

**ELISA'S INTERIM REPORT FOR JULY-SEPTEMBER 2007**

- Revenue increased by 2 per cent to EUR 394 million (387)
- EBITDA increased by 7 per cent to EUR 132 million (123) and profit before taxes grew by 29 per cent to EUR 89 million (69)
- Excluding non-recurring items, profit before taxes grew by 10 per cent to EUR 76 million (69)
- Earnings per share improved by 41 per cent to EUR 0.45 (0.32). Earnings per share include non-recurring items of approximately EUR 0.08.
- Revenue per subscription in the mobile business decreased slightly from the previous quarter's EUR 30.2 to EUR 29.9. Churn remained on par with the previous quarter's level at 11.2 per cent (11.4 per cent).
- The number of mobile subscriptions continued to increase during the second quarter, due in particular to the new 3G customers
- The number of broadband subscriptions increased on the previous quarter

Key indicators:

Income statement EUR million	7-9/2007	7-9/2006	1-12/2006
Revenue	394	387	1 518
EBITDA	132	123	434 <sup>1)</sup>
EBIT	82	73	225
Profit before taxes	89 <sup>2)</sup>	69	212
Earnings per share, EUR	0.45	0.32	0.97
Capital expenditures	44	40	207

Figures excluding non-recurring items: <sup>1)</sup> EUR 445 million, <sup>2)</sup> EUR 76 million

Figures describing the financial position and cash flow:

Financial position EUR million	30 Sep 2007	30 Sep 2006	31 Dec 2006
Net debt	646	336	377
Net debt / EBITDA <sup>1)</sup>	1.2	0.7	0.9
Gearing ratio, %	65.3	25.2	28.7
Equity ratio, %	45.7	65.5	63.1
Cash flow statement	7-9/2007	7-9/2006	1-12/2006
Cash flow after investments	6	36	118

<sup>1)</sup> (interest-bearing debt – liquid assets) / (adjusted EBITDA for the period x 4)

Figures including the effect of the payment of extra dividend for EUR 158 million on 25 October 2007: net debt EUR 804 million, net debt / EBITDA 1.5 and gearing ratio 81.2%

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

“The 3G market remains a good driver for the development of the entire communications industry. 3G subscriptions comprise a significant proportion of new subscriptions, and customers are increasingly using a wide variety of content services. There are almost 900,000 3G customers in Finland.

The numbers of our customers and subscriptions are still growing. An increasing numbers of Finns have two or more subscriptions for different communications needs. The number of broadband subscriptions continues to grow, and competitive pricing for mobile broadband has also increased demand.

We are continuing to make substantial investments in expanding the 3G network and increasing its data rates and capacity. The coverage and quality of our network are the best in the industry. By the end of the first quarter of 2008, population coverage will be approximately 75 per cent.

We are in the process of replacing our customer management and invoicing system in order to improve customer service and productivity. Introduction of the new system delayed invoicing, such that customers received invoices less frequently than expected. We will be issuing invoices for five months' services during the next four months, enabling us to return to the normal invoicing schedule within a few months. The number of customer service enquiries has increased due to the change. A good quality of customer service is important for us, and therefore we have employed and trained 250 new people for customer service tasks.

Our January-September revenue increased by 4 per cent on the previous year in spite of simultaneous decreases in interconnection and roaming fees, for example. Our profitability improved clearly on the previous year thanks to new services and productivity improvements. We are going to continue determinedly systematic efforts to improve the effectiveness of our operations and development of the market.

In the short term, a potential labour dispute may affect our operations. A strike would hamper the company's operations and possibly pose a risk for maintaining communications connections. We hope that the parties will reach an amicable settlement, which would allow customer connections to remain unaffected.

I foresee excellent long-term prospects for the operator business, particularly in Finland where consumer and corporate customers' interest in the new opportunity of 3G services and internet is growing strongly.”

## **ELISA CORPORATION**

Mr Vesa Sahivirta  
Director, IR and Financial Communications

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## INTERIM REPORT FOR JULY-SEPTEMBER 2007

This interim report has been prepared in accordance with the IFRS recognition and measurement principles. The information presented in this interim report is unaudited.

### Market situation

The base of mobile communications subscriptions and the use of data services have evolved favourably in Finland with 3G subscriptions comprising a significant proportion of new subscriptions. The use of new services made available through 3G subscriptions has also increased. Churn has been on the decline, and competition has been more focused on services.

The fixed network business continued its earlier trend: the number of broadband subscriptions continued to grow, while the number and usage of traditional subscriptions decreased. The broadband market has continued to grow slightly.

### Revenue

EUR million	7-9/2007	7-9/2006	Change, %
Mobile communications	252	246	2
Fixed network	157	156	1
Inter-segment sales	-15	-16	-6
Total	394	387	2

Elisa's July-September revenue increased by 2 per cent on the corresponding period in 2006. Reasons contributing to the growth included an increased number of broadband and mobile subscriptions and increased use of mobile communications services. Revenue was hampered by lower interconnection fees and declined equipment sales, as well as decreases in the number of traditional fixed network subscriptions and the volume of traffic.

### Performance

EUR million	7-9/2007	7-9/2006	Change, %
Mobile communications			
EBITDA	80	72	11
EBITDA, %	32	29	
EBIT	53	49	8
Fixed network			
EBITDA	54	52	4
EBITDA, %	34	33	
EBIT	31	26	19
Corporate functions			
EBITDA	-3	-1	200
EBIT	-3	-1	200
Group, total			
EBITDA	132	123	7
EBITDA, %	33	32	
EBIT	82	73	12

Elisa's EBITDA showed growth of 7 per cent on the corresponding period in 2006. The EBITDA improvement was attributable to factors such as new services in the mobile communication business, as well as efficiency measures. The improved profitability of the fixed network was affected by changes in broadband subscription prices, the increased number of subscriptions and improved cost efficiency.

The Group's financial income and expenses amounted to EUR +7 million (-4). The financial income includes EUR 13 million of sales gains from Comptel shares, as well as an unrealised financial gain of approximately EUR 2 million from changes in the fair value of derivatives that does not affect cash flow. Therefore, comparable financial expenses amounted to EUR -8 million. The increase in comparison to the corresponding period last year was mostly due to increased net debt.

Income taxes in the period under review amounted to EUR -17 million (-16).

The Group's July-September result after taxes was EUR 72 million (53). The Group's earnings per share (EPS) amounted to EUR 0.45 (0.32). At the end of September, consolidated shareholders' equity per share stood at EUR 6.24 (EUR 8.07 at the end of 2006).

### Changes in corporate structure

On 5 July 2007, the General Meeting of Lounet Oy and Elisa's Board of Directors accepted a merger plan according to which Lounet was merged with Elisa Corporation. The merger was registered on 30 September 2007.

First Orange Contact Oy and Elisa Ventures Oy merged with Elisa on 31 August 2007.

Elisa Corporation and Oy L M Ericsson Ab have signed an agreement on outsourcing the remote management of telephone systems and PBX installations for Elisa's corporate customers, as well as the partial outsourcing of field activities related to PBX installations, to Ericsson. The operations were transferred on 28 September 2007.

The personnel of Elisa's subsidiary Saunalahti became Elisa's employees in a transfer of business as of 1 October 2007. In the transfer of business, approximately 170 Saunalahti employees were transferred to Elisa and joined Elisa's Consumer Customers and Small Enterprise Customers unit staff of approximately 900.

### Mobile business

Number of subscriptions	30 Sep 2007	30 Sep 2006	31 Dec 2006
Total number of subscriptions	2,622,300	2,452,500	2,488,900
- Network operator in Finland	2,309,800	2,163,900	2,194,400
- Subscriptions in Estonia	312,500	288,600	294,500

User-specific indicators <sup>1)</sup>	Q3/2007	Q3/2006	2006
Average revenue/subscription, €/month	29.9	30.5	30.2
Annual churn, %	11.2	11.7	13.8
Outgoing calls, min/subscription/month	217	207	203
SMS, msg/subscription/month	51	50	50
Value-added services/revenue, %	19	17	17

Indicators on network use <sup>2)</sup>	Q3/2007	Q3/2006	2006
Outgoing calls, million minutes	1,428	1,265	4,888
SMS, million msg	382	303	1,193

<sup>1)</sup> Elisa's service operators in Finland (excluding prepaid subscriptions)

<sup>2)</sup> Elisa's network operator in Finland

Elisa had 2,309,800 subscriptions in Finland at the end of September, representing an increase of approximately 146,000 on the corresponding period last year. The third-quarter increase was approximately 53,000 subscriptions, contributed to by the good success of the 3G service bundles, mobile broadband subscriptions and prepaids.

The call minutes per subscription of Elisa's own service operators rose by approximately 5 per cent and the number of SMS messages increased by approximately 2 per cent on the corresponding period last year. Due to the increase in the number of subscriptions of Elisa's service operators, the total call minutes in the network grew by 13 per cent and the number of SMS messages increased by 26 per cent.

Mobile business' revenues increased by 2 per cent. Factors hampering revenue included new interconnection fees in force as of the beginning of the year, as well as reduced roaming fees, while increases in the volume of use and the number of subscriptions resulted in revenue improvements.

Revenue per subscription in the mobile network decreased slightly from the previous quarter's EUR 30.2 to EUR 29.9 mainly due to lower roaming prices.

Elisa adjusted its Mobile Broadband prices as of 1 August and its roaming fees in European Union countries as of 30 August.

Elisa ordered a 3G network extension from Ericsson that will double the coverage and capacity of Elisa's existing WCDMA/HSPA network: the number of base stations will be more than doubled and data communication rates will increase.

Elisa will continue the development of its 3G network through cooperation with Ericsson, and will be the first Nordic operator to introduce the HSUPA (High Speed Uplink Packet Access) technology to its 3G network. The technology will more than triple the data rate from the terminal to the network (max. 1.4 Mbps).

The mobile business of Elisa's Estonian subsidiary continued to grow in terms of revenue as well as in the number of subscriptions. Revenue growth was 10 per cent, with revenue amounting to EUR 30.6 million (27.8) and the number of customers to 312,500 (288,600). Profitability improved as well: EBITDA increased by 5 per cent to EUR 10.1 million (9.6) and EBIT by 7 per cent to EUR 7.4 million (6.9).

### Fixed network business

Number of subscriptions	30 Sep 2007	30 Sep 2006	31 Dec 2006
Broadband subscriptions	518,400	479,600	496,300
ISDN channels	70,900	110,200	76,200
Cable TV subscriptions	235,700	223,200	226,000
Analogue and other subscriptions	483,500	528,800	521,100
Subscriptions, total	1,308,500	1,341,800	1,319,600

The number of broadband subscriptions increased by approximately 4,500 on the previous quarter, representing an increase of 38,800 subscriptions or 8 per cent on the previous year.

The number of traditional subscriptions continued to decrease steadily as voice calls shifted to the mobile communication network and data transfers to broadband subscriptions.

Elisa introduced HDTV (High Definition Television) broadcasts to its cable TV network on 3 September 2007. There are initially two HDTV channels but the offering will be substantially increased in the future. Elisa's nationwide cable TV network covers approximately 226,000 households.

On 5 September 2007, Elisa introduced the Broadband Super service that provides households with a data rate as high as 100 Mbps. It enables the use of services that require increasingly fast connections, such as TV and video on demand. Broadband Super is available apartment-specifically in buildings covered by Elisa's broadband optical fibre network.

## Personnel

During July-September, the average number of personnel at Elisa was 3,326 (an average of 4,264 in 2006).

### Personnel by segment

	30 Sep 2007	30 Sep 2006	31 Dec 2006
Mobile communications	1,313	1,355	1,329
Fixed network	1,878	2,267	2,224
Corporate functions	38	39	38
Total	3,229	3,661	3,592

In connection with the transfer of PBX remote management from Elisa's Corporate Customers unit, a total of 56 employees transferred to Ericsson.

## Investments

EUR million	7-9/2007	7-9/2006	1-12/2006
Capital expenditures	44	40	207
- mobile business	21	14	78
- GSM leasing liability buy-backs	0	0	2
- fixed network business	23	27	127
- others	0	0	0
Shares	6	7	10
Total	51	47	218

The primary investment targets were the expansion of the 3G network and increases in the speed and capacity of the broadband network, as well as the new invoicing and customer management system, the first phase of which has been introduced into use.

## Extra dividend

On 31 July 2007, Elisa's Board of Directors decided on the distribution of an extra dividend per share of EUR 1.00. The dividend ex-date was 16 October 2007, the record date was 18 October 2007, and the payment date was 25 October 2007.

The dividend distribution totalled approximately EUR 158 million. No dividend was paid on treasury shares held by Elisa.

## Financial position

The capital structure has been developed according to the set goals. Elisa's financial position and liquidity remained good during the quarter. The group's July-September cash flow after investments amounted to EUR 6 million (36). Cash flow was substantially weakened by delays in invoicing due to the introduction of the invoicing and customer management system.

In September, Elisa sold 7 million Comptel Corporation shares, reducing Elisa's holding in Comptel from 19.9 per cent to 13.4 per cent. The sales price for the shares was EUR 13.2 million, EUR 13.1 million of which was tax-free sales gain. The sales gain was booked as a non-recurring financial income item.

## Financial key indicators

EUR million	30 Sep 2007	30 Sep 2006	31 Dec 2006
Net debt	646	336	377
Net debt / EBITDA <sup>1)</sup>	1.2	0.7	0.9
Gearing, %	65.3	25.2	28.7
Equity ratio, %	45.7	65.5	63.1
	7-9/2007	7-9/2006	1-12/2006
Cash flow after investments	6	36	118

<sup>1)</sup> (interest-bearing debt – liquid assets) / (adjusted EBITDA for the period x 4)

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## Valid financing arrangements

EUR million	Maximum amount	In use on 30 Sep 2007
Committed credit line	170	0
Commercial paper programme <sup>1)</sup>	150	0
EMTN programme <sup>2)</sup>	1,000	666

<sup>1)</sup> The programme is not committed.

<sup>2)</sup> European Medium Term Note programme, not committed.

## Long-term credit ratings

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

## Share

The total number of Elisa shares at the end of September was 166,307,586. As Lounet's merger consideration, 241,570 new Elisa shares were issued and became objects of trading on 1 October 2007. The closing price at the end of the review period was EUR 21.80, representing an increase of 5.1 per cent compared with EUR 20.75 at the end of the year. Compared with a year ago, the share price has increased by 25.3 percent from EUR 17.40. At the end of the review period, market capitalisation was at EUR 3,450 million.

In June-September, a total of 72.0 million shares were traded on the Helsinki Stock Exchange for an aggregate of EUR 1,465.6 million. The trading volume was 45.5 per cent of the number of shares on the market.

The General Meeting on 19 March 2007 authorised the Board of Directors to acquire treasury shares to a maximum number of 16,000,000, of which 4 million shares have been acquired. No treasury shares were acquired during the review period. At the end of September, Elisa held 8,049,976 shares (4,125,000 at the end of 2006), having a counter value of EUR 4.02 million and representing 4.85 per cent of the share capital and votes.

## Distributable funds

Elisa Corporation's distributable funds at the end of the review period stood at approximately EUR 8 million.

Elisa's General Meeting on 28 June 2007 decided to transfer the share premium fund to the distributable funds.

## **Significant legal issues**

There were no significant developments in Elisa's legal issues in July-September.

## **Short-term risks and uncertainties**

The Union of Salaried Employees (Toimihenkilöunioni, TU) has warned of a strike that could begin on 1 November 2007, and Ylempien toimihenkilöiden neuvottelukunta (YTN), which represents professional employees, has warned of a strike that could begin on 2 November 2007. If realised, a strike would hamper the company's operations and possibly pose a risk for maintaining communications connections. A potential strike would particularly impact attendance to customer needs in customer service and network operations. The functionality of fixed network voice services, mobile calls and mobile data, SMS messaging, mobile positioning and corporate communications services might also suffer.

There has been an interruption in invoicing due to changes in the invoicing and customer management system. The return to normal invoicing schedule has been delayed to the first quarter of 2008. The delayed schedule may affect business.

The telecommunications business is under intense competition in Elisa's main market areas, which may affect Elisa's business.

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. Thus the overall market of mobile subscriptions in Finland cannot grow significantly. Furthermore, the share of phone traffic in Elisa's fixed network has decreased over the past few years. These factors may limit the opportunities for growth.

The telecommunications industry is subject to heavy regulation. Elisa and its business are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa.

## **Events after the reporting period**

Elisa will continue to develop the operations of the Consumer Customers and Small Enterprise Customers unit and improve its efficiency. Saunalahti's employees were transferred to Elisa in a transfer of business on 1 October 2007. Negotiations in compliance with the Act on Cooperation within Undertakings were initiated on 24 October 2007 with the aim of reducing the personnel by approximately 80. The unit employs almost 1,100 employees in total, of which approximately 300 are within the scope of the cooperation negotiations.

On 28 June 2007, Elisa's AGM resolved to transfer the funds in the share premium fund to the invested free equity fund. As part of the process, the Trade Register has issued a public announcement to the company's creditors, setting a deadline for the creditors' opposition that expired on 23 October 2007. Elisa has been informed about cases of opposition filed in the Trade Register that may delay the implementation of the resolution.

## **Outlook for 2007**

Outlook for the rest of the year has not changed.

Competition in the Finnish telecommunications market remains challenging, while the focus is increasingly on services. The use of mobile communications and broadband products is continuing to rise. Elisa's aim is to further reinforce its position as the service leader.



The Group's revenue is expected to grow on last year and EBITDA and EBIT excluding non-recurring items are expected to improve. The contributory factors include the growth in the 3G market and the efficiency measures. During the second half of the year, EBITDA and EBIT excluding non-recurring items are expected to improve clearly on the first half on the year, while the fourth quarter is expected to be slightly on the lower level that the third quarter.

Capital expenditures during the year are estimated to total 11 to 13 per cent of the revenue, and cash flow will remain clearly positive.

BOARD OF DIRECTORS

## CONSOLIDATED INCOME STATEMENT

EUR million	Note	7-9 2007	7-9 2006	1-9 2007	1-9 2006	1-12 2006
<b>Revenue</b>	1	<b>394,5</b>	386,9	<b>1 166,3</b>	1 117,7	1 518,4
Other operating income		<b>4,8</b>	2,8	<b>19,7</b>	6,7	8,7
Materials and services		<b>-175,4</b>	-178,6	<b>-529,7</b>	-507,0	-689,3
Employee benefit expenses		<b>-38,3</b>	-43,2	<b>-130,5</b>	-160,1	-213,9
Other operating expenses		<b>-53,7</b>	-44,9	<b>-152,5</b>	-141,0	-189,4
<b>EBITDA</b>	1	<b>131,9</b>	123,0	<b>373,3</b>	316,3	434,5
Depreciation		<b>-49,9</b>	-49,8	<b>-145,5</b>	-161,3	-209,1
<b>EBIT</b>	1	<b>82,0</b>	73,2	<b>227,8</b>	155,0	225,4
Financial income and expense, net		<b>7,2</b>	-3,9	<b>-8,1</b>	-12,3	-13,7
Share of associated companies' profit		<b>0,0</b>	0,0	<b>0,1</b>	0,0	0,1
<b>Profit before tax</b>		<b>89,2</b>	69,3	<b>219,8</b>	142,7	211,8
Income taxes		<b>-17,0</b>	-16,3	<b>-49,7</b>	-32,3	-50,4
<b>Profit for the period</b>		<b>72,2</b>	53,0	<b>170,1</b>	110,4	161,4
<b>Attributable to:</b>						
Equity holders of the parent		<b>72,4</b>	52,6	<b>169,7</b>	109,6	160,3
Minority interest		<b>-0,2</b>	0,4	<b>0,4</b>	0,8	1,1
		<b>72,2</b>	53,0	<b>170,1</b>	110,4	161,4
<b>Earnings per share (EUR)</b>						
Basic		<b>0,45</b>	0,32	<b>1,06</b>	0,66	0,97
Diluted		<b>0,45</b>	0,32	<b>1,06</b>	0,66	0,97
<b>Average number of outstanding shares (1000 shares)</b>						
Basic		158 016	165 941	159 808	165 933	165 417
Diluted		158 016	165 941	159 808	165 933	165 417

## CONSOLIDATED BALANCE SHEET

	30.9. 2007	31.12. 2006
<b>EUR million</b>	<b>2007</b>	<b>2006</b>
<b>Non-current assets</b>		
Property, plant and equipment	630,0	645,5
Goodwill	773,7	772,3
Other intangible assets	196,6	190,4
Investments in associated companies	0,1	0,4
Available-for-sale investments	38,2	48,4
Other receivables	6,6	4,8
Deferred tax receivable	31,3	33,7
	<b>1 676,5</b>	<b>1 695,5</b>
<b>Current assets</b>		
Inventories	23,2	38,4
Trade and other receivables	437,1	334,8
Cash and cash equivalents	31,4	22,2
	<b>491,7</b>	<b>395,4</b>
<b>Total assets</b>	<b>2 168,2</b>	<b>2 090,9</b>
<b>Equity attributable to equity holders of the parent</b>	<b>988,2</b>	<b>1 307,6</b>
<b>Minority interest</b>	<b>1,9</b>	<b>4,7</b>
<b>Total equity</b>	<b>990,1</b>	<b>1 312,3</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	34,6	36,3
Provisions	7,2	8,2
Interest-bearing debt	639,1	321,1
Other non-current liabilities	22,4	16,1
	<b>703,3</b>	<b>381,7</b>
<b>Current liabilities</b>		
Trade and other payables	414,1	287,5
Tax liabilities	19,9	28,7
Provisions	2,4	2,7
Interest-bearing debt	38,4	78,0
	<b>474,8</b>	<b>396,9</b>
<b>Total equity and liabilities</b>	<b>2 168,2</b>	<b>2 090,9</b>

## STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share issue premium	Treasury shares	Other reserves	Retained earnings	Minority interest	Total equity
<b>Total equity at 1.1.2006</b>	83,0	530,4	-2,5	418,9	307,5	12,4	<b>1 349,7</b>
Available for sale investments				-2,6			-2,6
Other changes				-0,2	-0,4	0,2	-0,4
Items recognised directly in equity				-2,8	-0,4	0,2	-3,0
Profit for the period					109,6	0,8	<b>110,4</b>
<b>Total recognised income and expense for the period</b>				-2,8	109,2	1,0	<b>107,4</b>
Acquisitions of subsidiaries			-0,1			-4,8	-4,9
Dividends					-116,2	-2,0	-118,2
Sales of treasury shares			0,8		-0,4		0,4
Share based compensation					1,0		1,0
<b>Total equity at 30.9.2006</b>	83,0	530,4	-1,8	416,1	301,1	6,6	<b>1 335,4</b>
<b>Total equity at 1.1.2007</b>	83,0	530,4	-81,3	422,1	353,4	4,7	<b>1 312,3</b>
Available for sale investments				-10,2			-10,2
Items recognised directly in equity				-10,2			-10,2
Profit for the period					169,7	0,4	<b>170,1</b>
<b>Total recognised income and expense for the period</b>				-10,2	169,7	0,4	<b>159,9</b>
Acquisitions of subsidiaries				5,3	-0,8	-2,8	1,7
Dividends					-401,5	-0,4	-401,9
Purchase of treasury shares			-85,6				-85,6
Sales of treasury shares			1,1		0,4		1,5
Share based compensation					2,2		2,2
<b>Total equity at 30.9.2007</b>	83,0	530,4	-165,8	417,2	123,4	1,9	<b>990,1</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-9 2007	1-9 2006	1-12 2006
<b>Cash flow from operating activities</b>			
Profit before tax	219,8	142,7	211,8
Depreciation	145,5	161,3	209,1
Other adjustments to profit before tax	-7,7	10,1	8,3
Change in working capital	-118,6	-69,5	-76,8
Cash generated from operations	239,0	244,6	352,4
Financial items, net	-15,8	-18,5	-17,5
Taxes paid	-59,1	-0,9	-0,3
<b>Net cash flow from operating activities</b>	<b>164,1</b>	<b>225,2</b>	<b>334,6</b>
<b>Cash flow from investments</b>			
Capital expenditure	-135,4	-136,7	-205,7
Purchase of shares and other investments	-4,9	-24,6	-25,4
Proceeds from asset disposal	37,4	13,7	14,9
<b>Net cash used in investing activities</b>	<b>-102,9</b>	<b>-147,6</b>	<b>-216,2</b>
<b>Cash flow before financing activities</b>	<b>61,2</b>	<b>77,6</b>	<b>118,4</b>
<b>Cash flow from financing activities</b>			
Purchase of treasury shares	-85,6		-79,4
Proceeds from treasury shares	1,7	0,9	1,0
Proceeds from long-term borrowings	350,0		
Repayment of long-term borrowings	-44,2	-122,4	-122,4
Change in short-term borrowings	-25,0		25,0
Repayment of finance lease liabilities	-5,3	-7,5	-9,5
Dividends paid	-243,6	-122,5	-123,6
<b>Net cash from/used in financing activities</b>	<b>-52,0</b>	<b>-251,5</b>	<b>-308,9</b>
Change in cash and cash equivalents	9,2	-173,9	-190,5
Cash and cash equivalents at beginning of period	22,2	212,7	212,7
Cash and cash equivalents at end of period	31,4	38,8	22,2

**NOTES****BASIS OF PREPARATION**

This Interim report has been prepared in accordance with the IFRS recognition and measurement principles. The Interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective at the time of preparing and adopted for use by European Union. The accounting principles applied in the Interim report are the same as those applied in the Consolidated financial statements at 31 December 2006. This Interim consolidated financial statements should be read in conjunction with the 2006 Consolidated financial statements.

The Group adopted the following standards, amendments to standards and interpretations as from 1 January 2007 onward:

IFRS 7 Financial Instruments; Disclosure

IAS 1 Presentation of Financial statements; Capital disclosures

IFRIC 8 Scope of IFRS 2

IFRIC 9 Reassessment of Embedded derivatives

IFRIC 10 Interim Financial Reporting and Impairment

These newly adopted standards and interpretations have not had any effect on Interim consolidated financial statements.

**1. BUSINESS SEGMENT INFORMATION**

7-9/2007		Fixed	Other	Unallocated		Group
EUR million	Mobile	Network	business	items	Eliminations	Total
External sales	246,0	148,3	0,0	0,2		394,5
Inter-segment sales	5,8	9,1			-14,9	0,0
Revenue	251,8	157,4	0,0	0,2	-14,9	394,5
EBITDA	80,4	54,2		-2,7		131,9
EBIT	53,4	31,5		-2,9		82,0
Financial income and expense				7,2		7,2
Share of associated companies' profit				0,0		0,0
Profit before tax						89,2

7-9/2006		Fixed	Other	Unallocated		Group
EUR million	Mobile	Network	business	items	Eliminations	Total
External sales	239,2	147,4	0,3			386,9
Inter-segment sales	6,5	9,0			-15,5	0,0
Revenue	245,7	156,4	0,3		-15,5	386,9
EBITDA	72,3	52,0		-1,3		123,0
EBIT	48,7	25,5		-1,0		73,2
Financial income and expense				-3,9		-3,9
Share of associated companies' profit				0,0		0,0
Profit before tax						69,3

**Elisa Corporation**

**1.1. - 30.9.2007**

*Unaudited*

<b>1-9/2007</b>		<b>Fixed</b>	<b>Other</b>	<b>Unallocated</b>		<b>Group</b>
EUR million	<b>Mobile</b>	<b>Network</b>	<b>business</b>	<b>items</b>	<b>Eliminations</b>	<b>Total</b>
External sales	711,7	454,1	0,0	0,5		1 166,3
Inter-segment sales	15,1	26,2			-41,3	0,0
Revenue	726,8	480,3	0,0	0,5	-41,3	1 166,3
EBITDA	219,9	159,3		-5,9		373,3
EBIT	143,1	90,6		-5,9		227,8
Financial income and expense				-8,1		-8,1
Share of associated companies' profit				0,1		0,1
Profit before tax						219,8
Investments	62,6	75,2				137,8

<b>1-9/2006</b>		<b>Fixed</b>	<b>Other</b>	<b>Unallocated</b>		<b>Group</b>
EUR million	<b>Mobile</b>	<b>Network</b>	<b>business</b>	<b>items</b>	<b>Eliminations</b>	<b>Total</b>
External sales	657,6	459,8	0,3			1 117,7
Inter-segment sales	19,5	42,8			-62,3	0,0
Revenue	677,1	502,6	0,3		-62,3	1 117,7
EBITDA	182,6	137,7		-4,0		316,3
EBIT	107,9	51,8		-4,7		155,0
Financial income and expense				-12,3		-12,3
Share of associated companies' profit				0,0		0,0
Profit before tax						142,7
Investments	53,2	84,4				137,6

<b>1-12/2006</b>		<b>Fixed</b>	<b>Other</b>	<b>Unallocated</b>		<b>Group</b>
EUR million	<b>Mobile</b>	<b>Network</b>	<b>business</b>	<b>items</b>	<b>Eliminations</b>	<b>Total</b>
External sales	905,5	612,8	0,1			1 518,4
Inter-segment sales	24,4	52,2			-76,6	0,0
Revenue	929,9	665,0	0,1		-76,6	1 518,4
EBITDA	259,0	181,1		-5,6		434,5
EBIT	161,7	70,6		-6,9		225,4
Financial income and expense				-13,7		-13,7
Share of associated companies' profit				0,1		0,1
Profit before tax						211,8
Investments	80,0	127,4				207,4

**Elisa Corporation****1.1. - 30.9.2007***Unaudited***2. OPERATING LEASE COMMITMENTS**

	<b>30.9.</b>	31.12.
EUR million	<b>2007</b>	2006
Due within 1 year	<b>17,5</b>	21,5
Due after 1 year but within 5 years	<b>31,2</b>	37,8
Due after 5 years	<b>11,6</b>	21,4
Total	<b>60,3</b>	80,7

**3. CONTINGENT LIABILITIES**

	<b>30.9.</b>	31.12.
EUR million	<b>2007</b>	2006
Mortgages, pledges and guarantees		
Pledges given		
Pledges given as surety	<b>0,7</b>	0,7
Guarantees given		
For others (*)	<b>42,8</b>	0,5
Mortgages, pledges and guarantees total	<b>43,5</b>	1,2
Other commitments		
Repurchase commitments	<b>0,3</b>	0,4
Contingent liabilities in QTE-arrangement		
Lease-leaseback agreement (QTE facility)		
Total value of the arrangement	<b>143,2</b>	154,1
Termination risk	<b>15,0</b>	18,6

*\*) 44,3 milj. euros is related to hedging of the guarantor bank in the QTE-arrangement*

**4. DERIVATIVE INSTRUMENTS**

	<b>30.9.</b>	31.12.
EUR million	<b>2007</b>	2006
Interest rate swaps		
Nominal value	<b>150,0</b>	
Fair value recognised in the balance sheet	<b>0,6</b>	
Credit default swaps (*)		
Nominal value	<b>48,4</b>	
Fair value recognised in the balance sheet	<b>0,4</b>	

*\*) CDS is related to hedging of the guarantor bank in the QTE-arrangement*



**Elisa Corporation**

1.1. - 30.9.2007

Unaudited

**KEY FIGURES**

EUR million	1-9 2007	1-9 2006	1-12 2006
Shareholders' equity/share, EUR	6,24	8,01	8,07
Net debt	646,0	336,0	376,9
Gearing	65,3 %	25,2 %	28,7 %
Equity ratio	45,7 %	65,5 %	63,1 %
Return on investment (ROI) *)	19,3 %	12,3 %	13,2 %
Gross investments in fixed assets	137,8	137,6	207,4
of which finance lease investments	2,5	1,0	1,7
Gross investments as % of revenue	11,8 %	12,3 %	13,7 %
Investments in shares,	11,3	8,2	10,3
Average number of personnel	3 364	4 239	4 086

\*) 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)	$\frac{\text{Profit before taxes + interest costs and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average)}} \times 100$
Net debt	Interest-bearing debt - cash and cash equivalents
Shareholders' equity/share	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares outstanding at end of period}}$
Earnings/share	$\frac{\text{Profit for the period attributable to equity holders of parent}}{\text{Average number of outstanding shares}}$