ELISA CORPORATION   STOCK EXCHANGE RELEASE 8 APRIL 2005 AT 8.30am

ELISA’S COMPARATIVE IFRS INFORMATION FOR 2004

As from the beginning of 2005, the Finnish Accounting Standards (FAS) have been replaced by International Financial Reporting Standards (IFRS) in Elisa Corporation’s consolidated reporting. Elisa will disclose its IAS 34 compliant first quarter interim report on Thursday, 28 April 2005.

This release includes the reconciliation of the equity and profit as per transition date and comparative quarterly accounts, as well as the quarterly income statements, balance sheets, segment information and key ratios for 2004. Cumulative comparative information for 2004 is available on Elisa’s Web site at elisa.fi. There are no substantial differences between the cash flow statement pursuant to the IFRS and FAS standards.

Elisa uses the exemptions allowed by the IFRS 1 standard for the retrospective application of single standards. The most significant exemption concerns business combinations carried out before the transition date. These acquisitions of subsidiaries and associates are consolidated at original cost or consolidation method. The IFRS 3 standard is applied to acquisitions subsequent to 1 January 2004. Impairment tests have been performed, and no impairments are recorded in the balance sheet of the transition date nor are impairments booked in the balance sheet of the subsequently terminated financial period.

An exemption is used for pensions classified as defined benefit plans. According to this, the IAS 19 standard is not applied retrospectively, but at the date of transition the liability of defined benefit plans are recognised in the opening balance sheet and at fair value valid at the time. Revaluations of non-current assets are reversed. After the adjustment the group’s total non-current assets are based on original acquisition costs.

Key income statement items	FAS 1-12/2004	Change	IFRS 1-12/2004
Revenue, EURm	1 356		1 356
EBITDA, EURm	432	22	455
Depreciation, EURm	-239	26	-213
EBIT, EURm	193	48	242
Financial income and expenses, EURm	-27	-2	-29
Profit before taxes, EURm	166	46	212
Net profit for the period, EURm	107	45	152
Earnings per share, EUR	0.78	0.32	1.10

Key balance sheet items	FAS 12/2004	Change	IFRS 12/2004
Non-current assets, EURm	1 253	124	1 377
Current assets, EURm	488	-2	486
Equity and minority interest, EURm	885	30	915
Non-current liabilities, EURm	566	93	658
Current liabilities, EURm	274	17	291
Provisions for liabilities and charges, EURm	17	-17	0

Key financial ratios	FAS 1-12/2004	Change	IFRS 1-12/2004
Interest-bearing net liability, EURm	411	51	462
Return on capital employed (ROCE), %	13.6%	2.1%	15.7%
Return on equity (ROE), %	13.7%	5.5%	19.2%
Equity ratio, %	51.1%	-1.8%	49.3%
Gearing ratio, %	46.4%	4.2%	50.6%

Adopting the IFRS reporting does not cause changes to revenue. The percentage completion method pursuant to IAS 11 has in principal part been used since the beginning of 2003.

The improved EBITDA is mainly due to EUR 11 million finance lease agreements and the effect of the treatment of EUR 11 million defined benefit pensions. The abolishment of goodwill amortisation will reduce depreciation by EUR 45 million. New depreciation of EUR 18 million is made on finance lease assets. Adopting the treatment of financial instruments in compliance with IAS 39 and the interests of the finance lease agreements will not have a significant impact on financial income and expenses. The effect of the transition on the 2004 taxes will not be substantial.

The increase in the balance sheet is mainly due to the reversal of goodwill amortisation, finance lease handling as well as due to derecognising the offsetting of tax assets and liabilities carried out in 2004. Shifting to amortised cost in loan recognition instead of nominal value will reduce the balance sheet by EUR 14 million. In accordance with IFRS, the minority interest is presented under equity. A GSM network provision of EUR 7 million relating to finance lease agreements under provisions for liabilities and charges will be derecognised. Other provisions of EUR 11 million are grouped under non-current liabilities.

The differences between IFRS standards and FAS in this release are listed under ‘attached data’. Principal changes in accounting principles are described after the attached data.

The IFRS figures are unaudited.

A conference call for investors and analysts will commence at 13.00 Finnish time. The telephone number for the conference is +358 9 8248 5799, pin code 4310.

ELISA CORPORATION

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Statement of changes in equity

(EUR million)	Note	1.1.2004	31.3.2004	30.6.2004	30.9.2004	31.12.2004
Consolidated equity according to FAS		699	731	735	760	851
Effects of transition to IFRS						
Amortisation on consolidated goodwill	1		11	23	34	45
Employee benefits	2	-24	-23	-22	-20	-14
Leases	3	5	-2	-1	-1	-5
Revaluations of tangible assets	4	-11	-11			
Financial instruments	5	1	1	0	1	1
Other adjustments	6	2	2	2	2	2
Income tax	7	3	5	4	3	4
IFRS adjustments, total		-25	-18	5	18	33
Equity held by parent company shareholders		674	713	741	778	884
Minority interest according to FAS		77	76	65	64	34
IFRS adjustments	8	-4	-4	-4	-4	-3
Equity held by parent company shareholders, IFRS		73	71	61	60	31
Equity according to IFRS		748	784	802	838	915

Statement of changes in net profit

(EUR million)	Note	January-March 2004	April-June 2004	July-September 2004	October-December 2004
Net profit according to FAS		32	15	24	36
Effects of transition to IFRS					
Consolidated goodwill	1	11	11	11	11
Employee benefits	2	1	1	1	7
Leases	3	-7	1	1	-4
Financial instruments	5	0	0	0	0
Others	6	0	0	0	0
Income tax	7	2	-1	-1	-1
IFRS adjustments, total		7	12	13	13
Net profit according to FAS		38	27	38	48

Items presented in the tables for each row have been rounded.

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CONSOLIDATED INCOME STATEMENT

(EUR million)

	Note	FAS January-March 2004	IFRS January-March 2004	Diff.	FAS April-June 2004	IFRS April-June 2 004	Diff.
Revenue		333	333	0	339	339	0
Other operating income		7	7	0	4	4	0
Operating expenses		-221	-220	1	-248	-242	6
Depreciation and impairments:							
On tangible assets		-49	-53	-4	-49	-53	-4
On consolidated goodwill	1	-11	0	11	-11	0	11
EBIT		59	67	8	35	48	13
Financial income and expenses:							
Income from associates	1	0	0	0	-1	0	1
Other financial income and expenses	3,5	-8	-10	-2	-7	-7	0
Profit before tax		51	56	5	28	41	13
Income tax	7	-18	-17	1	-11	-12	-1
Minority interest	8	-1	-1	0	-2	-2	0
Net profit for the period		32	38	6	15	27	12
Earnings per share, basic (EUR/share)		0,23	0,28	0,05	0,11	0,20	0,09
Earnings per share, diluted (EUR/share)		0,23	0,28	0,05	0,11	0,20	0,09

CONSOLIDATED INCOME STATEMENT

(EUR million)

	Note	FAS July-September 2004	IFRS July-September 2004	Diff.	FAS October-December 2004	IFRS October-December 2004	Diff.
Revenue		333	333	0	351	351	0
Other operating income		1	0	-1	20	16	-4
Operating expenses	2,3,6	-229	-222	7	-257	-245	12
Depreciation and impairments:							
On tangible assets	3,6	-49	-54	-5	-48	-53	-4
On consolidated goodwill	1	-11	0	11	-11	0	11
EBIT		45	57	12	55	69	15
Financial income and expenses:							
Income from associates	1	0	0	0	2	1	0
Other financial income and expenses	3,5	-8	-7	1	-5	-6	-1
Profit before tax		36	50	13	51	65	14
Income tax	7	-11	-11	0	-13	-13	-1
Minority interest	8	-1	-1	0	-3	-3	0
Net profit for the period		24	38	13	36	48	13
Earnings per share, basic (EUR/share)		0,18	0,27	0,09	0,26	0,35	0,09
Earnings per share, diluted (EUR/share)		0,18	0,27	0,09	0,26	0,35	0,09

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CONSOLIDATED BALANCE SHEET

(EUR million)	Note	FAS 31.12. 2003	IFRS 1.1. 2004	Diff.	FAS 31.3. 2004	IFRS 31.3. 2004	Diff.	FAS 30.6. 2004	IFRS 30.6. 2004	Diff.
Non-current assets										
Intangible assets	1,6	64	56	-8	54	48	-6	58	57	0
Consolidated goodwill	1	460	460	0	446	457	11	439	457	18
Tangible assets	3,4,6	856	1 006	149	711	777	66	678	750	72
Investments in associates	6	20	15	-5	17	12	-4	16	12	-4
Available-for-sale financial assets	1,5,6	12	9	-3	11	8	-3	11	7	-4
Receivables	5	3	2	-1	42	41	-1	47	46	-1
Deferred tax asset	7	82	123	42	90	129	40	63	104	42
		1 497	1 671	174	1 371	1 473	102	1 312	1 435	123
Current assets										
Inventories		16	16	0	14	14	0	15	15	0
Tax asset		1	1	0	0	0	0	7	7	0
Trade and other receivables	5	348	356	8	374	375	0	258	259	0
Financial asset recognised in profit or loss		6	6	0	24	24	0	114	114	0
Cash and cash equivalents		61	61	0	44	43	0	39	39	0
		433	440	8	456	456	0	433	433	0
Total assets		1 930	2 112	182	1 827	1 929	102	1 745	1 868	123
Capital and reserves										
Issued capital		69	69	0	69	69	0	69	69	0
Capital paid-in in excess of par value		517	517	0	517	517	0	517	517	0
Reserve fund		3	3	0	3	3	0	3	3	0
Revaluation reserve		0	0	0		0	0		0	0
Treasury shares		-25	-25	0	-25	-25	0	-25	-25	0
Retained earnings		135	110	-25	135	110	-25	125	111	-14
Net profit for the period					32	38	6	46	65	19
Minority interests	8		73	73		71	71		61	61
		699	748	49	731	784	53	735	802	67
Minority interests	8	77		-77	75		-75	66		-66
Provisions for liabilities and charges	3	52		-52	31		-31	24		-24
Non-current liabilities										
Retirement benefit obligation	2		24	24		23	23		22	22
Deferred tax liability	7		40	40		36	36		40	40
Provisions	6		26	26		22	22		17	17
Non-current liabilities	3,5	617	755	138	562	616	54	561	612	51
		617	845	228	562	698	136	561	691	130
Current liabilities										
Current portion of non-current liabilities		102	102	0	102	102	0	101	101	0
Tax liability		3	3	0	4	4	0	11	11	0
Current liabilities	3	380	414	34	322	342	19	247	263	16
		485	519	34	428	447	19	359	375	16
Total equity and liabilities		1 930	2 112	182	1 827	1 929	102	1 745	1 868	123

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CONSOLIDATED BALANCE SHEET (EUR million)	Note	FAS 30.9. 2004	IFRS 30.9. 2004	Diff.	FAS 31.12. 2004	IFRS 31.12. 2004	Diff.
Non-current assets							
Intangible assets	1,6	55	55	0	63	76	13
Consolidated goodwill	1	428	457	29	441	466	26
Tangible assets	3,4,6	665	736	71	650	724	74
Investments in associates	6	16	12	-4	16	12	-5
Available-for-sale financial assets	1,5,6	11	7	-4	13	10	-2
Receivables	5	61	47	-14	58	46	-11
Deferred tax asset	7	48	86	38	14	43	29
		1 283	1 400	117	1 253	1 377	124
Current assets							
Inventories		15	15	0	15	15	0
Tax asset		3	3	0			0
Trade and other receivables	5	302	302	0	310	308	-2
Financial asset recognised in profit or loss		129	129	0	96	96	0
Cash and cash equivalents		89	89	0	67	67	0
		538	538	0	488	486	-2
Total assets		1 821	1 938	117	1 741	1 864	122
Capital and reserves							
Issued capital		69	69	0	71	71	0
Capital paid-in in excess of par value		517	517	0	562	562	0
Reserve fund		3	3	0	3	3	0
Revaluation reserve			-1	-1		0	0
Treasury shares		-25	-25	0	-3	-3	0
Retained earnings		125	111	-14	111	99	-12
Net profit for the period		71	103	32	107	152	45
Minority interests	8		60	60		31	31
		760	838	78	851	915	64
Minority interests	8	64		-64	34		-34
Provisions for liabilities and charges	3	21		-21	17		-17
Non-current liabilities							
Retirement benefit obligation	2		20	20		15	15
Deferred tax liability	7		38	38		30	30
Provisions	6		14	14		10	10
Non-current liabilities	3,5	574	608	34	566	604	38
		574	680	107	566	658	93
Current liabilities							
Current portion of non-current liabilities		101	101	0	0	0	0
Income tax liability		5	5	0	2	2	0
Current liabilities	3	297	314	17	272	289	17
		403	420	17	274	291	17
Total equity and liabilities		1 821	1 938	117	1 741	1 864	123

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EBITDA BY SEGMENT (EUR million)	EBITDA Jan-March 2004 FAS	2004 IFRS	Diff.	EBITDA Apr-June 2004 FAS	2004 IFRS	Diff.
Segment: Mobile communications	66	64	-2	44	47	3
Consolidated entries						
Total	66	64	-2	44	47	3
Segment: Fixed network	52	55	3	45	48	3
Consolidated entries						
Total	52	55	3	45	48	3
Other companies						
Comptel	3	3	0	5	6	1
Other companies*)	0	0	0	0	-1	-1
Consolidated entries						
Total	3	3	0	5	5	0
Unallocated expenses **)	-2	-2	0	1	1	0
Group, total	119	120	1	95	101	6

	EBITDA July-Sept 2004 FAS	2004 IFRS	Impact of transition to IFRS	EBITDA Oct-Dec 2004 FAS	2004 IFRS	Impact of transition to IFRS
Segment: Mobile communications	57	60	3	52	57	5
Consolidated entries						
Total	57	60	3	52	57	5
Segment: Fixed network	47	50	3	42	48	6
Consolidated entries						
Total	47	50	3	42	48	6
Other companies						
Comptel	3	3	0	5	6	1
Other companies*)	0	1	1	1	1	0
Consolidated entries **)						
Total	3	4	1	6	7	1
Unallocated expenses **)	-2	-2	0	14	10	-4
Group, total	105	112	7	114	122	8

*)Includes Yomi IT companies and the parent company of Yomi Group, for instance.
**) Includes corporate staff and corporate administration

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EBIT BY SEGMENT
(EUR million)

	EBIT Jan-March 2004 FAS	EBIT Jan-March 2004 IFRS	Diff.	EBIT Apr-June 2004 FAS	EBIT Apr-June 2004 IFRS	Diff.
Segment: Mobile communications	45	42	-3	25	25	0
Amortisation of consolidated goodwill	-8		8	-10		10
Total	37	42	5	15	25	10
Segment: Fixed network	26	27	1	20	20	0
Amortisation of consolidated goodwill	-1		1	-1		1
Total	25	27	2	19	20	1
Other companies						
Comptel	3	3	0	5	4	-1
Other companies*)	-2	-1	1	-2	0	2
Amortisation of consolidated goodwill						
Total	1	1	0	3	4	1
Unallocated expenses **)	-4	-4	0	-2	-1	1
Group, total	59	67	8	35	48	13

	EBIT July-Sept 2004 FAS	EBIT July-Sept 2004 IFRS	Diff.	EBIT Oct-Dec 2004 FAS	EBIT Oct-Dec 2004 IFRS	Diff.
Segment: Mobile communications	35	36	1	32	35	3
Amortisation of consolidated goodwill	-10		10	-10		10
Total	25	36	11	23	35	13
Segment: Fixed network	21	24	3	16	20	4
Amortisation of consolidated goodwill				-1		1
Total	21	24	3	15	20	5
Other companies						
Comptel	3	3	0	5	5	0
Other companies*)	-2	-2	0	-1	-1	0
Amortisation of consolidated goodwill				0		0
Total	1	1	0	3	4	1
Unallocated expenses **)	-3	-3	0	13	10	-3
Group, total	45	57	12	55	69	15

*)Includes Yomi IT companies and the parent company of Yomi Group, for instance.
**) Includes corporate staff and corporate administration

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KEY FIGURES	FAS 31.12. 2003	IFRS 1.1. 2004	Diff.
Equity/share, (EUR)	5,09	4,91	-0,18
Gearing ratio	87 %	114 %	
Equity ratio	40 %	36 %	
Interest-bearing liabilities, (EUR million)	747	922	176
Non-interest bearing liabilities, (EUR millior	407	442	35
Adjusted number of shares on average	137 320 789	137 320 789	
Adjusted number of shares at the balance sheet date	137 320 789	137 320 789	

	FAS 31.3. 2004	IFRS 31.3. 2004	Diff.	FAS 30.6. 2004	IFRS 30.6. 2004	Diff.
Equity/share, (EUR)	5,32	5,19	-0,13	5,36	5,40	0,04
Gearing ratio	76 %	87 %		64 %	72 %	
Equity ratio	44 %	41 %		46 %	43 %	
Interest-bearing liabilities, (EUR million)	680	754	74	666	733	67
Non-interest bearing liabilities, (EUR millior	341	391	51	278	333	55
Adjusted number of shares on average	137 320 789	137 320 789		137 320 789	137 320 789	
Adjusted number of shares at the balance sheet date	137 320 789	137 320 789		137 320 789	137 320 789	

	FAS 30.9. 2004	IFRS 30.9. 2004	Diff.	FAS 31.12. 2004	IFRS 31.12. 2004	Diff.
Equity/share, (EUR)	5,54	5,67	0,13	6,00	6,23	0,23
Gearing ratio	56 %	61 %		46 %	51 %	
Equity ratio	45 %	43 %		51 %	49 %	
Interest-bearing liabilities, (EUR million)	679	730	52	573	625	52
Non-interest bearing liabilities, (EUR millior	319	370	51	283	324	41
Adjusted number of shares on average	137 320 789	137 320 789		137 569 703	137 569 703	
Adjusted number of shares at the balance sheet date	137 320 789	137 320 789		141 778 437	141 778 437	

Notes on the IFRS tables

1. Goodwill

Subsidiaries and associates acquired before 1 January 2004 are consolidated by using the acquisition cost or consolidation method in accordance with FAS. The IFRS 3 standard applies to acquisitions made after 1 January 2004.

The depreciation according to plan on consolidated goodwill pursuant to FAS has been reversed. The annual impact of the reversal is EUR 45 million. The total amount of goodwill in the balance sheet of the transition date as at 1 January 2004 was EUR 462 million. Of the acquisition of Finnet International Ltd in June 2004, EUR 3.5 million was targeted at intangible assets. EUR 11.2 million from the acquisition of Yomi Plc was directed to customer relationships, EUR 1.6 million to available-on-sale IT business, and EUR 8.9 million was recognised as goodwill. On 31 December 2004, the total amount of goodwill was EUR 473 million.

2. Employee benefits

The pension security and supplementary pension arrangements of the statutory Finnish pension scheme (TEL), which in principal are taken care by the Elisa Pension Fund, are calculated as a defined benefit plan in the balance sheet as at the transition date. In defined benefit pensions, the IAS 19 standard is not applied retrospectively, but on the transition date the liability of defined benefit plan is booked in the opening balance at fair value valid at the time (pension liability on 1 Jan 2004 EUR 24m).

Due to the changes in calculation bases approved by the Ministry of Social Affairs and Health in December 2004, the disability element of TEL is calculated as a defined contribution plan in the IFRS balance sheet as per 31 December 2004. As a consequence of this, the TEL liability arranged in insurance companies and entered in the balance sheet on the day of the transition was capitalised in total in the fourth quarter 2004. The liability for the employment pension and supplementary pension security arranged in the Pension Fund was capitalised during the last quarter of 2004. This was due to the amendments in the TEL legislation and the layoffs taken place during 2004. The treatment of the retirement benefit obligation arranged in the Pension Fund will continue as a defined benefit plan. The balance sheet as at 31 December 2004 included EUR 14.8 million defined benefit liability, of which the share of the Pension Fund arrangements accounts for 12.8 million, the company’s own liability EUR 1.7 million, and the share of insurance company arrangements EUR 0.3 million.

3. Leases

The Elisa group has categorised several leases to be treated as finance lease agreements in accordance with the IAS 17 Leases standard. The most significant changes in the categories apply to the leasing and rental agreements of the telecom network, leasing and rental agreements of IT servers and a number of real estate. According to the previous practice, these agreements were disclosed in notes under leasing and rental liabilities.

The share of the telecom premises, EUR 3.6 million, from the capital gain on the former main office is reversed because a long-term agreement was signed on the premises. The agreement is classified as a finance lease agreement, For this part, the capital gain will be capitalised during the lease period.

Assets leased through finance lease agreements less accumulated depreciation are booked under property, plant and equipment, and correspondingly, liabilities from the agreement are recognised as interest-bearing liabilities. Leases generated by finance lease agreements have been replaced by entries in financial expenses and repayment of debt.

At the end of 2004, tangible assets included finance lease assets of EUR 59 million (EUR 146m on 1 Jan 2004) and liabilities included finance lease liability of EUR 72 million (EUR 179m on 1 Jan 2004). The balance sheet of the transition date included EUR 72 million Germany-based finance lease assets and finance lease liability of EUR 79 million. Provisions of EUR 7 million (EUR 30m on 1 Jan 2004) from the provisions for liability and charges pursuant to FAS were reversed on the GSM network.

4. Revaluation of tangible assets

Revaluations recognised in the carrying amounts of real estate in accordance with FAS have been reversed (EUR 11m on 1 Jan 2004). After the adjustment the group's non-current assets are entirely based on original acquisition costs.

5. Financial instruments

Elisa complies with the IAS 39 standard as of 1 January 2004.

In accordance with FAS, borrowings are valued at their amortised cost instead of nominal capital. The change in the value method will reduce the interest-bearing net liability by EUR 13.4 million during the third quarter 2004.

The group's derivative contracts consist of Comptel Corporation's forward currency contracts. Comptel adopted hedge accounting on 1 January 2005, and the company has deployed FAS in handling forward currency contracts in its comparative information. Forward currency contracts are measured at fair value in Elisa's opening balance sheet and re-valued at fair value at the end of comparative annual quarters. Changes in value are recognised as income in financial income and expenses.

The treatment of financial instruments had no major impact on the 2004 result.

6. Other adjustments

The capitalisation principles relating to product development have been specified mainly for the part of the capitalisation of own work. After the adjustment of software product development expenses, intangible assets rose by EUR 3.0 million in 2004 (EUR 2.9m on 1 Jan 2004).

Equities which entitle to the management of real estate companies are consolidated by using the proportionate consolidation method in accordance with IAS 31. As a result of the consolidation, the item presented as the value of the equities is principally reported as part of the buildings.

The anticipated dismantlement costs of treated telephone poles are recognised as environmental liability. Dismantlement costs, EUR 1.7m on 1 Jan 2004, are capitalised in non-current assets. The corresponding debt is presented under provisions.

Elisa will apply the IFRS 2 Share-based Payment standard to all stock option schemes in which the options have been granted after 7 November 2002 and which do not vest before 1 January 2005. Option arrangements prior to this have not been presented as expenses in the income statement. Stock options are measured at fair value at the time they are granted, and they are expensed on a straight-line basis in the income statement over the period from the date they were granted to commencement of the right to exercise them. The fair value of the options is determined on the basis of the Black-Scholes pricing model. Stock options granted to the personnel pursuant to the application of this standard exist in Elisa's subsidiary Comptel. The impact on earnings was not substantial in 2004.

Reporting lines in the income statement and balance sheet have also been regrouped.

7. Income tax

Deferred taxes have been entered for IFRS adjustments causing temporary differences. Deferred taxes are not recognized for goodwill and other permanently tax free or non-deductible items.

The deferred tax assets and liabilities settled on a net basis according to FAS have been derecognised. Deferred tax liabilities are grouped under non-current liabilities in IFRS reporting.

8. Minority interests

The changes brought about by IFRS reporting also concern subsidiaries with minority interests. These changes have an effect on the respective subsidiaries' equity and thereof on the group's minority interests. Minority interests are grouped under corporate equity in IFRS reporting.

PRINCIPAL CHANGES IN ACCOUNTING PRINCIPLES

Consolidation principles

Business combinations before the date of transition to IFRS on 1 January 2004 are reported as they were recognized under FAS. Acquisitions after 1 January 2004 are recognised in accordance with IFRS 3.

In accordance with IAS 36, depreciation according to plan is no longer made on goodwill but is instead tested annually for impairment. Goodwill is allocated to the segments. Impairment tests in segments are performed at the date of the transition, and annually thereafter and always when there is a particular reason.

In accordance with IAS 31, equities of real estate companies are consolidated by using the proportionate consolidation method. As a result of the consolidation, the item presented as the value of the equities is principally reported as part of the buildings.

Segment-specific information

Business segments are defined as Elisa's primary segments under IFRS reporting: Fixed network business, Mobile communications and Other businesses. Thus, the segment breakdown of the present reporting will not change when transferring to IFRS reporting.

Geographical segments – Finland and Other countries – are defined as secondary segments under IFRS reporting.

Property, plant and equipment

Leases

In Elisa, several leases have been classified to be treated as finance lease agreements in compliance with the IAS 17 Leases standard. The most significant changes in the classifications concern the leasing and rental agreements of the telecom network, IT servers and leasing and rental agreement of a number of real estate.

Property rented with finance lease agreements less accumulated depreciation is booked under property, plant and equipment, and obligations from the agreements are correspondingly recognised in interest-bearing liabilities. Rents due to finance lease agreements are replaced by entries in financial expenses and repayment of debt. The assets financed with finance leasing agreements pursuant to the IAS 17 standard are capitalised in the balance sheet and amortised in accordance with the depreciation plans relating to property, plant and equipment during the economic life of the commodity or during a shorter period of the lease agreement.

Revaluations

Revaluations recognised in the carrying amounts of real estate in accordance with FAS have been reversed in the IFRS balance sheet. After the adjustment the group's non-current assets are entirely based on original acquisition costs.

Financial instruments

Investments in equity instruments, except for investments in associates and real estate companies, are classified as available-for-sale instruments. Investments in equity instruments are valued at fair value. Unlisted securities, for which the values cannot be measured reliably, are recognized at cost. Changes in the fair value of equities are recognized directly in equity. When the investment is sold, the accumulated fair value adjustment is recognized in income.

Investments in money market instruments and fixed income securities are classified as financial assets at fair value and recognised in income. Borrowings are valued at their amortised cost instead of nominal capital. The acquisition cost may include management fees, trading costs and issue gains or losses.

In accordance with the IAS 39 standard, derivative agreements are measured at fair value and recognised as income, unless hedge accounting is applied. Hedge accounting is applied as of 1 January 2005 in Comptel to non-euro items that relate to the outstanding order book. When hedging is efficient the change in the fair value of these forward contracts is directly recognised in the equity.

Retirement benefit obligation

Elisa has a number of pension arrangements both in the Pension Fund and in pension insurance companies. Pension arrangements are different, depending on each country's legislation and practice. As a rule, pension security and supplementary pension under the Finnish statutory pension scheme (TEL) have been organised through Elisa's Pension Fund.

In IFRS reporting pensions are either defined contribution plans or defined benefit plans. Payments made on defined contribution plans are booked as expenses in the income statement of the respective financial period. Pension arrangements of foreign subsidiaries are defined contribution plans. The difference in financial statement practices is due to the different handling of pension arrangements classified as defined benefit pension plans in IFRS financial statements.

The IAS 19 standard is not retrospectively applied to defined benefit pensions, but the liability of the defined benefit plans is booked in the opening balance sheet at fair value. In the long run actuarial gains or losses to be recognised in the income statement will be divided by the expected average remaining working lives of the employees participating in that plan for each defined benefit plan for the portion that exceeds 10% of the present value of the defined benefit pension obligation or of the greater fair value of any plan assets.

Stock options

Elisa will apply the IFRS 2 Share-based Payment standard to all stock option schemes in which the options have been granted after 7 November 2002 and which do not vest before 1 January 2005. Option arrangements prior to this have not been presented as expenses in the income statement.

Stock options are measured at fair value at the time they are granted, and they are expensed on a straight-line basis in the income statement over the period from the date they were granted to commencement of the right to exercise them. The fair value of the options is determined on the basis of the Black-Scholes pricing model.

Treasury shares

Treasury shares are presented in their own line under equity. Previously treasure shares were deducted from retained earnings.