total at 31 December 2000 was FIM 315.8 million, of which investments and cash in hand and at bank amounted to FIM 193.9 million. The company had no interest-bearing liabilities at the end of the period under review and its equity ratio was 78.2 per cent.

Investments

Gross fixed asset investments during the period under review amounted to FIM 37.7 million. Investments mainly comprised the acquisition of 53.1 per cent of the shares in Probatus Oy, subscription of Arcus Software shares, basic improvements to leased premises and investments in hardware and office furnishings. Except for the acquisition of Probatus shares, fixed asset investments were funded through cash flow from operating activities.

Directed share issue

Meeting in May 2000, Comptel's Board of Directors decided to disapply the pre-emption rights of existing shareholders in a directed share issue to Probatus Oy shareholders. The directed share issue offered a total of 53,805 Comptel new shares to Probatus shareholders at a price of EUR 25 per share. The number of shares offered is equal to 0.05 per cent of Comptel's shares and votes. It was decided to disapply pre-emption rights because Comptel Plc used the arrangement to finance acquisition of a 51 per cent stake in Probatus Oy. The price paid for Probatus Oy shares was based on the estimated capitalised value by yield requirement and on the company's earnings performance in line with its business plans. The price of Comptel's shares was based on trading prices on 5 May 2000. Comptel's share capital rose by EUR 1,076.10 as a result of the directed share issue.

Introduction of the euro

From the beginning of 2001, Comptel will report its financial performance in euros. Bookkeeping switched over to using the euro on 1 January 2001.

Stronger international growth

In line with its strategy, the year under review saw Comptel significantly expand its own international sales network. The company's Malaysian representative office in Kuala Lumpur was turned into a subsidiary, which was awarded Multimedia Super Corridor status (MSC) by the Malaysian government. Comptel also established a United States subsidiary, which opened an office in Arlington, next to Washington D.C.

September saw new representative offices open in Sydney and Hong Kong. Comptel's Chinese representative office in Beijing opened in early 2001, and the German representative office will begin operations in the first half of 2001.

Partnerships

The cornerstone of Comptel's growth strategy is based on developing global marketing and distribution channels. In line with this strategy, Comptel continued to conclude partnership agreements with leading international systems integrators and hardware manufacturers. In 2000, our partners accounted for 77.9 per cent (62.0%) of net exports of MDS software.

Research and development

R&D work focused on developing mediation solutions for next generation networks and services. Main R&D research projects during the period under review included further development of the MDS for Internet, development of Comptel Chinchilla, research into new mobile services, GPRS Charging Gateway, the new generation of core MDS software and MDS Credit Guard (credit reminder/credit limit application).

R&D costs primarily comprised direct R&D projects and indirect projects relating to customer deliveries. Around 25 per cent of Comptel's employees were involved in R&D projects. Direct R&D costs amounted to FIM 32.9 million (FIM 16.2 million) for the entire year. Comptel charges all R&D costs incurred against the profit for the year.

Comptel Chinchilla – a next generation mediation solution

Comptel Chinchilla enables third party content provider management, content brokering and secure payment facilities on the mobile internet. It also handles content charging and user profile management.

Comptel believes that in future, operator billing requirements will focus on charging for content and use of services. Comptel Chinchilla and the MDS for Internet product line together form an IP mediator platform that can be used to both collect usage information from the access network and transaction data on the usage of services.

Comptel PASSAGe Ltd

In September 2000, Comptel established a separate subsidiary, Comptel PASSAGe Ltd, which provides business solutions for mobile operators and internet service providers on a worldwide basis. These solutions combine Comptel's own products and third-party applications.

Systems development for Finnish customers

Growth in the systems development business continued as in earlier years. Work with operators' business units has helped the entire organisation to understand the changes taking place in the operators' business.

Business development

GPRS market opens

Despite delays in rolling out terminal equipment, operators began to invest in GPRS networks and the first of these networks were opened for a limited number of users during Q4. Growth in the traditional mediator markets continued in line with expectations.

R&D investments in GPRS technology launched in 1998 have helped Comptel to consolidate its leading position in mediation solutions (MDS for Internet and Comptel Chinchilla) for new mobile services. Trends have shown that Comptel has made the right choice in its key focus areas.

Comptel announced the first GPRS deliveries to operators back in 1999 and by the end of 2000, had signed agreements for over ten MDS for Internet deliveries to GPRS networks. Likewise, deliveries of GPRS Charging Gateway got underway in 2000. Comptel can now utilise its investments in GPRS operations directly for its 3G mediation business. 3G mediation is a direct evolution from 2.5G technology.

Mediation solutions becoming increasingly important

Mediation solutions will play an increasingly important role in the operators' business due to the growing number of transactions, the need to bill for services, to share revenues and to disseminate information between the various parties in the value chain in real time. The new requirements will also create a new market, not just for MDS and Comptel Chinchilla, but also for supplementary mediation products like Comptel's Transaction Database (MDS/AMD-DB) and MDS Credit Guard applications have already shown.

Comptel's management considers that the speed and dynamics of the market will generate new challenges for operators' customer care and billing systems (CCBS). This highlights the role of mediation solutions and flexible rating in the value chain. New competitors have also arrived on the billing system front. Comptel's growing partnership network is reflecting this situation.

Further restructuring in the industry

Further major restructuring took place in the industry during the year. Examples of this include acquisitions of Comptel's competitors during the financial year. Company management believes that subsequent to these vertical restructuring arrangements, Comptel's position as an independent supplier of mediation solutions has strengthened.

The future

Operators continue to invest heavily in network infrastructures. This means continued good growth prospects in the mediation market. Comptel's focus growth area, the mobile market, will strengthen. The number of subscribers in mobile networks run by Comptel's operator customers is poised for further growth.

The role of mediation software is likely to grow and become increasingly important in improving and maintaining our customers' competitiveness. Comptel is building new solutions around existing products and selling third-party software products.

Operators will continue to invest in GPRS networks, mediators and services during 2001. Comptel's market leadership on the GPRS market in 2000 provides it with a sound platform for continued success. The company's proven position in GPRS technology creates a good starting point for success in the 3G mediation market. Deliveries of 3G mediation software will have a minimal impact on turnover during the current year. The timing of the arrival of GPRS terminals on the market will affect the timing of volume based GPRS licence upgrades.

Company management believes that Comptel's turnover will continue to grow faster than the market as a whole during 2001. In 2001, the company will continue to invest in new growth sectors, in other words Comptel PASSAGe, Comptel Chinchilla and further expansion of its international sales network. Company management expects profitability to be at a good level and to clearly exceed the industry average.

Auditors

Comptel's auditors were SVH Pricewaterhouse Coopers Oy, authorised public accountants.

Board of Directors

Comptel Plc's Board of Directors during the period under review were Matti Mattheiszen, chairman, Erik Anderson, deputy chairman, Ann-Maj Majuri-Ahonen, Gunnulf Mårtenson and Vesa Silaskivi.

Board of Directors' proposal for the disposal of profits

The distributable equity shown in the consolidated balance sheet dated 31 December 2000 is FIM 163,881,966.98 and the distributable equity in the parent company balance sheet dated 31 December 2000 is FIM 163,842,663.98.

The Board of Directors proposes that a dividend of EUR 0.06 (approx. FIM 0.36) per share be paid on the 107,053,805 shares issued. This totals FIM 38,190,781.20.

Helsinki, 2 February 2001
Matti Mattheiszen

Erik Anderson   Ann-Maj Majuri-Ahonen   Gunnulf Mårtenson   Vesa Silaskivi

Heikki Tetri
Managing Director

Unless otherwise stated, this report examines group information, with Comptel Plc's figures for previous financial periods as comparative information.

Profit and loss account

FIM 1000	Notes	Group 1 Jan–31 Dec 2000	Parent company 1 Jan–31 Dec 1999	Parent company 1 Jan–31 Dec 2000
Turnover	2	358 827	232 238	358 167
Other operating income	3	2 024	458	2 020
Materials and services	4	39 380	22 870	52 624
Staff costs	5	115 792	80 527	108 702
Depreciation and value adjustments	6	15 959	11 213	13 884
Other operating charges	7	57 781	38 452	55 075
		228 912	153 062	230 285
Operating profit		131 939	79 634	129 902
Financial income and charges	8	5 441	4 512	6 856
Profit before extraordinary items		137 380	84 146	136 758
Extraordinary items		–	–	–
Profit before taxes [1]		137 380	84 146	136 758
Appropriations	9	–	3 325	1 960
Income taxes	10	40 705	23 464	42 143
Minority interests		–997		
Profit for the financial year		95 678	64 007	96 575

[1] In parent company Profit before appropriations and taxes

Balance sheet

FIM 1000	Notes	Group 31 Dec 2000	Parent company 31 Dec1999	Parent company 31 Dec 2000
Assets				
Fixed assets	11			
Intangible assets		11 587	7 337	11 055
Goodwill on consolidation		7 427	–	–
Tangible assets		26 930	18 547	22 897
Financial assets		2 094	2 449	12 642
		48 038	28 333	46 594
Current assets				
Short-term debtors	13	73 873	39 636	74 705
Cash in hand and at banks		193 862	122 110	190 653
		267 735	161 746	265 358
		315 773	190 079	311 952
Shareholder's equity and liabilities				
Shareholders' equity	14			
Subscribed capital		12 730	12 724	12 730
Share premium account		43 783	35 791	43 783
Retained earnings		69 131	15 985	67 268
Profit for the financial year		95 678	64 007	96 575
		221 322	128 507	220 356
Accrued appropriations	15	–	2 030	70
Minority interests		1 368	–	–
Provisions for liabilities and charges	16	7 565	1 300	7 565
Creditors				
Short-term creditors	18	85 518	58 242	83 961
		315 773	190 079	311 952

Cash flow statement

FIM 1000	Group 1 Jan–31 Dec 2000	Parent company 1 Jan–31 Dec 1999	Parent company 1 Jan–31 Dec 2000
Net cash inflow from operating activities			
Profit before extraordinary items	137 380	84 146	136 758
Adjustments:			
Depreciation according to plan	15 959	11 213	13 885
Unrealised exchange rate gains and losses	2 428	2 536	2 023
Other income and charges not involving payment	6 636	–4 050	6 265
Financial income and charges	–7 240	–4 512	–6 856
Other adjustments	–179	– 458	–2 020
Net cash inflow before change in net working capital	154 984	88 875	150 055
Change in net working capital:			
Increase (-)/decrease (+) in short-term zero-interest receivables	–30 753	–1 918	–34 599
Increase (-)/decrease (+) in short-term zero-interest borrowings	14 789	10 675	13 513
Net cash inflow from operating activities before financial items and taxes	139 020	97 632	128 969
Interest paid and payments for other financial charges for operating activities			
Dividends received from operating activities	4 327	1 738	4 295
Interest received from operating activities	–40	–7	–3
Taxes paid	–29 435	–23 237	–29 372
Net cash inflow from operating activities	113 872	76 126	103 889
Net cash inflow/outflow from investing activities			
Investments in tangible and intangible assets	–28 177	–16 945	–22 076
Proceeds from disposal of tangible and intangible assets	370	0	364
Investments in other financial assets	0	–1 555	–10 567
Investments in consolidated goodwill	–571	0	0
Proceeds from disposal of other financial assets	2 175	605	2 175
Purchase of shares in subsidiary undertakings	–1 819	0	0
Dividends received from investments	76	23	70
Taxes on proceeds from disposals	–587	–133	–586
Net cash inflow/outflow from investing activities, total	–28 533	–18 005	–30 620
Net cash inflow/outflow from financing			
Dividends paid	–12 724	–2 100	–12 724
Loan receivables	–863	238	0
Rights issue	0	35 791	6
Rights issue	0	0	7 992
Net cash inflow/outflow from financing	–13 587	33 929	–4 726
Change in cash flows	71 752	30 060	68 543
Liquid assets at 1 January	122 110	92 050	122 110
Liquid assets at 31 December	193 862	122 110	190 653
Change	71 752	30 060	68 543

Notes to the financial statements of 31 December 2000

1. Accounting principles

Consolidated financial statements

The consolidated financial statements comprise the accounts of the parent company Comptel Plc and those subsidiaries in which the parent company holds directly or indirectly more than 50 per cent of the votes conferred by shares. Those companies in which the parent company has a minimum of 20 per cent and a maximum of 50 per cent of the votes or in which it otherwise exercises significant control are accounted for as associated undertakings. As a rule, subsidiaries are consolidated from the month acquisition of the shares took place. An associated undertaking is generally consolidated from the moment it becomes an associate. Companies remaining dormant during the financial year and those having no material bearing on the consolidated financial results and equity are not consolidated.

Consolidation principles

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.

Minority interests are separated from the consolidated financial results and from the shareholders' equity and shown as separate items in the profit and loss account and balance sheet. 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. That part of the consolidation difference that cannot be allocated to a subsidiary's asset and liability items is shown as goodwill on consolidation. Goodwill on consolidation is depreciated over a period of five years in compliance with the main provision of law.

Associated undertakings are consolidated using the equity method. The share of associated undertakings' profit for the financial year is shown in the profit and loss account under Financial income and charges.

Comparability with the previous year

This is the first year that the company has prepared consolidated financial statements in its annual report. This means that no comparative data have been given at group level. No such changes have taken place in the accounting principles or business of the group/parent company that would weaken comparison with the previous year.

Turnover

Turnover is calculated on the basis of sales revenue less indirect sales taxes and other sales adjustment items. Debts reasonably likely to be uncollectible are valued booked as a credit loss in accordance with good accounting practice. Credit losses are shown under Other operating charges.

Sales capitalisation principles

General
Income from the sale of services is capitalised on their delivery, except for long-term projects, which are capitalised on the basis of degree of completion.

Long-term projects
Long-term projects are capitalised on the basis of degree of completion in compliance with Chapter 5, Section 4 of the Finnish Accounting Act. Minor projects are capitalised on delivery. One of the conditions of capitalisation on the basis of degree of completion is that it must be possible to estimate the profitability of each separate project. The degree of completion of a project is determined by the relation of accrued costs to estimated overall costs. If payment received from a customer for a product exceeds the degree of completion of that product, payment is booked under Equity as Advance payments.

Capitalisation of projects complies with the prudence concept. No profit is capitalised for projects at an early stage of completion. The total estimated margin of loss-making projects is booked as a charge and provision for liabilities and charges.

Cash flows are essentially hedged against currency fluctuations in respect of projects invoiced in a currency other than the domestic currency of the parent company.

Licence fees
Licence fees are capitalised on expiry of the guarantee period.

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

Software maintenance
Maintenance income is booked as income allocated to the maintenance period.

Programming
Programming is capitalised on the basis of work carried out.

Foreign currency items

The profit and loss accounts of foreign subsidiaries have been translated into Finnish marks at the average monthly rate quoted by the European Central Bank and the balance sheets at the average rates quoted at the balance sheet date. The ensuing translation difference is shown as separate item under Shareholders' equity.

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 Finnish marks using the average exchange rates quoted at 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
The company concludes forward exchange rate contracts to hedge against creditors and cash flows denominated in foreign currency. Derivative instruments are valued at the market value.

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 futures 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

Proceeds from the disposal of assets, etc. is booked under Other operating income.

Pension costs

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

Research and development costs

Research and development costs are booked as an expense in the financial period in which they occur. R&D contributions received are shown as a decrease in costs.

Rent

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

Taxes

Taxes for the financial year
Taxes for the financial year under review and for earlier years are booked under Taxes in the profit and loss account according to when paid.

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

Fixed assets and other long-term expenditure

The book value of fixed assets and other long-term expenditure is shown in the balance sheet as the original acquisition cost less accumulated planned depreciation. 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. Until the end of 1998, all fixed assets were depreciated over period of five years.

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 tax debt.

Goodwill on consolidation is depreciated over a period of five years.

Cash in hand and at banks

Cash in hand and at banks includes cash and bank account balances.

Shareholders' equity

The distribution of dividend proposed by the Board of Directors to the Annual General Meeting is not booked in the financial statements. Dividends are not taken into account until the decision of the Annual General Meeting.

Liabilities

The company reports future payments payable under leasing agreements and the nominal values and market value of unexpired derivative contracts.

Notes to the profit and loss account

FIM 1000	Group 1 Jan–31 Dec 2000	Parent company 1 Jan–31 Dec 1999	Parent company 1 Jan–31 Dec 2000
2. Turnover			
By geographical area			
Finland	118 064	89 380	117 404
Rest of Europe	131 057	87 429	131 057
Asia	60 001	27 780	60 001
North America	33 528	20 699	33 528
Australia	13 355	5 899	13 355
Africa	2 822	1 051	2 822
Total	**358 827**	**232 238**	358 167

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

The company operates in the telecommunications industry.

Income according to degree of completion

Figures are in FIM 1000			
Turnover capitalised according to degree of completion	96 750	57 810	96 750
Number of undelivered long-term projects capitalised during the financial year and previous years	19 782	17 887	19 782
Back orders of long-term projects capitalised according to degree of completion	16 123	11 600	16 123
Advances invoiced for long-term projects in the course of construction	31 018	22 999	31 018

A provision of FIM 895 000 for liabilities and charges has been booked in respect of long-term projects.

Notes to the profit and loss account

FIM 1000	Group 1 Jan–31 Dec 2000	Parent company 1 Jan–31 Dec 1999	Parent company 1 Jan–31 Dec 2000

3. Other operating income

Proceeds from the disposal of fixed assets	224	–	220
Proceeds from the disposal of shares	1 800	458	1 800
Total	**2 024**	**458**	2 020

4. Materials and services

Raw materials and consumables (supplies)			
Purchases during the financial year	12 153	3 560	13 258
External services	27 227	19 310	39 366
Total	**39 380**	**22 870**	52 624

5. Staff costs

Wages and salaries	87 350	64 201	81 581
Pension costs	14 553	10 528	13 624
Other social security costs	13 889	5 798	13 497
Total	**115 792**	**80 527**	108 702
Management salaries and fees			
Managing directors and deputies	2 809	–	2 638
Members and deputies of Board of Directors	151	–	54

Average number of persons employed by the group and parent company during the financial year

Finland	397	307	348
Asia	26	7	26
Australia	2	–	2
America	1	–	1
Total	**426**	**314**	377

Pension commitments in respect of members of Boards of Directors and managing directors

The retirement age of the parent company's Managing Director is set at 58 years.

Notes to the profit and loss account FIM 1000	**Group** **1 Jan–31 Dec 2000**	**Parent company** **1 Jan–31 Dec 1999**	Parent company 1 Jan–31 Dec 2000

6. Depreciation and value adjustments

Depreciation on intangible rights	2 523	2 019	2 448
Depreciation on other long-term expenditure	2 302	1 124	2 301
Depreciation on machinery and equipment	9 992	8 070	9 135
Depreciation on consolidated goodwill	1 142	–	–
Total	**15 959**	**11 213**	13 884

7. Other operating charges

Rent	8 942	7 596	8 401
Distribution costs	14 670	8 816	14 319
Other operating charges	34 169	22 040	32 355
Total	**57 781**	**38 452**	55 075

8. Financial income and charges

Share of loss of associated undertaking			
Share of loss of associated undertaking, total	1 800	–	–
Dividends received			
from others	76	23	70
Dividends received, total	76	23	70
Interest received and other similar income			
from group undertakings	–	1 231	3 923
from others	7 205	3 265	2 893
Interest received and other similar income, total	7 205	4 496	6 816
Interest paid and other similar charges			
to others	40	7	30
Interest paid and other similar charges, total	40	7	30
Financial income and charges, total	**5 441**	**4 512**	6 856
Net exchange gains and losses are included in Financial income and charges	2 023	2 535	2 023

9. Appropriations

Difference between planned depreciation and depreciation made in taxation	–	3 325	1 960
Total	**0**	**3 325**	1 960

Notes to the profit and loss account	**Group**	**Parent company**	Parent company
FIM 1000	**1 Jan–31 Dec 2000**	**1 Jan–31 Dec 1999**	1 Jan–31 Dec 2000

10. Income taxes

Income tax on extraordinary items			
Income tax on ordinary operations	43 090	23 464	42 143
Change in deferred tax liability / asset	–2 385	–	–
Taxes, total	**40 705**	**23 464**	42 143

Notes to the balance sheet

FIM 1000

11. Fixed assets

Fixed assets

Group	**Intangible assets**			
	Intangible rights	Goodwill on consolidation	Other long-term expenditure	Total
Acquisition cost at 1 Jan 2000	7 305		5 619	12 924
Increase	3 187	8 569	5 889	17 644
Disposal				
Decrease	549			549
Acquisition cost at 31 Dec 2000	9 943	8 569	11 508	30 019
Accumulated depreciation at 1 Jan 2000	3 314		2 273	5 588
Accumulated depreciation on decrease and transfers	–549			–549
Depreciation for the financial year	2 523	1 142	2 302	5 967
Accumulated depreciation at 31 Dec 2000	5 288	1 142	4 575	11 005
Book value at 31 Dec 2000	4 654	7 427	6 933	19 014

	Tangible assets
	Machinery and equipment
Acquisition cost at 1 Jan 2000	29 940
Increase	18 515
Disposal	689
Decrease	3 165
Acquisition cost at 31 Dec 2000	44 601
Accumulated depreciation at Jan 2000	11 393
Accumulated depreciation	–3 165
on decrease and transfers	–549
Depreciation for the financial year	9 992
Accumulated depreciation at 31 Dec 2000	17 671
Book value at 31 Dec 2000	26 930

Notes to the balance sheet

FIM 1000

Fixed assets

Parent company	**Intangible assets**		**Tangible assets**	
	Intangible rights	Other long-term expenditure	Machinery and equipment	Total
Acquisition cost at 1 Jan 2000	7 305	5 619	29 940	42 864
Increase	2 579	5 889	14 670	23 138
Disposal			2 099	2 099
Decrease	549		3 165	3 714
Acquisition cost at 31 Dec 2000	9 335	11 508	39 346	60 189
Accumulated depreciation at 1 Jan 2000	3 314	2 273	11 393	16 981
Accumulated depreciation on decrease and transfers	–549		–4 078	–4 627
Depreciation for the financial year	2 448	2 302	9 135	13 884
Accumulated depreciation at 31 Dec 2000	5 213	4 575	16 450	26 237
Book value at 31 Dec 2000	4 122	6 933	22 896	33 952

Fixed assets/Shares in associated undertakings and other financial assets

Group

	Shares in associated undertakings	Other shares	Total
Acquisition cost at 1 Jan 2000	1 555	895	2 450
Change	1 819		1 819
Disposal		–375	–375
Transfers between items	–1 800		–1 800
Acquisition cost at 31 Dec 2000	1 574	520	2 094
Book value at 31 Dec 2000	1 574	520	2 094

Fixed assets/Financial assets

Parent company	Shares in group undertakings	Shares in associated undertakings	Other shares	Total
Acquisition cost at 1 Jan 2000	895	1 555	–	2 450
Increase		1 819	8 749	10 568
Disposal/decrease	–375	0	0	–375
Transfers between items				
Acquisition cost at 31 Dec 2000	520	3 374	8 749	12 642
Book value at 31 Dec 2000	520	3 374	8 749	12 642

Notes to the balance sheet

FIM 1000

12. Group and parent company interests at 31 December 2000

	Registered office	Group interest, %	Parent company interest, %
Group undertakings			
Probatus Oy	Tampere	53.13	53.13
Business Tools Oy	Tampere	53.13	–
Comptel Communications Sdn Bhd	Kuala Lumpur, Malaysia	100.00	100.00
Comptel Communications Inc.	Arlington, USA	100.00	100.00
Comptel Communications Oy	Helsinki	100.00	100.00
Comptel PASSAGe Ltd	Helsinki	100.00	100.00
Associated undertakings			
Arcus Software Oy	Helsinki	23.42	23.42

The associated undertaking has been consolidated using the equity method.

Associated undertakings include undepreciated goodwill on consolidation of FIM 2 228 000.

	Group 31 Dec 2000	**Parent company 31 Dec1999**	Parent company 31 Dec 2000
13. Debtors			
Short-term			
Amounts owed by group undertakings			
Loans receivable	–	–	4 187
Trade debtors	–	10 406	13 839
Prepayments and accrued income	–	859	1 084
Amounts owed by group undertakings, total	0	11 265	19 110
Amounts owed by others			
Trade debtors	65 348	26 839	51 409
Loans receivable	863	–	–
Advance payments	290	–	–
Deferred tax asset	2 173	–	–
Prepayments and accrued income	5 199	1 532	4 186
Amounts owed by others, total	73 873	28 371	55 595
Short-term debtors, total	**73 873**	**39 636**	74 705

Prepayments and accrued income are almost entirely matching sales and purchases in the course of ordinary business.

Notes to the balance sheet FIM 1000	Group 31 Dec 2000	Parent company 31 Dec1999	Parent company 31 Dec 2000

14. Shareholders' equity

Subscribed capital at 1 Jan	12 724	1 050	12 724
Scrip issue	–	11 436	–
New issue	6	238	6
Subscribed capital at 31 Dec	12 730	12 724	12 730
Share premium account at 1 Jan	35 791	–	35 791
Issue premium	7 992	35 791	7 992
Share premium account at 31 Dec	43 783	35 791	43 783
Contingency fund at 1 Jan			
Scrip issue			
Contingency fund at 31 Dec			
Retained earnings at 1 Jan	81 810	28 696	79 992
Dividend paid	–12 724	–2 100	–12 724
Scrip issue	–	–10 611	–
Translation difference	45	–	–
Retained earnings at 31 Dec	69 131	15 985	67 268
Profit for the financial year	95 678	64 007	96 575
Shareholders' equity, total	**221 322**	**128 507**	220 356
Statement of distributable funds at 31 Dec			
Retained earnings	69 131	15 985	67 268
Profit for the financial year	95 678	64 007	96 575
Share of accumulated depreciation difference booked under shareholders' equity	–50	–	–
Other decrease	–877	–	–
Distributable funds, total	**163 882**	**79 992**	163 843

15. Accumulated appropriations

Accumulated depreciation difference at 1 Jan	–	5 355	2 030
Change in depreciation difference	–	–3 325	–1 960
Accumulated depreciation difference at 31 Dec	**0**	**2 030**	70

16. Provisions for liabilities and charges

Other provisions at 1 Jan	1 300	5 350	1 300
Increase during the financial year	7 565	–	7 565
Decrease during the financial year	–1 300	–4 050	–1 300
Provisions for liabilities and charges at 31 Dec	**7 565**	**1 300**	7 565

The increase in provisions for liabilities and charges includes a provision for social security contributions arising from the warrant programme and payable in 2000 and extra project work booked for long-term projects.

Notes to the balance sheet FIM 1000	Group **31 Dec 2000**	Parent company **31 Dec1999**	Parent company 31 Dec 2000

17. Deferred tax liabilities and assets

Deferred tax assets			
from matching differences	2 194	377	2 194
Total	2 194	377	2 194
Deferred tax liabilities			
from appropriations	20	589	20
Total	20	589	20
Deferred tax liabilities and assets, total	**2 174**	**–212**	2 174

Deferred tax assets have been calculated for provisions for liabilities and charges.

18. Short-term creditors

Amounts owed to group undertakings			
Trade creditors	–	1 506	948
Accruals and deferred income	–	–	–
Amounts owed to others			
Advances received	31 018	22 999	31 018
Trade creditors	7 391	6 285	8 357
Other creditors	6 917	3 429	5 312
Accruals and deferred income	40 192	24 023	38 326
Short-term creditors, total	**85 518**	**58 242**	83 961
Itemisation of accruals and deferred income			
Allocation of taxes	16 844	3 774	15 959
Allocation of staff costs	22 928	18 030	22 271
Other accruals and deferred income	420	2 219	96
Accruals and deferred income, total	**40 192**	**24 023**	38 326
Leasing commitments			
Amounts payable under leasing agreements	3 169	2 875	3 169
Amounts payable during the current year	1 698	1 597	1 698
Amounts payable later	1 471	1 278	1 471

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

Other liabilities			
Derivative instruments			
Figures in FIM 1000			
Forward exchange contracts			
Market value	468	–1899	468
Value of underlying instrument	19 169	35 423	19 169

Comptel Plc is part of the Elisa Communications Group. The company's parent company is Elisa Communications Corporation. The financial statements of Elisa Communications Corporation are available from Elisa's head office at Korkeavuorenkatu 35-37, FIN-00130 Helsinki, Finland.

Financial indicators in FIM

Financial indicators in FIM	1996	1997	1998	1999	2000
Five years financial summary					
Turnover, FIM 1000	76 635	98 118	151 564	232 238	358 827
Turnover, increase %	25.4	28.0	54.5	53.2	54.5
Operating profit, FIM 1000	10 189	14 795	29 425	79 634	131 939
Operating profit, increase %	132.5	45.2	98.9	170.6	65.7
Operating profit as % of turnover	13.3	15.1	19.4	34.3	36.8
Profit before extraordinary items and taxes, FIM 1000	10 349	15 916	29 475	84 146	137 380
Profit before extraordinary items and taxes as % of turnover	13.5	16.2	19.4	36.2	38.3
Profit before taxes, FIM 1000	7 349	12 916	23 475	84 146	137 380
Profit before taxes as % of turnover	9.6	13.2	15.5	36.2	38.3
Return on equity, % (ROE)	66.8	66.2	73.5	77.3	54.8
Return on investment, % (ROI)	95.4	100.4	106.5	102.4	77.9
Equity ratio, %	43.5	54.2	45.9	78.0	78.2
Gross fixed asset investments, FIM 1000	4 327	10 013	13 564	17 018	37 659
Gross fixed asset investments as % of turnover	5.6	10.2	8.9	7.3	10.5
Research and development costs, FIM 1000	[1]	[1]	10 607	16 204	32 947
Research and development costs as % of turnover	[1]	[1]	7.0	7.0	9.2
Back orders, FIM 1000	[2]	[2]	69 600	79 500	141 000
Average number of employees during the financial year	147	182	240	314	426
Net interest-bearing liabilities FIM 1000	–6 878	–9 127	–30 059	–122 110	–193 862
Gearing ratio, %	–52.8	–43.1	–83.7	–93.7	–87.1

[1] Research and development costs were not monitored in the present way during 1996 and 1997. Research and development costs exclude development work carried out in association with customer projects.

[2] Back orders were not monitored in the same way during 1996 and 1997.

Per share data					
EPS, FIM	0.07	0.11	0.20	0.60	0.90
Diluted EPS, FIM	0.07	0.11	0.20	0.60	0.89
Equity per share, FIM	0.12	0.20	0.34	1.22	2.07
Dividend per share, FIM [1]	0.01	0.02	0.02	0.12	0.36
Dividend payment ratio, % [1]	14.2	18.5	10.0	19.8	39.5
Effective dividend yield, %	n/a	n/a	n/a	0.14	0.39
P/E ratio	n/a	n/a	n/a	138.4	101.0

Per share data	1996	1997	1998	1999	2000
Adjusted number of shares at balance sheet date [2]	105 000 000	105 000 000	105 000 000	107 000 000	107 053 805
Adjusted average number of shares for the financial year	105 000 000	105 000 000	105 000 000	105 153 425	107 030 137
Number of diluting shares	105 000 000	105 000 000	105 000 000	107 530 155	108 191 773

[1] The Board of Directors recommends payment of a dividend of EUR 0.06, roughly FIM 0.36, for 2000.

[2] There were 105 shares until 22 October 1999, when the number of shares was increased to 21,000,000. The financial indicators have been calculated using 105,000,000 because the Annual General meeting held on 3 April 2000 resolved to split each Comptel share into five.

Formulae for financial summary indicators

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

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

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

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

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

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

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

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

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

Gearing ratio % $= \dfrac{\text{Interest-bearing liabilities – liquid assets}}{\text{Shareholders' equity}} \times 100$

Financial indicators in EUR

Financial indicators in EUR	1996	1997	1998	1999	2000
Five years financial summary					
Turnover, EUR 1000	12 889	16 502	25 491	39 059	60 350
Turnover, increase %	25.4	28.0	54.5	53.2	54.5
Operating profit, EUR 1000	1 714	2 488	4 949	13 393	22 191
Operating profit, increase %	132.5	45.2	98.9	170.6	65.7
Operating profit as % of turnover	13.3	15.1	19.4	34.3	36.8
Profit before extraordinary items and taxes, EUR 1000	1 741	2 677	4 957	14 152	23 106
Profit before extraordinary items and taxes as % of turnover	13.5	16.2	19.4	36.2	38.3
Profit before taxes, EUR 1000	1 236	2 172	3 948	14 152	23 106
Profit before taxes as % of turnover	9.6	13.2	15.5	36.2	38.3
Return on equity, % (ROE)	66.8	66.2	73.5	77.3	54.8
Return on investment, % (ROI)	95.4	100.4	106.5	102.4	77.9
Equity ratio, %	43.5	54.2	45.9	78.0	78.2
Gross fixed asset investments, EUR 1000	728	1 684	2 281	2 862	6 334
Gross fixed asset investments as % of turnover	5.6	10.2	8.9	7.3	10.5
Research and development costs, EUR 1000	[1]	[1]	1 784	2 725	5 541
Research and development costs as % of turnover	[1]	[1]	7.0	7.0	9.2
Back orders, EUR 1000	[2]	[2]	11 705	13 371	23 714
Average number of employees during the financial year	147	182	240	314	426
Net interest-bearing liabilities, EUR 1000	–1 156	–1 535	–5 055	–20 537	–32 605
Gearing ratio, %	–52.8	–43.1	–83.7	–93.7	–87.1

[1] Research and development costs were not monitored in the present way during 1996 and 1997. Research and development costs exclude development work carried out in association with customer projects.

[2] Back orders were not monitored in the same way during 1996 and 1997.

Per share data	1996	1997	1998	1999	2000
EPS, EUR	0.01	0.02	0.03	0.10	0.15
Diluted EPS, EUR	0.01	0.02	0.03	0.10	0.15
Equity per share, EUR	0.02	0.03	0.06	0.20	0.35
Dividend per share, EUR [1]	0.002	0.004	0.004	0.02	0.06
Dividend payment ratio, % [1]	14.2	18.5	10.0	19.8	39.5
Effective dividend yield, %	n/a	n/a	n/a	0.14	0.39
P/E ratio	n/a	n/a	n/a	138.4	101.0

Shares and shareholders

Subscribed capital and shares

The company's registered and fully paid share capital at the balance sheet date was EUR 2,141,076.10. Under the Articles of Association, the minimum and maximum share capital is EUR 2,100,000.00 and EUR 8,400,000.00 respectively.

Share split on 7 April 2000

Under a resolution passed by the Annual General Meeting of 3 April 2000, the number of Comptel Plc shares was increased without amending the share capital by splitting each share into five shares. The counter book value of each share was decreased from EUR 0.1 to EUR 0.02 accordingly. The record date was 7 April 2000.

Authorisations

The Annual General Meeting resolved to authorise the Board of Directors to decide within one year of the Meeting whether to increase the subscribed capital by one or more new issues, to decide whether to issue one or more convertible bond loans and/or issue warrants provided that such issuance of a convertible bond loan, 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 428,000.00.

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 loan and/or warrants.

The pre-emption rights of existing shareholders may be disapplied if there exists an important financial reason to do so 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 so 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 subject to certain conditions or by using the right of set-off.

Comptel's Board of Directors holds no authorisation to purchase the company's own shares.

Warrant programme 2000

Meeting on 3 April 2000, the Annual General Meeting decided to issue warrants to key personnel in the Comptel Group and to Comptel Plc's wholly-owned subsidiary.

It was decided to disapply the pre-emption rights of existing shareholders because the warrants are intended as part of an incentive scheme for key personnel. Some of the persons entitled to warrants belong to the company's inner circle. Persons belonging to this group and entitled to subscribe for shares own 0.021 per cent of the company's shares and votes. Shares available for subscription under the warrants now being issued account for 0.91 per cent of the company's shares and votes conveyed by them. Of the 1,000,000 warrants issued, 200,000 are to be endorsed with the letter A, 400,000 with the letter B and 400,000 with the letter C. The warrants may be exercised to subscribe to a maximum of 1,000,000 Comptel Plc 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 19.63), 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, 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. 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 under the warrants 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. Comptel Plc's subscribed capital may be raised by a maximum of 1,000,000 new shares or EUR 20,000.

During the period under review, 150,000 of these warrants were issued, giving entitlement to subscribe to 150,000 Comptel Plc shares.

Warrant programme 1999

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 may be exercised from 15 June 2001 and those with the letter B from 15 December 2002. The exercise period for both series of warrants expires on 15 June 2004.

Shares are subscribed at the company's head office or at any other place announced by the company. Subscribers shall relinquish the warrant entitling them to subscribe to the shares. The shares are payable upon subscription.

The total issue price for five shares is EUR 21.44 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 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 Plc shares.

Management interests

Members of the Board of Directors and the Managing Director own:

– a total of 0.161 per cent of the company's outstanding shares and warrants
– 0.010 per cent of the votes and share capital
– the warrants can give them 0.151 per cent of the votes and share capital

Quotation and trading

Comptel Plc shares are quoted on the Main List of the HEX Exchanges under the code CTL 1V.

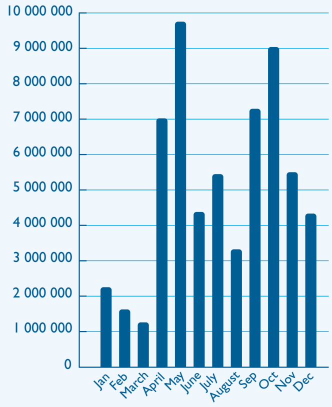
	1 Jan–31 Dec 2000	9–31 Dec 1999 *)
Closing price, EUR	15.35	13.97
Highest price, EUR	28.90	14.60
Lowest price, EUR	10.46	8.10
Weighted average trading price, EUR	18.63	–
Shares traded, (1000)	84 012.1	58 033.0
Shares traded, EUR billion	1 565.6	354.1
Market capitalisation, EUR billion	1 643.3	1 494.6

*) All per share figures are calculated using the counter value of EUR 0.02

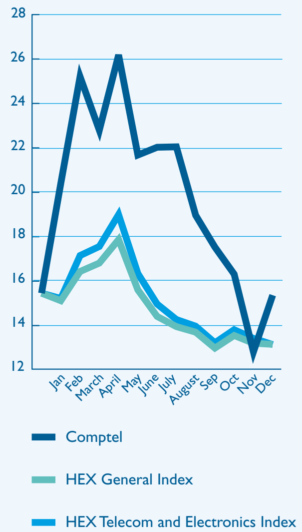
Largest shareholders at 31 January 2001

		Shares	% of shares and votes
1	Elisa Communications Corporation	62 250 000	58.1
2	Varma Sampo Mutual Pension Insurance Company	981 925	0.9
3	Merita Optima Fund	626 900	0.6
4	Ilmarinen Mutual Pension Insurance Company	429 000	0.4
5	Local Government Pensions Institution	410 300	0.4
6	Mutual Insurance Company Pension Fennia	390 000	0.4
7	LEL Employment Pension Fund	356 750	0.3
8	Sitra National Fund for Research and Development	351 850	0.3
9	Tapiola Mutual Pension Insurance Company	340 000	0.3
10	OP-Delta Mutual Fund	329 875	0.3
11	PT Pension Fund	319 825	0.3
12	Sampo-Leonia Insurance Company Plc	270 000	0.3
13	Suomi Mutual Life Assurance Company Ltd	270 000	0.3
14	Leonia Equity Fund	266 925	0.2
15	Tapiola General Mutual Insurance Company	254 000	0.2
16	Merita Life Assurance Ltd	244 185	0.2
17	Mutual Insurance Company Kaleva	220 000	0.2
18	Merita Fennia Fund	206 750	0.2
19	Alfred Berg Finland Unit Trust Fund	200 425	0.2
20	OP-Pirkka Mutual Fund	198 900	0.2
Nominee registered		20 632 007	19.27
Foreign ownership		167 830	0.16

Number of shares traded



Share performance in 2000, EUR



Analysis of shareholdings at 31 January 2001

Size of holding	Number of shareholders	%	Number of shares	%
1–10	92	0.32	668	0.00
11–25	680	2.35	16 455	0.02
26–50	1 114	3.84	54 062	0.05
51–100	1 967	6.79	180 428	0.17
101–500	21 793	75.21	3 751 001	3.50
501–1 000	1 647	5.68	1 266 797	1.18
1 001–5 000	1 337	4.61	2 871 863	2.68
5 001–10 000	132	0.46	967 725	0.90
10 001–100 000	162	0.56	5 025 864	4.69
100 001–1 000 000	49	0.17	11 582 398	10.82
over 1 000 000	2	0.01	81 336 544	75.98
Total	28 975	100.00	107 053 805	100.00

Shareholders by owner group at 31 January 2001

	Shares	% of total
Public companies	181 059	0.17
Private companies	64 614 267	60.36
Finance and insurance companies	7 221 524	6.73
Public sector entities	5 220 075	4.88
Non-profit making entities	1 313 175	1.23
Private households	7 703 868	7.20
Foreign	167 830	0.16
Nominee registered	20 632 007	19.27
Joint accounts and waiting list	0	0
Number of shares issued	107 053 805	100

Auditor's report

To the shareholders of Comptel Plc.

We have audited the accounting, the financial statements and the corporate governance of Comptel Plc. for the period from January 1, 2000 to December 31, 2000. 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 the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about 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 our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director 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 the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, February 14, 2001

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Henrik Sormunen
Authorised Public Accountant

Corporate governance

Under the provisions of the Finnish Companies Act and Comptel's Articles of Association, the supervision and corporate governance of the company is vested in the shareholders represented at the Annual General Meeting, the Board of Directors and the Managing Director.

Annual General Meeting

The Annual General Meeting decides on the adoption of the financial statements, the discharge from liability for members of the Board of Directors and the Managing Director, any action warranted by the profit or loss in the adopted balance sheet, any increase or decrease in the company's share capital and on any donations. The Annual General Meeting elects ordinary members to the Board of Directors and the company's auditors, deputy auditors or public accounting firm.

Board of Directors

The Board of Directors comprises between three and six members as determined by the Annual General Meeting. The Board of Directors elects a chairman and deputy chairman from among its members. The Board of Directors convenes at the invitation of the chairman as often as the company's business requires. Under the provisions of the Finnish Companies Act, the Board of Directors is responsible for the corporate governance of the company, and for supervising the proper organisation of the company's business, bookkeeping and financial management.

From the left:
Vesa Silaskivi, Ann-Maj Majuri-Ahonen, Matti Mattheiszen, Erik Anderson ja Gunnulf Mårtenson

Managing Director

Under the provisions of the Finnish Companies Act, the Managing Director is responsible for the everyday administration of the company acting in accordance with the instructions and orders issued by the Board of Directors. The Managing Director is responsible for ensuring that the company's bookkeeping has been legally arranged and that the company's finances have been reliably managed.

Members of the Board of Directors

Matti Mattheiszen, born 1942, MSc (Eng), chairman of the Board of Directors since 2000, President and CEO, Elisa Communications Corporation
Erik Anderson, born 1943, LLM, deputy chairman of the Board of Directors since 2000, Managing Director of Aktia Savings Bank
Ann-Maj Majuri-Ahonen, born 1946, MSc (Econ & Bus Adm), member of the Board of Directors since 1994, Senior Vice President, Elisa Communications Corporation
Gunnulf Mårtenson, born 1940, LicTech, member of the Board of Directors since 2000, Managing Director of EPstar Ltd
Vesa Silaskivi, born 1966, LicSc (Econ & Bus Adm), LLM, member of the Board of Directors since 2000, Senior Vice President, Elisa Communications Corporation

Managing Director

Heikki Tetri, born 1944, student of mathematics, Managing Director since 1986

Auditors

SVH Pricewaterhouse Coopers Oy, authorised public accountants, with Henrik Sormunen APA as the principal auditor

Executive Board

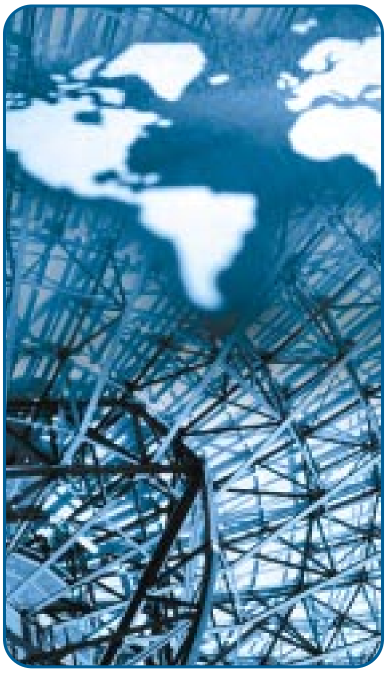
Comptel Plc's Executive Board comprises the Managing Director and eight company directors.

Heikki Tetri, born 1944, chairman of the Executive Board
Jari Annala, born 1967, MSc (Eng), Executive Vice President, R&D, joined the company in 1990
Ari Asikainen, born 1954, MSc (Econ & Bus Adm), Executive Vice President, Finance and Administration, joined the company in 1990
Jorma Heinonen, born 1954, telecommunications engineer, Senior Executive Vice President, MDS business, joined the company in 1996
Jarkko Jylhä, born 1949, MA, Senior Executive Vice President, System Services, joined the company in 1986
Mikael Nygård, born 1949, student of philosophy, Executive Vice President, MDS business, Americas, joined the company in 1988
Markku Penttinen, born 1961, MSc (Eng) Executive Vice President, MDS Services, joined the company in 1986
Ilkka Salonen, born 1965, MSc (Econ & Bus Adm), CEFA, Executive Vice President, Corporate Planning, joined the company in 2000
Jorma Turunen, born 1956, MSc (Eng), eMBA, Executive Vice President, MDS business, EMEA, joined the company in 2000

In addition to the above, the following directors belong to Comptel Group's Executive Board

Antti Jukarainen, born 1967, MSc (Eng), Managing Director of Comptel Communications Sdn Bhd, joined the company in 2001
Arvo Mustonen, born 1954, engineer, Managing Director of Comptel PASSAGe Ltd, joined the company in 2000

From the left:
Ari Asikainen, Ilkka Salonen, Jarkko Jylhä, Heikki Tetri, Jorma Heinonen, Jorma Turunen, Markku Penttinen, Jari Annala



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Portugal
Romania
Russia

Saudi Arabia
Singapore
Slovak Republic
Spain
Sweden
Switzerland

Taiwan
Thailand
Turkey

UK
USA

Venezuela

Abbreviations used in the annual report

2.5G, 3G, 4G	So-called 2.5, 3rd or 4th generation mobile phone network
3D	Three-dimensional
CBA	Customer Behaviour Analysis
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications
IP	Internet Protocol
IPDR	IP Detail Record
IT	Information Technology
J2EE	Java™ 2 Platform, Enterprise Edition
PKI	Public Key Infrastructure
QoS	Quality of Service
SMS	Short Message Service
UMTS	Universal Mobile Telecommunications System
VoIP	Voice over IP
WAP	Wireless Application Protocol
WLAN	Wireless Local Area Network

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