Second Quarter Results 2011

19 July 2011

ELISA STOCK EXCHANGE RELEASE 19 JULY 2011 AT 8:30am

ELISA'S INTERIM REPORT JANUARY-JUNE 2011

Second quarter 2011

- Revenue was EUR 378 million (364)
- EBITDA was EUR 121 million (119), EBIT EUR 69 million (65)
- Profit before tax amounted to EUR 61 million (53)
- Earnings per share was EUR 0.29 (0.26)
- Cash flow after investments was EUR 59 million (70)
- The full year outlook is reiterated

- The number of Elisa's mobile subscriptions increased by 92,500 during the quarter
- ARPU in the mobile business was at the previous quarter's level EUR 19.3 (19.5 in the previous quarter)
- Churn decreased to 11.9 per cent (14.3 in the first quarter)
- The number of fixed broadband subscriptions decreased by 3,000 on the previous quarter
- Net debt / EBITDA was 1.7 (1.6 at the end of 2010) and gearing 108 per cent (93 at the end of 2010)

January - June 2011

- Revenue was EUR 752 million (717)
- EBITDA was EUR 239 million (234), EBIT EUR 134 million (126)
- Cash flow after investments was EUR 86 million (115)

Key indicators:

EUR million	4-6/2011	4-6/2010	1-6/2011	1-6/2010
Revenue	378	364	752	717
EBITDA	121	119	239	234
EBIT	69	65	134	126
Profit before tax	61	53	119	63
Profit before tax excl. non-recurring items	61	53	119	107
Earnings per share, EUR	0.29	0.26	0.56	0.31
EPS excl. non-recurring items, EUR	0.29	0.26	0.56	0.52
Capital expenditures	54	47	95	86

1-6/2011 EBITDA excluding non-recurring items EUR 240m

Financial position and cash flow:

EUR million	30.6.2011	30.6.2010	31.12.2010
Net debt	845	752	776
Net debt / EBITDA[1)]	1.7	1.5	1.6
Gearing ratio, %	108.0	93.2	93.2
Equity ratio, %	40.3	42.0	42.5

EUR million	4-6/2011	4-6/2010	1-6/2011	1-6/2010
Cash flow after investments	59	70	86	115

[1)] (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

Additional information regarding the Key Performance Indicators is available at www.elisa.com/investors Elisa Operational Data.xls.

CEO Veli-Matti Mattila:

“**Elisa’s revenue and profit increased**

Elisa’s revenue continued to develop favorably in the second quarter of 2011. In addition to increased demand for new services, this growth was boosted by equipment sales as well as acquisitions completed in 2010. Earnings before interest and taxes grew more than revenue.

The competitive situation remained challenging, but Elisa’s market position and competitivenes developed strongly. Our mobile subscription base grew by more than 90,000 users during the second quarter of the year. The number of fixed network broadband subscriptions decreased by a few thousand.

The popularity of smartphones has fostered the rapid development of Elisa’s 3G network. According to an independent study, Elisa’s 3G network has the best coverage and the highest number of base stations in Finland. This enables Elisa and Saunalahti to guarantee their customers trouble-free mobile services across the country. During the second quarter of 2011, Elisa improved the coverage of its 3G network in central Finland, eastern Finland, Ostrobothnia in the west and the Uusimaa region in the south. Elisa’s 4G network is already available to corporate customers in southern Finland. We will continue to invest in the development of national 3G and 4G networks.

Elisa was the first provider in Finland to introduce the super-fast 250 Mbps broadband subscription. This product is particularly suitable for teleworkers who need to transfer large files, such as graphics and image files.

Elisa was the first company in the world to introduce multiparty and multidevice HD video conferencing solutions, which enable users to take part viapractically all possible equipment from videoconference room systems to laptops and other portable 3G devices. This Bringio service has been developed in particular for the dynamic daily collaboration needs of corporate users.

Elisa was the first Finnish operator to offer a fixed daily pricing model for data roaming within and outside the European Union. Intended for corporate customers, the Daily Traveller service makes data roaming costs predictable when travelling abroad. Compared with other Finnish operators, Elisa is able to offer superior coverage with the Daily Traveller service because of our cooperation with Vodafone and Telenor.

We will continue our determined work to further improve productivity and customer satisfaction. Elisa creates services that improve productivity and provide enhanced user experiences. Combined with our strong investment capability, this creates a solid foundation for the future.”

ELISA CORPORATION

Additional information:
Mr Veli-Matti Mattila, CEO, tel. +358 10 262 2635
Mr Jari Kinnunen, CFO, tel. +358 10 262 9510
Mr Vesa Sahivirta, IR Director tel. +358 10 262 3036

Distribution:
NASDAQ OMX Helsinki
Principal media
www.elisa.com

INTERIM REPORT JANUARY - JUNE 2011

The interim report has been prepared in accordance with the IAS 34 standard, “Interim reports”. The information presented in this interim report is unaudited.

Market situation

The competitive environment has remained intense in Finland. The mobile subscription base and the use of data services continued to evolve favourably. The mobile smartphone market is growing very fast. With a broader assortment now available, more than half of the mobile handsets sold are smartphones. This further increases the use of mobile data services. Other factors contributing to the growth have been the use of multiple terminal devices for different purposes and mobile broadband services.

The number and usage of traditional fixed network subscriptions decreased at the same pace as in the previous quarters. The number of fixed broadband subscriptions decreased slightly due to seasonality.

Revenue, earnings and financial position

Revenue and earnings:

EUR million	4 - 6/2011	4 - 6/2010	1 - 6/2011	1 - 6/2010
Revenue	378	364	752	717
EBITDA	121	119	239	234
EBITDA-%	*32.1*	*32.6*	*31.8*	*32.7*
EBIT	69	65	134	126
EBIT-%	*18.2*	*17.8*	*17.8*	*17.6*

Second quarter 2011
Revenue increased by 4 per cent on the previous year. Revenue grew in equipment sales and the Consumer Customers' mobile services, as well as in Corporate Customers' ICT services as a result of the previous year’s acquisitions. Consumer Customers' online services also contributed positively to revenue growth. The decrease in usage and subscriptions of traditional fixed telecom services in both segments affected revenue negatively, as did the decrease in mobile termination rates.

EBITDA increased by 2 per cent on the previous year. The EBITDA margin was negatively affected by the increase in low margin equipment sales.

Financial income and expenses totalled EUR -8 million (-12). The previous year was negatively affected by the exchange rate change of the CDO guarantee provision. Income taxes in the income statement amounted to EUR -16 million (-13). Elisa’s earnings after taxes were EUR 45 million (40). The Group’s earnings per share (EPS) amounted to EUR 0.29 (0.26).

January - June 2011
Revenue increased by 5 per cent on last year mainly attributable to the same reasons as in the second quarter.

EBITDA improved by 2 per cent on the previous year.

Financial income and expenses totalled EUR -15 million (-63). Income taxes in the income statement amounted to EUR -31 million (-15). Elisa’s earnings after taxes were EUR 88 million (48). The Group’s earnings per share (EPS) amounted to EUR 0.56 (0.31). The previous year’s financial income and expenses, income taxes, earnings after taxes and EPS were affected by the CDO guarantee provision.

Financial position:

EUR million	30.6.2011	30.6.2010	31.12.2010
Net debt	845	752	776
Net debt / EBITDA[1)]	1.7	1.5	1.6
Gearing ratio, %	108.0	93.2	93.2
Equity ratio, %	40.3	42.0	42.5

EUR million	4 - 6/2011	4 - 6/2010	1 - 6/2011	1 - 6/2010
Cash flow after investments	59	70	86	115

[1)] (interest-bearing debt – financial assets) / (four previous quarters' EBITDA exclusive of non-recurring items)

Second quarter 2011
April–June cash flow after investments was EUR 59 million (70). The change was mainly due to changes in net working capital. During the quarter, net debt increased from EUR 752 million to EUR 845 million. The change was mainly due to the dividend payment of EUR 140 million.

January - June 2011
Cash flow after investments was EUR 86 million (115). The change was mainly due to changes in net working capital.

Elisa's financial position and liquidity remained good. During the first half 2011 net debt increased to EUR 845 million mainly as a result of the dividend payment of EUR 140 million in April 2011. Cash and undrawn committed credit lines totalled EUR 302 million at the end of the first half.

Changes in corporate structure

Elisa Corporation and its wholly-owned subsidiary Saunalahti Group Oyj signed a draft terms of merger on 14 June 2011. According to this the assets and liabilities of Saunalahti Group Oyj shall be transferred to the parent company Elisa Corporation without liquidation. No merger consideration will be paid in the merger since Elisa Corporation owns all the shares of Saunalahti Group Oyj. More information is available on Elisa's web site www.elisa.fi/tytaryhtiosulautuminen (documents in Finnish).

Elisa divested its 51 per cent stake in Excenta Oy in May. This has no material impact on Elisa's profit or balance sheet.

Consumer Customer business

EUR million	4 - 6/2011	4 - 6/2010	1 - 6/2011	1 - 6/2010
Revenue	227	217	451	431
EBITDA	72	68	139	141
EBITDA-%	*31.8*	*31.3*	*30.9*	*32.7*
EBIT	43	37	80	79
CAPEX	32	27	55	51

Second quarter 2011
The Consumer Customer business revenue increased by 5 per cent. Revenue growth was driven by increased equipment sales and mobile services as a result of an increased number of subscriptions. The growth trend in online services continued. The decrease in fixed network usage and subscriptions, and lower mobile termination rates negatively affected revenue. EBITDA increased by 7 per cent mainly due to revenue growth and cost efficiency measures. The EBITDA margin was negatively impacted by growth in low margin equipment sales.

January - June 2011
Revenue increased by 5 per cent. The growth in revenue was mainly attributable to the same reasons as in the second quarter. EBITDA decreased by 1 per cent largely due to increased costs in the first quarter, such as service development and sales costs, mobile subsidies and fixed

broadband sales costs. The EBITDA margin was also negatively impacted by growth in low margin equipment sales.

Corporate Customer business

EUR million	4 - 6/2011	4 - 6/2010	1 - 6/2011	1 - 6/2010
Revenue	150	147	300	286
EBITDA	49	51	99	93
EBITDA-%	*32.4*	*34.4*	*33.1*	*32.6*
EBIT	26	28	54	47
CAPEX	22	20	40	35

Second quarter 2011
The Corporate Customers business revenue increased by 2 per cent. The previous year's acquisitions and equipment sales boosted revenue. The decline in usage and subscriptions in traditional fixed telecom services and lower mobile termination rates decreased revenue. EBITDA decreased by 4 per cent. The decrease in EBITDA was attributable mainly to the investments in ICT and video businesses, as well as to the decrease in traditional telco business revenue.

January - June 2011
Revenue increased by 5 per cent and EBITDA by 7 per cent. The previous year's acquisitions and equipment sales boosted revenue. ICT services also grew. Traditional fixed telecom services and lower mobile termination rates decreased revenue. The increase in EBITDA was attributable mainly to the revenue increase.

Personnel

In January - June the average number of personnel at Elisa was 3,754 (3,394).
Personnel by segment at the end of the period:

	30.6.2011	30.6.2010	31.12.2010
Consumer Customers	2,230	2,157	2,084
Corporate Customers	1,579	1,381	1,581
Total	3,809	3,538	3,665

Compared to the corresponding period last year, the number of personnel grew mainly as a result of the Appelsiini acquisition, as well as the personnel increase in customer service and contact centers.

Investments

EUR million	4 - 6/2011	4 - 6/2010	1 - 6/2011	1 - 6/2010
Capital expenditures, of which	54	47	95	86
- Consumer Customers	32	27	55	51
- Corporate Customers	22	20	40	35
Shares	0	11	0	11
Total	54	58	95	96

The main capital expenditures relate to the capacity and coverage increase of the 3G network, as well as to other network and IT investments.

Capital expenditure, excluding a new long-term data center infrastructure lease agreement classified by IFRS as capital expenditure, was EUR 47 million in the second quarter and EUR 88 million in the first half of 2011.

Financing arrangements and ratings

Valid financing arrangements:

EUR million	Maximum amount	In use on 30.6.2011
Committed credit limits	300	40
Commercial paper programme[1)]	250	160
EMTN programme[2)]	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 302 million on 30 June 2011 (EUR 300 million at the end of 2010).

In June, Elisa signed a EUR 170 million five-year Syndicated Revolving Credit Facility with an option to be extended by two years. This new facility replaces the previous facility of the same amount that was signed in June 2005.

Share

Trading of shares	4 - 6/2011	4 - 6/2010	1 - 6/2011	1 - 6/2010
Shares traded, millions	26.1	34.4	60.5	72.7
Volume, EUR million	403.9	488.3	963.5	1,091.9
% of shares	16	21	36	44

Shares and market values	30.6.2011	30.6.2010	31.12.2010
Total number of shares	166,338,400	166,307,586	166,307,586
Treasury shares	10,435,023	10,534,506	10,534,506
Outstanding shares	155,903,377	155,773,080	155,773,080
Closing price, EUR	14.85	14.22	16.27
Market capitalisation, EUR million	2,315	2,215	2,534
Treasury shares, %	6.27	6.33	6.33

In March, Elisa distributed a dividend of EUR 0.90 per share, totalling EUR 140 million, in accordance with the decision of the shareholders at the Annual General Meeting.

Number of shares	Total number of shares	Treasury shares	Outstanding shares	Change in equity, €
Shares as 31.12.2010	166,307,586	10,534,506	155,773,080	
Share incentive plan 1.3.2011[1)]		-99,483	99,483	
Subscription with options 22.3.2011[2)]	16,839		16,839	159,465
Subscription with options 27.6.2011[3)]	13,975		13,975	208,247
Shares as 30.6.2011	166,338,400	10,435,023	155,903,377	

[1)] Stock exchange bulletin 11.2.2011
[2)] Stock exchange bulletin 22.3.2011
[3)] Stock exchange bulletin 26.6.2011

Options	2007A	2007B	2007C	Total
Total number of options	850,000	850,000	850,000	2,550,000
Held by Elisa or not distributed	0	268,000	231,000	499,000
Used in share subscription	12,375	18,439	0	30,814
Terminated	837,625	0	0	837,625
Outstanding	0	563,561	619,000	1,182,561
Current subscription price, €	-	8,57	11,67	
Subscription period	1.10.2009- 31.5.2011	1.10.2010- 31.5.2012	1.10.2011- 31.5.2013	

For more information, see Elisa's Annual report 2010 pages 44-45 and Stock exchange bulletin of 18.12.2007

The Board of Directors' authorisations

The Annual General Meeting accepted the proposal of the Board of Directors to resolve to distribute funds from the unrestricted equity to a maximum amount of EUR 70 million. The Board of Directors plans to use this authorisation and pay an additional dividend of EUR 0.40 per share at a later date. When making the possible decision the Board of Directors will take into consideration the company´s financial position, future financial needs and targets, as well as the general situation in the financial markets. 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 5 million shares at maximum. The authorisation is effective until 30 June 2012.

Annual General Meeting of 2010 approved the proposal of the Board of Directors on the issuance of shares as well as the issuance of special rights entitled to shares. The issue may be directed. The authorisation is effective until 30 June 2014. A maximum aggregate of 15 million of the company’s shares can be issued under the authorisation.

Significant legal issues

The Supreme Court of Finland gave on 15 June 2011 a verdict that confirms the right of Elisa and Saunalahti to advertise Elisa's 3G network as having the largest area coverage in Finland.

Regulatory issues

Changes to the Finnish Communications Markets Act regarding e.g. number portability rules, came into force on 25 May 2011.

Elisa and other mobile operators have agreed on interconnection fees for 2011–2014. All Finnish mobile operators have the same interconnection fee, which is currently 4.4 cents per minute. The interconnection fee will be lowered to 3.82 cents per minute effective from 1 December 2011until 30 November 2012. The intereconnection fee from 1 December 2012 to 30 November 2014 will be 2.8 cents per minute.

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.

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 can be used to manage interest rate risk.

As most of Elisa's operations and cash flow are denominated in Euros, the exchange rate risk is minor.

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 the Annual Report 2010.

Events after the financial period

There were no major events after the financial period.

Outlook for 2011

Positive trends in the Finnish economy have continued, however there are risks related to nervousness caused by the budget deficits and solvency issues in several European countries and their possible impacts on the general economic development. Competition in the Finnish telecommunications market remains challenging.

Full year revenue is estimated to increase slightly from the previous year. The use of mobile communications, especially mobile broadband services and equipment sales, is continuing to rise. In addition, ICT and new online services' revenue will grow. Full year EBITDA, excluding non-recurring items, is expected to improve slightly from the last year. Full-year capital expenditure is expected to be maximum 12 per cent of revenue.

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, as well as new online and ICT services. Elisa continues determinedly to employ its efficiency measures. Elisa's financial position and liquidity are good.

BOARD OF DIRECTORS

CONSOLIDATED INCOME STATEMENT

EUR million	Note	**4-6 2011**	4-6 2010	**1-6 2011**	1-6 2010	1-12 2010
Revenue	1	**377,8**	364,3	**751,6**	717,3	1 463,2
Other operating income		**2,0**	1,0	**2,9**	1,8	5,1
Materials and services		**-159,1**	-148,3	**-316,9**	-288,5	-600,2
Employee expenses		**-56,9**	-52,3	**-115,1**	-107,1	-208,3
Other operating expenses		**-42,6**	-46,2	**-83,8**	-89,3	-175,1
EBITDA	1	**121,2**	118,5	**238,7**	234,2	484,7
Depreciation and amortisation	3	**-52,5**	-53,8	**-104,8**	-108,2	-216,7
EBIT	1	**68,7**	64,7	**133,9**	126,0	268,0
Financial income		**3,7**	2,9	**6,4**	5,2	9,5
Financial expense		**-11,3**	-14,7	**-21,5**	-68,6	-80,4
Share of associated companies' profit		**0,0**	0,0	**0,1**	0,0	0,0
Profit before tax		**61,1**	52,9	**118,9**	62,6	197,1
Income taxes		**-15,7**	-13,3	**-30,7**	-14,7	-46,6
Profit for the period		**45,4**	39,6	**88,2**	47,9	150,5
Attributable to:						
Owners of the parent		**45,3**	39,5	**88,0**	47,6	149,7
Non-controlling interests		**0,1**	0,1	**0,2**	0,3	0,8
		45,4	39,6	**88,2**	47,9	150,5
Earnings per share (EUR)						
Basic		**0,29**	0,26	**0,56**	0,31	0,96
Diluted		**0,29**	0,26	**0,56**	0,31	0,96
Average number of outstanding shares (1000 shares)						
Basic		**155 890**	155 775	**155 849**	155 723	155 748
Diluted		**156 259**	156 005	**156 218**	155 953	156 129

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4-6 2011	4-6 2010	**1-6 2011**	1-6 2010	1-12 2010
Profit for the period	**45,4**	39,6	**88,2**	47,9	150,5
Other comprehensive income, net of tax:					
Translation difference	**0,1**	0,0	**0,2**	0,0	-0,2
Available-for-sale investments	**-1,0**	-1,9	**-1,1**	-0,6	-1,2
Total comprehensive income	**44,5**	37,7	**87,3**	47,3	149,1
Total comprehensive income attributable to:					
Owners of the parent	**44,4**	37,6	**87,1**	47,0	148,3
Non-controlling interests	**0,1**	0,1	**0,2**	0,3	0,8
	44,5	37,7	**87,3**	47,3	149,1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30.6. 2011	31.12. 2010
Non-current assets			
Property, plant and equipment	3	**612,1**	611,3
Goodwill	3	**797,1**	798,0
Other intangible assets	3	**119,8**	129,3
Investments in associated companies		**0,1**	0,1
Available-for-sale investments	4	**31,9**	33,2
Receivables		**24,9**	22,5
Deferred tax assets		**12,5**	19,6
		1 598,4	1 614,0
Current assets			
Inventories	5	**42,2**	38,7
Trade and other receivables		**267,5**	283,1
Tax receivables		**3,8**	4,1
Cash and cash equivalents		**41,5**	31,8
		355,0	357,7
Total assets		**1 953,4**	1 971,7
Equity attributable to owners of the parent	6	**779,2**	829,8
Non-controlling interests		**3,9**	3,1
Total equity		**783,1**	832,9
Non-current liabilities			
Deferred tax liabilities		**24,0**	26,9
Pension obligations		**1,2**	1,2
Provisions	8	**3,4**	3,6
Financial liabilities	7	**455,6**	445,8
Other non-current liabilities		**15,4**	15,7
		499,6	493,2
Current liabilities			
Trade and other payables		**235,9**	280,6
Tax liabilities		**1,8**	0,6
Provisions	8	**1,7**	2,1
Financial liabilities	7	**431,3**	362,3
		670,7	645,6
Total equity and liabilities		**1 953,4**	1 971,7

Elisa Corporation
1.1. - 30.6.2011
Unaudited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	**1-6 2011**	1-6 2010	1-12 2010
Cash flow from operating activities			
Profit before tax	**118,9**	62,6	197,1
Adjustments			
Depreciation and amortisation	**104,8**	108,2	216,7
Other adjustments	**15,1**	64,5	71,7
	119,9	172,7	288,4
Change in working capital			
Change in trade and other receivables	**12,0**	20,9	2,1
Change in inventories	**-3,5**	1,3	-6,4
Change in trade and other payables	**-33,2**	-6,3	11,2
	-24,7	15,9	6,9
Financial items, net	**-17,8**	-15,3	-67,9
Taxes paid	**-25,5**	-31,3	-53,4
Net cash flow from operating activities	**170,8**	204,6	371,1
Cash flow from investing activities			
Capital expenditure	**-85,5**	-84,7	-181,6
Purchase of shares	**-5,2**	-5,2	-19,3
Proceeds from asset disposal	**6,4**	0,5	1,9
Net cash used in investing activities	**-84,3**	-89,4	-199,0
Cash flow before financing activities	**86,5**	115,2	172,1
Cash flow from financing activities			
Proceeds from long-term borrowings		75,0	75,0
Repayment of long-term borrowings	**-0,2**	-80,2	-80,2
Change in short-term borrowings	**65,8**	35,9	59,3
Repayment of finance lease liabilities	**-2,4**	-1,8	-4,1
Dividends paid and capital repayment	**-140,0**	-143,5	-221,3
Net cash used in financing activities	**-76,8**	-114,6	-171,3
Change in cash and cash equivalents	**9,7**	0,6	0,8
Cash and cash equivalents at beginning of period	**31,8**	31,0	31,0
Cash and cash equivalents at end of period	**41,5**	31,6	31,8

STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	**Total equity**
Balance at 1 January 2010	83,0	-202,0	394,7	188,6	434,9	0,8	**900,0**
Dividends and capital repayment				-143,3		-0,5	**-143,8**
Share-based compensation		3,1			-0,7		**2,4**
Other changes					-1,1	2,7	**1,6**
Total comprehensive income			-0,6		47,6	0,3	**47,3**
Balance at 30 June 2010	83,0	-198,9	394,1	45,3	480,7	3,3	**807,5**

EUR million							
Balance at 1 January 2011	83,0	-199,0	393,5	45,3	507,0	3,1	**832,9**
Dividends and capital repayment					-140,3	-0,7	**-141,0**
Share-based compensation		2,0		0,3	0,3		**2,6**
Other changes						1,3	**1,3**
Total comprehensive income			-1,1		88,2	0,2	**87,3**
Balance at 30 June 2011	83,0	-197,0	392,4	45,6	455,2	3,9	**783,1**

NOTES

ACCOUNTING PRINCIPLES

The Interim consolidated financial statements are in compliance with IAS 34 "Interim Financial Reporting ". 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 stantements at 31 December 2010.

Changes in the accounting principles

The Group adopted the following standards, amendments to standards and interpretations as from 1 January 2011 onward:

- Amended IAS 24 Related Party Disclosures. Amendments to definitions and requirements concerning notes.
- Revised IAS 32 Financial instruments: Presentation. The amendments concern the accounting of issues of shares, options or subscription rights denominated in a currency other than the issuer's operating currency. A derivative associated with the party's equity is an equity instrument if it entitles to receive a fixed number of shares in the company for a fixed amount of currency or other financial receivable. Previously, such subscription rights were classified as derivative liabilities in accounting.
- Revised IFRIC 14 IAS 19 - The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. After the amendments, advance contributions to a defined benefit plan can, in certain cases, be recognised as assets on the balance sheet.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. A debtor and creditor may renegotiate the terms of a financial liability with the result that the liability is fully or partially extinguished by the debtor issuing equity instruments to the creditor; the debt is swapped for equity. Such equity instruments are ”consideration paid,” and the difference between the financial liability (or part thereof) and the original valuation price of the granted equity instruments is recognised through profit or loss.
- Annual Improvements of IFRS standards

1. SEGMENT INFORMATION

4-6/2011	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	227,4	150,4		377,8
EBITDA	72,4	48,8		121,2
Depreciation and amortisation	-29,7	-22,8		-52,5
EBIT	42,7	26,0		68,7
Financial income			3,7	3,7
Financial expense			-11,3	-11,3
Share of associated companies' profit			0,0	0,0
Profit before tax				61,1
Investments	31,6	22,1		53,7

4-6/2010	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	217,2	147,1		364,3
EBITDA	67,9	50,6		118,5
Depreciation and amortisation	-31,1	-22,7		-53,8
EBIT	36,8	27,9		64,7
Financial income			2,9	2,9
Financial expense			-14,7	-14,7
Share of associated companies' profit			0,0	0,0
Profit before tax				52,9
Investments	27,2	18,8		46,0

Elisa Corporation
1.1. - 30.6.2011
Unaudited

1-6/2011 EUR million	Consumer Customers	Corporate Customers	Unallocated Items	Group Total
Revenue	451,3	300,3		751,6
EBITDA	139,4	99,3		238,7
Depreciation and amortisation	-59,2	-45,6		-104,8
EBIT	80,2	53,7		133,9
Financial income			6,4	6,4
Financial expense			-21,5	-21,5
Share of associated companies' profit			0,1	0,1
Profit before tax				118,9
Investments	55,0	40,1		95,1

1-6/2010 EUR million	Consumer Customers	Corporate Customers	Unallocated Items	Group Total
Revenue	431,5	285,8		717,3
EBITDA	141,2	93,0		234,2
Depreciation and amortisation	-62,0	-46,2		-108,2
EBIT	79,2	46,8		126,0
Financial income			5,2	5,2
Financial expense			-68,6	-68,6
Share of associated companies' profit			0,0	0,0
Profit before tax				62,6
Investments	50,7	34,0		84,7

1-12/2010 EUR million	Consumer Customers	Corporate Customers	Unallocated Items	Group Total
Revenue	885,0	578,2		1 463,2
EBITDA	289,6	195,1		484,7
Depreciation and amortisation	-125,0	-91,7		-216,7
EBIT	164,6	103,4		268,0
Financial income			9,5	9,5
Financial expense			-80,4	-80,4
Share of associated companies' profit			0,0	0,0
Profit before tax				197,1
Total assets	107,7	76,1		183,8
Investments	1 062,0	801,0	108,7	1 971,7

2. ACQUISITIONS AND DISPOSALS

There were no acquisitions during 1 January - 30 June 2011.

Disposal of Excenta Oy

On 3 May 2011 Elisa sold a total of 51.0 per cent Excenta Oy's share capital to Pohjola Vakuutus Oy. The sales price was EUR 0.3 million. As part of the disposal Elisa sold EUR 1.9 million subordinated loan receivable. The capital gain was EUR 1.1 million. The goodwill reduced by EUR 1.0 million due the disposal.

Excenta Oy has been consolidated with the Group until 30 April 2011.

Analysis of net assets sold	Recognised fair values
Intangible assets	0,2
Trade and other current receivables	0,3
Cash and cash equivalents	0,1
Trade payables and other current liabilities	-0,5
Net assets sold	0,1

Effects of disposal on cash flow	
Received in cash	2,2
Cash and cash equivalents of the sold subsidiary	-0,1
Cash flow	2,1

Previous year's acquisitions

On 13 April 2010 Elisa acquired 68.8 per cent of Videra Oy's share capital. The allocation of Videra Oy's acquisition cost has been corrected during interim period. The acquistion cost allocated to customer contracts was added by EUR 1.7 million, to non-controlling interest by EUR 1.3 million and to deferred tax liabilities by EUR 0.4 million. The correction did not have any effect on goodwill. The previous year's information has not been corrected retrospectively, because the correction in question was not material to Elisa Group.

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million	Property plant and equipment	Goodwill	Other intangible assets
Cost at 1 January 2011	2 608,2	798,0	436,3
Additions	81,0		15,2
Disposal of subsidiaries		-1,0	-0,1
Disposals	-3,1		
Reclassifications	0,8		-0,7
30 June 2011	2 686,9	797,1	450,7
Accumulated depreciation/amortisation at 1 January 2011	1 996,9		307,0
Depreciation for the period	80,9		23,9
Disposals and reclassifications	-3,0		
30 June 2011	2 074,8		330,9
Net carrying amounts:			
1 January 2011	611,3	798,0	129,3
30 June 2011	612,1	797,1	119,8

Commitments to purchase property, plant and equipment and intangible assets amounts to EUR 52,0 million as at 30 June 2011.

4. AVAILABLE-FOR-SALE-INVESTMENTS

Analysis of the most substantial unlisted shares measured at book value.

Anvia Oyj	8,6
Sulake Corporation Oy	6,4
Voddler Group Ab	3,3
	18,3

The shares have not been measured at fair value, because the fair value cannot be measured reliably.

5. INVENTORIES

Write-downs of inventories amounting to EUR 0,9 million were recognised at 30 June 2011 (EUR 0,8 million at 31 December 2010).

6. EQUITY

	Number of shares pcs	Treasury shares pcs	Nominal value EUR	Holding, % of shares and votes
Shares as 31 December 2010	166 307 586	10 534 506		
Subscription rights used	30 814			
Disposal, Share incentive plan 2010		-99 483		
Shares as 30 June 2011	166 338 400	10 435 023	5 208 968	6,27 %

Capital repayment
On 25 March 2011 Elisa's Annual General Meeting decided of a dividend of 0,90 euros per share. The total dividend amounts to EUR 140,3 million and payment started on 7 April 2011.

7. ISSUANCES AND REPAYMENTS OF DEBT

The group has neither issued nor repaid bonds during 1 January - 30 June 2011.

In June Elisa signed a EUR 170 million five-year Syndicated Revolving Credit Facility with an option to be extended by two years. This new facility replaces the previous facility with same size that was signed in June 2005.

The unused amount of EUR 1,000 million EMTN program is EUR 375 million as at 30 June 2011.

8. PROVISIONS

EUR million	Post-employment benefits	Other	Total
1 January 2011	1,8	3,9	5,7
Increases in provisions	1,4	0,4	1,8
Used provisions	-0,8	-1,6	-2,4
30 June 2011	2,4	2,7	5,1

9. RELATED PARTY TRANSACTIONS

Elisa Group's related parties include subsidiaries, associates and key management. Key management consists of Elisa's Board of Directors, the CEO and the Executive Board.

Changes in subsidiary relationships during the period are as follows:

Elisa Innova Oy	founded	100 %
Excenta Oy	sold	51 %
Videra Norge As	founded	100 %

Related party transactions with associated companies	**1-6/2011**
Sales	**0,0**
Purchases	**0,3**

Management remuneration will be announced in Annual financial statements.

10. OPERATING LEASE COMMITMENTS

EUR million	**30.6. 2011**	31.12. 2010
Due within 1 year	**40,3**	20,5
Due after 1 year but within 5 years	**28,5**	31,8
Due after 5 years	**6,7**	9,4
Total	**75,5**	61,7

11. CONTINGENT LIABILITIES

EUR million	**30.6. 2011**	31.12. 2010
Mortgages		
For own	**2,0**	2,0
Pledges given		
Pledges given as surety	**0,8**	0,9
Guarantees given		
For own	**0,8**	0,8
For others	**0,5**	0,5
Mortgages, pledges and guarantees total	**4,1**	4,2

12. DERIVATIVE INSTRUMENTS

EUR million	**30.6. 2011**	31.12. 2010
Interest rate swaps		
Nominal value	**150,0**	150,0
Fair value recognised in the balance sheet	**1,0**	1,2

13. EVENTS AFTER THE BALANCE SHEET DATE

No significant events have taken place after the balance sheet date.

KEY FIGURES

EUR million	**1-6 2011**	1-6 2010	1-12 2010
Shareholders' equity per share, EUR	**5,00**	5,16	5,33
Interest bearing net debt	**845,4**	752,4	776,2
Gearing	**108,0 %**	93,2 %	93,2 %
Equity ratio	**40,3 %**	42,0 %	42,5 %
Return on investment (ROI) *)	**17,6 %**	12,6 %	14,0 %
Gross investments in fixed assets	**95,1**	85,6	183,8
of which finance lease investments	**9,6**	0,9	2,2
Gross investments as % of revenue	**12,7 %**	11,9 %	12,6 %
Investments in shares	**0,0**	10,8	34,5
Average number of employees	**3 754**	3 394	3 477

*) rolling 12 months profit preceding the reporting date

Formulae for financial indicators

EBITDA	EBIT + depreciation, amortisation and impairment
EBIT	Profit for the period + income taxes + financial income and expense + share of associated companies' profit
Gearing %	Interest-bearing debt - cash and cash equivalents -- x 100 Total equity
Equity ratio %	Total equity -- x 100 Balance sheet total - advances received
Return on investment % (ROI)	Profit before taxes + interest and other financial expenses -- x 100 Total equity + interest bearing liabilities (average)
Net debt	Interest-bearing debt - cash and cash equivalents
Shareholders' equity per share	Equity attributable to equity holders of the parent -- Number of shares outstanding at end of period
Earnings/share	Profit for the period attributable to equity holders of parent --- Average number of outstanding shares