

**ELISA'S INTERIM REPORT JANUARY-MARCH 2010**

- Revenue was EUR 353 million (351)
- EBITDA was EUR 116 million (115), EBIT EUR 61 million (62)
- EBITDA margin was 33 per cent (33)
- Profit before tax amounted to EUR 10 million (53) and excluding one-off items EUR 54 million
- Earnings per share was EUR 0.05 (0.26) and excluding one-off items EUR 0.26
- Cash flow after investments was EUR 45 million (46)
- Elisa made a one-off maximum liability provision of EUR 45 million, affecting the after-tax 2010 net result by EUR 33 million. This relates to a possible CDO guarantee expense. Final expense may be significantly smaller.
- The number of Elisa's mobile subscriptions increased by 103,000 during the quarter, attributable in particular to the new 3G and 2G customers, mobile broadband and prepaid subscriptions
- As a result of strong subscription growth, ARPU in the mobile business decreased from the previous quarter to EUR 22.0 (22.9)
- Mobile churn was 15.4 per cent (14.7)
- The number of fixed broadband subscriptions decreased by 5,200 on the previous quarter
- Net debt / EBITDA was 1.7 (1.5 at the end of 2009) and gearing 107 per cent (80 at the end of 2009)

Key indicators:

EUR million	1-3/2010	1-3/2009	2009
Revenue	353	351	1,430
EBITDA	116	115	484
EBIT	61	62	267
Profit before tax	10	53	235
Profit before tax excl. one-off items	54		
Earnings per share, EUR	0.05	0.26	1.13
Earnings per share excl. one-off items, EUR	0.26		
Capital expenditures	39	34	171

Financial position and cash flow:

EUR million	31.3.2010	31.3.2009	31.12.2009
Net debt	817	854	719
Net debt / EBITDA <sup>1)</sup>	1.7	1.8	1.5
Gearing ratio, %	106.5	103.8	79.8
Equity ratio, %	39.9	41.3	46.1

EUR million	1-3/2010	1-3/2009	2009
Cash flow after investments	45	46	252

<sup>1)</sup> (interest-bearing debt – financial assets) / (4 previous quarters' EBITDA exclusive of non-recurring items)

Additional information regarding the Key Performance Indicators is available on [www.elisa.com/investors](http://www.elisa.com/investors), in the section: Financial info, Financial Statements & Interim Reports: Elisa Operational Data.

## **CEO Veli-Matti Mattila:**

### **“Customers have responded well to our new services**

Elisa's revenue developed well in the first quarter of the year despite the general economic uncertainty. The growth of the mobile business and the demand for our new services boosted the consumer customer business. The impact of the general economic situation was seen mostly in the corporate customers business and in Estonia. Profitability and competitiveness continued on a good level. Cash flow was strong.

The competitive situation continued to be challenging but remained stable. We increased our mobile subscription base by more than 100,000 during the first quarter of the year. The number of fixed network broadband subscriptions decreased less than in the previous quarters despite the maturing of the market.

The consumer customer business grew by 6% compared with the previous year. For example our Elisa Viihde IPTV service customers have valued the versatile nature of the service, the number of features and the meaningful content offered. Awareness of our Elisa Vahti security service was increased during the first quarter of the year and was received well among customers.

Finding ways to improve profitability during the challenging economic environment has become increasingly important to corporate customers. The demand for our ICT service offering has thus grown, which has balanced the decrease in demand in traditional telecommunications services. We launched an advanced virtual service concept to facilitate improved interaction with small and medium size (SME) business customers. Personnel familiar with SME customers needs can now serve customers face to face through a video connection across different parts of Finland.

Elisa was the first in Finland to launch a real-time service map on its website to help both Elisa and Saunalahti customers monitor the availability and functioning of their mobile network. Elisa's target is also to develop its operations in terms of environmental friendliness and energy efficiency. One significant project is an internationally unique, environmentally friendly comprehensive energy solution to be implemented for a new server centre located in Espoo. The heat generated from the servers will be utilized entirely for district heating in Espoo.

The general economic situation is still characterized by uncertainty despite signs of recovery. Competition in the Finnish telecommunications market also remains challenging. We will determinedly continue to develop our operations to improve customer satisfaction and productivity. In addition to operational improvement, expanding our service offering and investment capability provide us with a good basis for the future.”

ELISA

Vesa Sahivirta  
Director, IR and Financial Communications  
tel. +358 50 520 5555

Additional information:

Mr Veli-Matti Mattila, CEO, tel. +358 10 262 2635  
Mr Jari Kinnunen, CFO, tel. +358 10 262 9510  
Mr Vesa Sahivirta, Director, IR and Financial Communications, tel. +358 50 520 5555

Distribution:

NASDAQ OMX Helsinki  
Principal media  
[www.elisa.com](http://www.elisa.com)

## INTERIM REPORT JANUARY-MARCH 2010

The Interim report has been prepared in accordance with the IFRS recognition and measurement principles, although all requirements of the IAS 34 standard have not been followed. The information presented in this interim report is unaudited.

### Market situation

The general economic decline still creates uncertainty for the telecom operator business, although there have been some positive signs in the market. The decline has so far had a marginal impact on the telecom operator business. The impact has been felt mainly in the corporate customer business. Elisa's Estonian business has also suffered to some extent.

The competitive environment has been keen but stable in Finland. The mobile subscription base and the use of data services have evolved favourably in Finland with 3G subscriptions comprising a significant proportion of new subscriptions. The use of services made available through 3G subscriptions has also increased. Another factor contributing to the growth has been the use of multiple terminal devices for different purposes, mobile broadband services and prepaid subscriptions. Churn in mobile subscriptions has been at a normal level, and competition has been mainly in services and campaigning.

The number and usage of traditional fixed network subscriptions decreased at the same pace as in the previous quarters. The fixed broadband market has matured, while the strong subscription growth in mobile broadband continued.

### Revenue, earnings and financial position

#### Revenue and earnings:

EUR million	1-3/2010	1-3/2009	2009
Revenue	353	351	1,430
EBITDA	116	115	484
EBITDA-%	32.8	32.7	33.8
EBIT	61	62	267
EBIT-%	17.4	17.6	18.7

Elisa's revenue increased slightly on the previous year. Revenue grew in the Consumer Customers' mobile services and equipment sales, as well as in Corporate Customers' ICT services. Consumer Customers' online services also contributed positively to revenue growth. Development of Corporate Customer mobile and traditional fixed telecom services in both segments affected revenue negatively.

EBITDA remained at the previous year's level. The increase in personnel costs was compensated by efficiency measures in other operating expenses.

#### Financial position:

EUR million	31.3.2010	31.3.2009	31.12.2009
Net debt	817	854	719
Net debt / EBITDA <sup>1)</sup>	1.7	1.8	1.5
Gearing ratio, %	106.5	103.8	79.8
Equity ratio, %	39.9	41.3	46.1

EUR million	1-3/2010	1-3/2009	2009
Cash flow after investments	45	46	252

<sup>1)</sup> (interest-bearing debt – financial assets) / (4 previous quarters' EBITDA exclusive of non-recurring items)

The financial position and liquidity are good. Cash and undrawn committed credit lines totalled EUR 301 million at the end of the quarter and there are no major refinancing needs expected before September 2011. During the first quarter, net debt increased to EUR 817 million mainly due to capital repayment of EUR 143 million in March 2010.

Cash flow after investments was at the previous year's level, EUR 45 million (46).

### Changes in corporate structure

There were no changes in the corporate structure during the first quarter of 2010.

### Consumer Customer business

EUR million	1-3/2010	1-3/2009	2009
Revenue	214	202	848
EBITDA	73	64	284
<i>EBITDA-%</i>	34.2	31.6	33.5
EBIT	42	33	161
CAPEX	24	18	92

The Consumer Customer business revenue increased by 6 per cent and EBITDA by 15 per cent. Revenue growth was strong in mobile services as a result of good growth in subscriptions and equipment sales. There was also growth in online services. Revenue development was negative in the fixed network services. EBITDA was positively affected by revenue growth and efficiency measures. Due to the general economic decline, the Estonian business negatively affected revenue and EBITDA.

### Corporate Customer business

EUR million	1-3/2010	1-3/2009	2009
Revenue	139	150	583
EBITDA	43	51	200
<i>EBITDA-%</i>	30.6	34.2	34.3
EBIT	19	28	107
CAPEX	15	16	79

The Corporate Customers business revenue decreased by 7 per cent and EBITDA by 17 per cent. The general economic decline negatively affected mobile and traditional fixed telecom services' revenue. ICT services, however, experienced growth. The decrease in EBITDA was attributable to the decline in revenue.

### Personnel

In January-March, the average number of personnel at Elisa was 3,374 (3,024).

Personnel by segment at the end of period:

	31.3.2010	31.3.2009	31.12.2009
Consumer Customers	2,010	1,558	1,975
Corporate Customers	1,364	1,518	1,356
Total	3,374	3,076	3,331

Compared to the corresponding period last year, personnel growth mainly occurred in call centres as a result of an increase in the customer service business. The call centre headcount varies flexibly according to customer demand and business activity.

## Investments

EUR million	1-3/2010	1-3/2009	1-12/2009
Capital expenditures, of which	39	34	171
- Consumer Customers	24	18	92
- Corporate Customers	15	16	79
Shares	0	5	6
Total	39	39	178

The main capital expenditures arose from the capacity and coverage increase of the 3G network as well as from customer equipment.

## Financing arrangements and ratings

Valid financing arrangements:

EUR million	Maximum amount	In use on 31.3.2010
Committed credit limits	300	25
Commercial paper programme <sup>1)</sup>	250	118
EMTN programme <sup>2)</sup>	1,000	625

1) The programme is not committed.

2) European Medium Term Note programme, not committed.

Long-term credit ratings:

Credit rating agency	Rating	Outlook
Moody's Investor Services	Baa2	Stable
Standard & Poor's	BBB	Stable

The Group's cash and undrawn committed credit lines totalled EUR 301 million at 31 March 2010 (EUR 331 million at the end of 2009). There are no major refinancing needs expected before the year 2011.

In March, Elisa issued a EUR 75 million bond under its EMTN programme. The bond has a three year maturity and pays 3 per cent interest.

Elisa has made a one-off provision of EUR 45 million which relates to a USD 60 million guarantee given by Elisa to the arranger bank on a CDO portfolio in 2007. Provision has been made to the maximum amount of Elisa's potential liability based on strict interpretation of IFRS rules. The extent and scope of Elisa's obligations and liability to the arranger bank under the guarantee and related transaction documents are presently in dispute and the subject of contested court proceedings. The final amount of Elisa's liability will depend on the outcome of the legal proceedings and developments which impact the CDO portfolio. A tax asset of EUR 12 million has been allowed for in accordance with the provision and the net negative effect on the result is therefore EUR 33 million.

The maximum liability of USD 60 million, if realised, would mean net cash payments after tax credit of approximately USD 25 million in 2011 and USD 20 million in 2012. The guarantee liability was referred to in Elisa's Annual Report 2009 in note 33.

## Share

Trading of shares	1-3/2010	1-3/2009	2009
Shares traded, millions	38.2	49.2	180.6
Volume, EUR million	603.6	554.3	2,170.0
% of shares	23.0	29.6	116.1

  

Shares and market values	31.3.2010	31.3.2009	31.12.2009
Total number of shares	166,307,586	166,307,586	166,307,586
Treasury shares	10,531,996	10,688,629	10,688,629
Outstanding shares	155,775,590	155,618,957	155,618,957
Closing price, EUR	15.27	10.99	15.96
Market capitalisation, EUR million	2,379	1,710	2,484
Treasury shares, %	6.33	6.43	6.43

Elisa distributed a capital repayment of EUR 0.92 per share, totalling EUR 143 million, in accordance with the decision of the Annual General Meeting.

Elisa transferred 156,633 Elisa shares to persons involved in the 2009 - 2011 share based incentive plan.

Elisa and Vodafone renewed their partnership and long-term cooperation agreement. As a part of the new agreement, the clause allowing Vodafone to participate in potential Elisa share bids, as per the 2002 agreement, was removed.

### The Annual General Meeting

In accordance with the proposal of the Board of Directors, Elisa's Annual General Meeting decided on a capital repayment of EUR 0.92 per share based on the adopted financial statements 2009. The capital repayment affects the Elisa 2007 stock options by reducing the strike price of the series 2007A stock options to EUR 17.12, series 2007B stock options to EUR 9.97 and series 2007C stock options to EUR 13.07.

The Annual General Meeting adopted the 2009 financial statements. The Board of Directors and the CEO were discharged from liability for 2009.

The number of members of the Board of Directors was confirmed at seven. Pertti Korhonen, Ari Lehtoranta, Raimo Lind, Eira Palin-Lehtinen, Risto Siilasmaa and Ossi Virolainen were re-elected as members and Leena Niemistö (Managing Director at Medical Center Dextra) as a new member of the Board of Directors. The Board of Directors elected Risto Siilasmaa as the Chairman of the Board and Mr Ossi Virolainen as the Deputy Chairman. Risto Siilasmaa (Chairman), Pertti Korhonen and Ari Lehtoranta were appointed to the Nomination and Compensation Committee. Raimo Lind (Chairman), Leena Niemistö, Eira Palin-Lehtinen and Ossi Virolainen were appointed to the Audit Committee.

KPMG Oy Ab, authorised public accountants, was appointed the company's auditor. APA Pekka Pajamo is the responsible auditor.

The Annual General Meeting accepted the proposal to amend the provision on the notice of a general meeting in the Articles of Association. The main change is that the publication date of a notice corresponds to the amended Finnish Companies Act.

### The Board of Directors' authorisations

The Annual General Meeting authorised the Board of Directors to donate a maximum of EUR 700,000 to support activities of Finnish universities and colleges during 2010.

The Annual General Meeting accepted the proposal of the Board of Directors to resolve to distribute funds from the unrestricted equity to the maximum amount of EUR 100 million. The authorisation is effective until the beginning of the following Annual General Meeting.

The Annual General Meeting decided on the authorisation to repurchase or accept as pledge the company's own shares. The repurchase may be directed. The amount of shares under this authorisation is 10 million shares at maximum. The authorisation is effective until June 30, 2011.

The Annual General Meeting approved the proposal of the Board of Directors on the issuance of shares as well as the issuance of special rights entitling to shares. The issue may be directed. The authorisation is effective until June 30, 2014. A maximum aggregate of 15 million of the company's shares can be issued under the authorisation.

### **Significant legal issues**

The verdict on 28 May 2009 regarding Jippii Group stock exchange disclosures in 2001 became final upon the Supreme Court decision on 10 March 2010 to dismiss the appeal.

There is an investigation by the Finnish Communications Regulatory Authority regarding the wholesale pricing of Elisa subscriber lines (local loop) and the Finnish Competition Authority has commenced investigation on Elisa household cable pricing.

### **Substantial risks and uncertainties associated with Elisa's operations**

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, accidental and financial risks.

#### *Strategic and operational risks:*

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world, and growth in subscriptions is thus limited. Furthermore, the volume of phone traffic in Elisa's fixed network has decreased in the past few years. These factors may limit the opportunities for growth.

The deterioration of the economic environment may impact the demand for Elisa's services and products, and therefore growth prospects. However, a good demand for communication services is expected to continue also during a recession.

#### *Accident risks:*

The company's core operations are covered by insurance against damage and interruptions caused by accidents. Accident risks also include litigations and claims.

#### *Financial risks:*

In order to manage interest rate risk, the Group's loans and investments are diversified in fixed- and variable-rate instruments. Interest rate swaps are used to manage interest rate risk.

As most of Elisa Group's cash flow is denominated in Euros, the exchange rate risk is minor. Elisa's Estonian business, which is approximately 6 per cent of the consolidated revenue is denominated in Estonian crowns.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits to investment targets with a good credit rating. Credit risk concentrations in accounts receivable are minor as the customer base is wide.

A detailed description of the financial risk management can be found in note 34 of Elisa's 2009 Annual Report.

### **Events after the financial period**

There were no major events after the financial period.

### **Outlook for 2010**

There have been some positive signs in the general economic environment. However, the uncertainty in the corporate business environment still continues. Competition in the Finnish telecommunications market remains challenging.

The general economic downturn has mainly impacted Elisa's Estonian business and the Corporate Customer segment. The main risks still relate to predictability of the Estonian economy and the Corporate Customer business development.

Outlook for revenue, EBITDA and capital expenditure is reiterated. Full year revenue is estimated to be at the same level as last year. The use of mobile communications and mobile broadband products is continuing to rise. Full year EBITDA, excluding non-recurring items, is expected to be at the same level as last year. Full-year capital expenditure is expected to be 10 to 12 per cent of revenue.

The ICT and online service industry is in a dynamic development phase. In addition to its strong position as a network service provider, Elisa is transforming itself to be able to provide its customers with exciting and relevant new services. Among the factors contributing to long-term growth and profitability improvement is 3G market growth. Elisa continues determinedly to employ its efficiency measures. Elisa's financial position and liquidity are good. There are no major refinancing needs expected before the year 2011.

### **BOARD OF DIRECTORS**



## CONSOLIDATED INCOME STATEMENT

EUR million	Note	1-3 2010	1-3 2009	1-12 2009
<b>Revenue</b>	1	<b>353,0</b>	351,0	1 430,4
Other operating income		<b>0,8</b>	0,9	4,2
Materials and services		<b>-140,2</b>	-145,7	-576,3
Employee benefit expenses		<b>-54,8</b>	-46,9	-188,8
Other operating expenses		<b>-43,1</b>	-44,4	-185,6
<b>EBITDA</b>	1	<b>115,7</b>	114,9	483,9
Depreciation and amortisation		<b>-54,4</b>	-53,2	-216,4
<b>EBIT</b>	1	<b>61,3</b>	61,7	267,5
Financial income		<b>2,3</b>	3,4	10,5
Financial expense		<b>-53,9</b>	-11,7	-43,1
Share of associated companies' profit		<b>0,0</b>	0,0	0,0
<b>Profit before tax</b>		<b>9,7</b>	53,4	234,9
Income taxes		<b>-1,4</b>	-12,2	-57,9
<b>Profit for the period</b>		<b>8,3</b>	41,2	177,0
<b>Attributable to:</b>				
Owners of the parent		<b>8,1</b>	41,0	176,3
Non-controlling interests		<b>0,2</b>	0,2	0,7
		<b>8,3</b>	41,2	177,0
<b>Earnings per share (EUR)</b>				
Basic		<b>0,05</b>	0,26	1,13
Diluted		<b>0,05</b>	0,26	1,13
<b>Average number of outstanding shares (1000 shares)</b>				
Basic		<b>155 671</b>	155 619	155 619
Diluted		<b>155 947</b>	155 619	155 809
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>Profit for the period</b>		<b>8,3</b>	41,2	177,0
<b>Other comprehensive income, net of tax:</b>				
Available-for-sale investments		<b>1,3</b>	-1,1	1,2
<b>Total comprehensive income</b>		<b>9,6</b>	40,1	178,2
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		<b>9,4</b>	39,9	177,5
Non-controlling interests		<b>0,2</b>	0,2	0,7
		<b>9,6</b>	40,1	178,2

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.3. 2010	31.12. 2009
EUR million		
<b>Non-current assets</b>		
Property, plant and equipment	609,3	617,9
Goodwill	783,6	782,0
Other intangible assets	133,0	148,2
Investments in associated companies	0,1	0,1
Available-for-sale investments	32,0	30,7
Receivables	17,8	19,4
Deferred tax assets	33,5	25,7
	<b>1 609,3</b>	<b>1 624,0</b>
<b>Current assets</b>		
Inventories	27,8	31,2
Trade and other receivables	272,2	278,4
Cash and cash equivalents	26,2	31,0
	<b>326,2</b>	<b>340,6</b>
<b>Total assets</b>	<b>1 935,5</b>	<b>1 964,6</b>
<b>Equity attributable to owners of the parent</b>	<b>766,3</b>	<b>899,2</b>
<b>Non-controlling interests</b>	<b>1,0</b>	<b>0,8</b>
<b>Total equity</b>	<b>767,3</b>	<b>900,0</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	24,0	26,6
Provisions	38,0	4,5
Interest-bearing debt	667,4	592,3
Other non-current liabilities	13,3	13,4
	<b>742,7</b>	<b>636,8</b>
<b>Current liabilities</b>		
Trade and other payables	230,8	263,3
Tax liabilities	6,5	6,4
Provisions	12,1	0,9
Interest-bearing debt	176,1	157,2
	<b>425,5</b>	<b>427,8</b>
<b>Total equity and liabilities</b>	<b>1 935,5</b>	<b>1 964,6</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-3 2010	1-3 2009	1-12 2009
<b>Cash flow from operating activities</b>			
Profit before tax	9,7	53,4	234,9
Adjustments			
Depreciation and amortisation	54,4	53,2	216,4
Other adjustments	51,5	8,0	29,5
	<b>105,9</b>	61,2	245,9
Change in working capital			
Change in trade and other receivables	4,6	12,4	36,3
Change in inventories	3,3	1,6	-9,4
Change in trade and other payables	-11,8	-10,1	10,1
	<b>-3,9</b>	3,9	37,0
Financial items, net	-15,2	-15,1	-29,6
Taxes paid	-12,7	-16,9	-57,2
<b>Net cash flow from operating activities</b>	<b>83,8</b>	86,5	431,0
<b>Cash flow from investing activities</b>			
Capital expenditure	-38,4	-33,6	-170,3
Purchase of shares	-0,5	-7,3	-9,7
Proceeds from asset disposal			0,9
<b>Net cash used in investing activities</b>	<b>-38,9</b>	-40,9	-179,1
<b>Cash flow before financing activities</b>	<b>44,9</b>	45,6	251,9
<b>Cash flow from financing activities</b>			
Proceeds from long-term borrowings	75,0		
Repayment of long-term borrowings	-50,0		-36,1
Change in short-term borrowings	69,0	40,0	-56,6
Repayment of finance lease liabilities	-0,8	-1,1	-4,5
Dividends paid and capital repayment	-142,9	-86,3	-156,7
<b>Net cash used in financing activities</b>	<b>-49,7</b>	-47,4	-253,9
<b>Change in cash and cash equivalents</b>	<b>-4,8</b>	-1,8	-2,0
Cash and cash equivalents at beginning of period	31,0	33,0	33,0
<b>Cash and cash equivalents at end of period</b>	<b>26,2</b>	31,2	31,0

## STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Minority interest	Total equity
<b>Balance at January 1, 2009</b>	83,0	-202,0	393,5	250,8	348,1	1,6	<b>875,0</b>
Dividends					-93,4	-0,8	<b>-94,2</b>
Share-based compensation					1,1		<b>1,1</b>
Total comprehensive income			-1,1		41,0	0,2	<b>40,1</b>
<b>Balance at March 31, 2009</b>	<b>83,0</b>	<b>-202,0</b>	<b>392,4</b>	<b>250,8</b>	<b>296,8</b>	<b>1,0</b>	<b>822,0</b>

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Minority interest	Total equity
<b>Balance at January 1, 2010</b>	83,0	-202,0	394,7	188,6	434,9	0,8	<b>900,0</b>
Capital repayment				-143,3			<b>-143,3</b>
Share-based compensation		3,1			-2,1		<b>1,0</b>
Total comprehensive income			1,3		8,1	0,2	<b>9,6</b>
<b>Balance at March 31, 2010</b>	<b>83,0</b>	<b>-198,9</b>	<b>396,0</b>	<b>45,3</b>	<b>440,9</b>	<b>1,0</b>	<b>767,3</b>

## **NOTES**

### **ACCOUNTING PRINCIPLES**

The interim report has been prepared in accordance with the IFRS recognition and measurement principles, although all requirements of IAS 34 standard have not been followed. The information has been prepared in accordance with International Financial Reporting Standards (IFRS) effective at the time of preparation and adopted for use by European Union. Apart from the changes in accounting principles stated below, the accounting principles applied in the interim report are the same as in the financial statements at December 31, 2009.

### **Changes in the accounting principles**

The Group adopted the following standards, amendments to standards and interpretations as from 1 January 2010 onward:

- Revised IFRS 3 Business Combinations. The revision enables valuation of minority interest and goodwill at fair value. The method to be used is selected on a case-by-case basis. In case of successive acquisitions, the previously acquired share of ownership is revaluated at the fair value on the acquisition date, and this influences the recognized goodwill. Changes in contingent purchase price and cost related to the acquisition are recognized through profit or loss.

- Revised IAS 27 Consolidated and Separate Financial Statements. The manner in which increases and decreases in the shares of ownership of the Group's subsidiaries are handled is changed. Losses of the subsidiaries are allocated as minority interest, including the share exceeding the investment made by the subsidiary in question.

Following newly adopted standards and interpretations have not had any effect on interim financial statements:

- Revised IFRS 2 Share-based Payment
- Revised IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from customers

## 1. SEGMENT INFORMATION

<b>1-3/2010</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	214,4	138,6		353,0
EBITDA	73,3	42,4		115,7
Depreciation and amortisation	-30,9	-23,5		-54,4
EBIT	42,4	18,9		61,3
Financial income			2,3	2,3
Financial expense			-53,9	-53,9
Share of associated companies' profit			0,0	0,0
Profit before tax				9,7
Investments	23,5	15,2		38,7
<b>1-3/2009</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	201,5	149,5		351,0
EBITDA	63,8	51,1		114,9
Depreciation and amortisation	-30,4	-22,8		-53,2
EBIT	33,4	28,3		61,7
Financial income			3,4	3,4
Financial expense			-11,7	-11,7
Share of associated companies' profit			0,0	0,0
Profit before tax				53,4
Investments	18,3	15,6		33,9
<b>1-12/2009</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	847,8	582,7		1 430,5
EBITDA	283,8	200,1		483,9
Depreciation and amortisation	-123,1	-93,3		-216,4
EBIT	160,7	106,8		267,5
Financial income			10,5	10,5
Financial expense			-43,1	-43,1
Share of associated companies' profit			0,0	0,0
Profit before tax				234,9
Total assets	1 059,5	766,3	138,8	1 964,6
Investments	91,9	79,5		171,4

## 2. OPERATING LEASE COMMITMENTS

	31.3. 2010	31.12. 2009
EUR million		
Due within 1 year	20,1	19,2
Due after 1 year but within 5 years	35,8	34,8
Due after 5 years	12,4	13,5
<b>Total</b>	<b>68,3</b>	<b>67,5</b>

## 3. CONTINGENT LIABILITIES

	31.3. 2010	31.12. 2009
EUR million		
Pledges given		
Pledges given as surety	0,7	0,7
Guarantees given		
For others (*)	0,6	42,4
<b>Mortgages, pledges and guarantees total</b>	<b>1,3</b>	<b>43,1</b>

### Other commitments

Repurchase commitments	0,0	0,0
------------------------	-----	-----

\*) 31.12.2009 EUR 41,6 million was related to the guarantee given on a CDO portfolio. The guarantee amounting EUR 44,5 million at 31.3.2010 was posted to Balance Sheet as a provision.

## 4. DERIVATIVE INSTRUMENTS

	31.3. 2010	31.12. 2009
EUR million		
Interest rate swaps		
Nominal value	150,0	150,0
Fair value recognised in the balance sheet	1,4	1,5
Credit default swaps (*)		
Nominal value	46,6	44,0

\*) CDS is related to hedging of the guarantor bank in the QTE-arrangement. In 2008 Elisa wrote down the fair value of the CDS agreement.

## KEY FIGURES

EUR million	1-3 2010	1-3 2009	1-12 2009
Shareholders' equity per share, EUR	4,92	5,28	5,78
Interest bearing net debt	817,2	853,6	718,5
Gearing	106,5 %	103,8 %	79,8 %
Equity ratio	39,9 %	41,3 %	46,1 %
Return on investment (ROI) *)	13,5 %	15,7 %	16,0 %
Gross investments in fixed assets	38,7	33,9	171,4
of which finance lease investments	0,3	0,3	1,1
Gross investments as % of revenue	11,0 %	9,7 %	11,9 %
Investments in shares	0,0	5,2	6,3
Average number of employees	3 374	3 024	3 216

\*) rolling 12 months profit preceding the reporting date

## Formulae for financial indicators

Gearing %	$\frac{\text{Interest-bearing debt - cash and cash equivalents}}{\text{Total equity}} \times 100$
Equity ratio %	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$
Return on investment % (ROI)	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total equity + interest bearing liabilities (average)}} \times 100$
Net debt	Interest-bearing debt - cash and cash equivalents
Shareholders' equity per share	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares outstanding at the end of period}}$
Earnings/share	$\frac{\text{Profit for the period attributable to equity holders of parent}}{\text{Average number of outstanding shares}}$