

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

**Third quarter 2010**

- Revenue was EUR 363 million (360)
- EBITDA was EUR 127 million (131), EBIT was EUR 73 million (77)
- Profit before tax amounted to EUR 68 million (70)
- Earnings per share was EUR 0.32 (0.34)
- Cash flow after investments was EUR 29 million (43)
- Mobile ARPU was EUR 21.2 (22.4 in the second quarter)
- Mobile churn increased to 18.1 per cent (15.9 in the second quarter)
- The number of mobile subscriptions increased by 102,000 during the quarter, due in particular to the new 3G customers, as well as mobile broadband customers
- The number of fixed broadband subscriptions increased by 2,200 on the previous quarter
- Net debt / EBITDA was 1.5 (1.5 at the end of 2009) and gearing 84 per cent (80 at the end of 2009)

**January-September 2010**

- Revenue was EUR 1,081 million (1,066)
- EBITDA was EUR 362 million (363), EBIT EUR 199 million (203)
- Cash flow after investments was EUR 144 million (178)

Key indicators:

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009
Revenue	363	360	1,081	1,066
EBITDA	127	131	362	363
EBIT	73	77	199	203
Profit before tax	68	70	131	179
Profit before tax excl. non-recurring items <sup>1)</sup>			175	
Earnings per share, EUR	0.32	0.34	0.63	0.87
EPS, excl. non-recurring items <sup>1)</sup>			0.84	
Capital expenditures	42	40	127	111

<sup>1)</sup> Excluding non-recurring item: provision for possible guarantee expense booked in Q1/2010

Financial position and cash flow:

EUR million	30.9.2010	30.9.2009	31.12.2009
Net debt	725	729	719
Net debt / EBITDA <sup>1)</sup>	1.5	1.5	1.5
Gearing ratio, %	84.2	79.2	79.8
Equity ratio, %	44.8	47.7	46.1

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009
Cash flow after investments	29	43	144	178

<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) Elisa Quarterly Data.xls.

## CEO Veli-Matti Mattila:

### **“Growth through new services, focus on the smartphone market**

Elisa's revenue developed favorably during the third quarter of the year. New services and increased mobile communications business generated growth in the Consumer Business. Revenue in the Corporate Customers Business remained strong, as did cash flow and profitability. Profitability was burdened by investments in new services and customer service quality as well as sales expenses related to higher churn rates. For the first nine months of the year, EBITDA was at the previous year's level.

Competition remained keen. Although competition in mobile broadband was tougher than in the previous quarter, we increased our mobile subscription base by more than 102,000 during the third quarter of the year. Fixed network broadband subscriptions resumed growth.

In line with our strategy, we strengthened our Elisa Viihde entertainment service by launching a cooperation agreement with Voddler, a Swedish video service. Now, through the service, Elisa's customers have access to thousands of free movies on the Internet. In addition to new services, we focused on expanding our smartphone selection. Besides new Android and Nokia Symbian 3 smartphones, we released Apple's iPhone 4 for sale in Finland.

Favorable development in the Corporate Customer Business continued with new ICT services. During the third quarter, we introduced a new Internet-based financial management solution for small and medium-sized enterprises (SMEs). Offered as a service, this software helps SMEs transfer to electronic invoicing and financial management.

We continued to invest in improving customer service to better meet our customers' needs. We launched Omaguru, an all-in-one technical support service for households and small enterprises. Users can select a specific support person by checking their availability and areas of expertise online.

We also continued our determined and consistent investments in the 3G network by expanding its coverage in the Savo region, Northern and Southern Karelia and Kymenlaakso.

The competitive situation in Finland's telecommunications market continues to be challenging. Improving customer satisfaction and profitability still offer significant opportunities. We will continue determinedly to further develop our operations. In addition, our expanding service portfolio and investment ability lay a solid foundation for the future."

## ELISA CORPORATION

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## INTERIM REPORT JANUARY-SEPTEMBER 2010

The 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

Positive trends in the general economy have continued. However, general business activity has not yet recovered to its pre-recession level.

The competitive environment has been keen in Finland. The mobile subscription base and the use of data services continued to evolve favourably. The use of services made available through 3G subscriptions has 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 increased due to more aggressive campaigning. With broader assortment now available, the smartphone market is gradually starting to pick up.

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 increased slightly, while the strong subscription growth in mobile broadband continued.

### Revenue, earnings and financial position

#### Revenue and earnings:

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009
Revenue	363	360	1,081	1,066
EBITDA*	127	131	362	363
EBITDA-%	35	36	33	34
EBIT*	73	77	199	203
EBIT-%	20	21	18	19

\* There were no non-recurring items in EBITDA or EBIT

#### Third quarter 2010

Revenue increased by 1 per cent on the previous year. Revenue grew in the Consumer Customers mobile services and equipment sales, as well as in Corporate Customers mobile and ICT services. Consumer Customers online services also contributed positively to revenue growth. Development of traditional fixed telecom services in both segments affected revenue negatively.

EBITDA decreased on the previous year. Strong growth in the number of mobile subscriptions together with higher churn increased the sales costs. Personnel costs were also higher than a year ago as a result of higher call centre activities.

Financial income and expenses totalled EUR -5 million (-8). Financial expenses decreased due to a foreign exchange rate change related to a USD denominated provision of possible guarantee expense made in the first quarter of 2010. Income taxes in the income statement amounted to EUR -17 million (-17). Elisa's earnings after taxes were EUR 51 million (53). The Group's earnings per share (EPS) amounted to EUR 0.32 (0.34).

#### January-September 2010

Revenue increased by 1 per cent on last year mainly for the same reasons as in the third quarter.

EBITDA remained at the previous year's level. Sales costs were higher given increased market activities and service launches. The increased costs were compensated by improved efficiency measures.

Financial income and expenses totalled EUR -69 million (-24). Financial expenses increased due to a EUR 45 million (USD 60 million) provision of possible guarantee expense made in the first quarter of 2010. Income taxes in the income statement amounted to EUR -32 million (-43). Elisa's

earnings after taxes were EUR 99 million (136). The Group's earnings per share (EPS) amounted to EUR 0.63 (0.87).

#### Financial position:

EUR million	30.9.2010	30.9.2009	31.12.2009
Net debt	725	729	719
Net debt / EBITDA <sup>1)</sup>	1.5	1.5	1.5
Gearing ratio, %	84.2	79.2	79.8
Equity ratio, %	44.8	47.7	46.1

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009
Cash flow after investments	29	43	144	178

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

#### Third quarter 2010

Elisa's financial position and liquidity remained good. July – September cash flow after investments was EUR 29 million (43). The decrease in cash flow was mainly due to higher tax payments, lower profitability and negative development in net working capital.

#### January-September 2010

Elisa's cash flow after investments was EUR 144 million (178). Cash flow was lower than a year ago mainly as a result of negative development in net working capital and higher capital expenditure.

#### Changes in corporate structure

##### January-September 2010

In May, Elisa strengthened its position as an ICT player by acquiring a majority holding in Videra Oy, a leading video conferencing company in the Nordic countries. Videra became part of the Elisa Group and Elisa's holding will be 68.8 per cent. Videra continues its operations as Elisa's subsidiary. Videra's annual revenue is approximately EUR 14 million, and the acquisition price is a maximum EUR 13 million.

In September, Elisa launched cooperation with Voddlar, a Swedish internet video service. To engage in closer cooperation and to support the internationalization of Voddlar, Elisa invested EUR 3 million and received 8 per cent of Voddlar's shares.

#### Consumer Customer business

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009
Revenue	225	220	656	631
EBITDA	77	81	219	213
EBITDA-%	34.4	36.8	33.3	33.8
EBIT	46	50	125	122
CAPEX	26	21	76	59

#### Third quarter 2010

The Consumer Customer business revenue was EUR 225 million (220) and EBITDA EUR 77 million (81). Revenue growth was good in mobile services as a result of increased subscriptions and equipment sales. There was also growth in online services. Revenue development was negative in the fixed network services. EBITDA was negatively affected by increased sales costs and new service launch costs. The Estonian business' revenue and EBITDA were at the previous year's level.

### January-September 2010

The Consumer Customer business revenue was EUR 656 million (631) and EBITDA EUR 219 million (213). The growth in revenue was mainly attributable to the same reasons as in the third quarter. EBITDA was positively affected by revenue growth and efficiency measures and negatively by increased sales costs and new service launches. The decrease in the Estonian business given the general economic situation also had a negative effect on EBITDA.

### Corporate Customer business

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009
Revenue	139	139	424	435
EBITDA	50	50	143	150
EBITDA-%	35.9	36.0	33.7	34.5
EBIT	27	27	74	82
CAPEX	16	19	51	52

### Third quarter 2010

Corporate Customers business revenue was EUR 139 million (139) and EBITDA EUR 50 million (50). Usage of mobile services and increased number of subscription increased revenue. ICT services also experienced growth. Traditional fixed telecom services revenue was lower than a year ago.

### January-September 2010

Corporate Customers business revenue was EUR 424 million (435) and EBITDA EUR 143 million (150). Usage of mobile services and the increased number of subscriptions boosted revenue. ICT services also grew. Traditional fixed telecom services revenue was lower than a year ago. The decrease in EBITDA was attributable mainly to the decline in revenue and increased sales costs.

### Personnel

In January-September, the average number of personnel at Elisa was 3,421 (3,181).

Personnel by segment at the end of the period:

	30.9.2010	30.9.2009	31.12.2009
Consumer Customers	2,054	1,592	1,975
Corporate Customers	1,430	1,662	1,356
Total	3,484	3,254	3,331

Compared to the corresponding period last year, personnel growth mainly occurred in call centres, as well as from the Videra and Appelsiin Finland acquisitions. The call centre headcount varies flexibly according to business activity.

### Investments

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009
Capital expenditures, of which	42	40	127	111
- Consumer Customers	26	21	76	59
- Corporate Customers	16	19	51	52
Shares	4	0	15	6
Total	46	40	142	117

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

## Financing arrangements and ratings

Valid financing arrangements:

EUR million	Maximum amount	In use on 30.9.2010
Committed credit lines	300	0
Commercial paper programme <sup>1)</sup>	250	68
EMTN programme <sup>2)</sup>	1,000	601

<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	Rating	Outlook
Moody's Investor Services	Baa2	Stable
Standard & Poor's	BBB	Stable

The Group's cash and undrawn committed credit lines totalled EUR 317 million as of 30 September 2010 (EUR 331 million at the end of 2009).

## Share

Trading of shares	7-9/2010	7-9/2009	1-9/2010	1-9/2009
Shares traded, millions	34.6	38.6	106.2	145.0
Volume, EUR million	534.5	504.8	1,610.9	1,661.4
% of shares	20.8	23.2	63.8	87.2

Shares and market values	30.9.2010	30.9.2009	31.12.2009
Total number of shares	166,307,586	166,307,586	166,307,586
Treasury shares	10,534,506	10,688,629	10,688,629
Outstanding shares	155,773,080	155,618,957	155,618,957
Closing price, EUR	16.85	14.02	15.96
Market capitalisation, EUR million	2,625	2,182	2,484
Treasury shares, %	6.33	6.43	6.43

## The Board of Directors' authorisations

On 18 March 2010, the shareholders at 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. Based on this authorization, the Board of Directors has decided to make donations to these institutions.

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

The shareholders at 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 maximum 10 million. The authorisation is effective until 30 June 2011.

The shareholders at 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 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

### *Third quarter 2010*

In May, the Finnish Communications Regulatory Authority (FICORA) issued a decision on pricing local loop access, according to which Elisa must reduce its pricing to a level based on FICORA's decision. Elisa appealed against the FICORA's decision and looked for interruption of the enforcement from the Supreme Administrative Court, which gave an interim judgement and dismissed the interruption of the enforcement in August 2010. The judgement did not concern the principal claim and the proceedings continue in the Supreme Administrative Court.

## Regulatory issues

The Ministry of Transport and Communications is currently preparing a change to the Communications Market Act, which might alter the current telephone number portability practices. The key content of the possible change is that number portability should be allowed despite the fact that the customer has a valid fixed-term contract. The approximate timetable for the entry to have this change implemented is Spring 2011.

## 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, 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 can be 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. Estonia will join the European monetary union as of 1 January 2011 with the current exchange rate, which removes this exchange risk.

The provision for possible guarantee expense, USD 60 million, is denominated in US Dollars, and thus carries exchange rate risk. The majority of this guarantee expense has been hedged with forward rate agreements.

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 Consolidated Financial Statements.

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

On 22 October 2010, Elisa's Board of Directors decided to pay an extraordinary dividend of EUR 0.50 per share. The extraordinary distribution totals approximately EUR 77.9 million. No dividend will be paid on treasury shares held by Elisa. The ex-date is 25 October 2010, the record date 27 October 2010, and the payment will occur starting on 3 November 2010.

This decision is based on the favourable development of the company's result and financial position as well as on maintaining the company's capital structure in line with the set financial targets.

### **Outlook for 2010**

Positive trends of the general economy have continued. Risks are related to nervousness of the financial markets and its possible impacts on the general economic development. Competition in the Finnish telecommunications market remains challenging.

The 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.

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.

### **BOARD OF DIRECTORS**



## CONSOLIDATED INCOME STATEMENT

EUR million	Note	7-9 2010	7-9 2009	1-9 2010	1-9 2009	1-12 2009
<b>Revenue</b>	1	<b>363,3</b>	359,6	<b>1 080,6</b>	1 065,5	1 430,4
Other operating income		<b>0,8</b>	0,2	<b>2,6</b>	2,2	4,2
Materials and services		<b>-148,4</b>	-143,0	<b>-436,9</b>	-432,3	-576,3
Employee expenses		<b>-46,2</b>	-43,0	<b>-153,3</b>	-137,5	-188,8
Other operating expenses		<b>-42,2</b>	-42,5	<b>-131,5</b>	-135,3	-185,6
<b>EBITDA</b>	1	<b>127,3</b>	131,3	<b>361,5</b>	362,6	483,9
Depreciation and amortisation		<b>-53,9</b>	-53,9	<b>-162,1</b>	-159,6	-216,4
<b>EBIT</b>	1	<b>73,4</b>	77,4	<b>199,4</b>	203,0	267,5
Financial income		<b>5,4</b>	2,1	<b>10,6</b>	8,2	10,5
Financial expense		<b>-10,7</b>	-10,0	<b>-79,3</b>	-32,5	-43,1
Share of associated companies' profit		<b>0,0</b>	0,1	<b>0,0</b>	0,1	0,0
<b>Profit before tax</b>		<b>68,1</b>	69,6	<b>130,7</b>	178,8	234,9
Income taxes		<b>-17,3</b>	-17,0	<b>-32,0</b>	-42,7	-57,9
<b>Profit for the period</b>		<b>50,8</b>	52,6	<b>98,7</b>	136,1	177,0
<b>Attributable to:</b>						
Owners of the parent		<b>50,7</b>	52,4	<b>98,3</b>	135,6	176,3
Non-controlling interests		<b>0,1</b>	0,2	<b>0,4</b>	0,5	0,7
		<b>50,8</b>	52,6	<b>98,7</b>	136,1	177,0
<b>Earnings per share (EUR)</b>						
Basic		<b>0,32</b>	0,34	<b>0,63</b>	0,87	1,13
Diluted		<b>0,32</b>	0,34	<b>0,63</b>	0,87	1,13
<b>Average number of outstanding shares (1000 shares)</b>						
Basic		<b>155 773</b>	155 619	<b>155 740</b>	155 619	155 619
Diluted		<b>156 149</b>	155 619	<b>156 116</b>	155 619	155 809
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>						
<b>Profit for the period</b>		<b>50,8</b>	52,6	<b>98,7</b>	136,1	177,0
<b>Other comprehensive income, net of tax:</b>						
Available-for-sale investments		<b>1,4</b>	1,8	<b>0,8</b>	1,7	1,2
<b>Total comprehensive income</b>		<b>52,2</b>	54,4	<b>99,5</b>	137,8	178,2
<b>Total comprehensive income attributable to:</b>						
Owners of the parent		<b>52,1</b>	54,2	<b>99,1</b>	137,3	177,5
Non-controlling interest		<b>0,1</b>	0,2	<b>0,4</b>	0,5	0,7
		<b>52,2</b>	54,4	<b>99,5</b>	137,8	178,2

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.9. 2010	31.12. 2009
EUR million		
<b>Non-current assets</b>		
Property, plant and equipment	605,8	617,9
Goodwill	787,6	782,0
Other intangible assets	122,9	148,2
Investments in associated companies	0,1	0,1
Available-for-sale investments	35,2	30,7
Receivables	18,6	19,4
Deferred tax assets	30,2	25,7
	<b>1 600,4</b>	<b>1 624,0</b>
<b>Current assets</b>		
Inventories	35,4	31,2
Trade and other receivables	280,3	278,4
Cash and cash equivalents	17,1	31,0
	<b>332,8</b>	<b>340,6</b>
<b>Total assets</b>	<b>1 933,2</b>	<b>1 964,6</b>
<b>Equity attributable to owners of the parent</b>	<b>858,2</b>	<b>899,2</b>
<b>Non-controlling interests</b>	<b>2,7</b>	<b>0,8</b>
<b>Total equity</b>	<b>860,9</b>	<b>900,0</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	23,0	26,6
Pension obligations	0,7	0,8
Provisions	26,2	3,7
Interest-bearing debt	445,4	592,3
Other non-current liabilities	12,7	13,4
	<b>508,0</b>	<b>636,8</b>
<b>Current liabilities</b>		
Trade and other payables	244,8	263,3
Tax liabilities	1,0	6,4
Provisions	22,0	0,9
Interest-bearing debt	296,5	157,2
	<b>564,3</b>	<b>427,8</b>
<b>Total equity and liabilities</b>	<b>1 933,2</b>	<b>1 964,6</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-9 2010	1-9 2009	1-12 2009
<b>Cash flow from operating activities</b>			
Profit before tax	130,7	178,8	234,9
Adjustments			
Depreciation and amortisation	162,1	159,6	216,4
Other adjustments	70,2	22,0	29,5
	232,3	181,6	245,9
Change in working capital			
Change in trade and other receivables	4,3	26,3	36,3
Change in inventories	-3,1	-2,8	-9,4
Change in trade and other payables	-11,9	-12,4	10,1
	-10,7	11,1	37,0
Financial items, net	-26,5	-28,7	-29,6
Taxes paid	-47,2	-45,9	-57,2
<b>Net cash flow from operating activities</b>	<b>278,6</b>	<b>296,9</b>	<b>431,0</b>
<b>Cash flow from investing activities</b>			
Capital expenditure	-126,2	-109,7	-170,3
Purchase of shares	-8,9	-9,7	-9,7
Proceeds from asset disposal	0,5	0,8	0,9
<b>Net cash used in investing activities</b>	<b>-134,6</b>	<b>-118,6</b>	<b>-179,1</b>
<b>Cash flow before financing activities</b>	<b>144,0</b>	<b>178,3</b>	<b>251,9</b>
<b>Cash flow from financing activities</b>			
Proceeds from long-term borrowings	75,0		
Repayment of long-term borrowings	-80,2	-36,0	-36,1
Change in short-term borrowings	-6,1	-69,2	-56,6
Repayment of finance lease liabilities	-3,0	-3,6	-4,5
Dividends paid and capital repayment	-143,6	-93,9	-156,7
<b>Net cash used in financing activities</b>	<b>-157,9</b>	<b>-202,7</b>	<b>-253,9</b>
<b>Change in cash and cash equivalents</b>	<b>-13,9</b>	<b>-24,4</b>	<b>-2,0</b>
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>17,1</b>	<b>8,6</b>	<b>31,0</b>

## 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
<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	-1,5	<b>-94,9</b>
Share-based compensation					2,5		<b>2,5</b>
Total comprehensive income			1,7		135,6	0,5	<b>137,8</b>
<b>Balance at September 30, 2009</b>	83,0	-202,0	395,2	250,8	392,8	0,6	<b>920,4</b>

EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Non-controlling interests	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>
Dividends and capital repayment				-143,3		-0,5	<b>-143,8</b>
Share-based compensation		3,0			0,4		<b>3,4</b>
Other changes					-0,2	2,0	<b>1,8</b>
Total comprehensive income			0,8		98,3	0,4	<b>99,5</b>
<b>Balance at September 30, 2010</b>	83,0	-199,0	395,5	45,3	533,4	2,7	<b>860,9</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

7-9/2010	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	224,6	138,7		363,3
EBITDA	77,4	49,9		127,3
Depreciation and amortisation	-31,4	-22,5		-53,9
EBIT	46,0	27,4		73,4
Financial income			5,4	5,4
Financial expense			-10,7	-10,7
Share of associated companies' profit			0,0	0,0
Profit before tax				68,1
Investments	25,7	16,0		41,7
<b>7-9/2009</b>	<b>Consumer</b>	<b>Corporate</b>	<b>Unallocated</b>	<b>Group</b>
<b>EUR million</b>	<b>Customers</b>	<b>Customers</b>	<b>Items</b>	<b>Total</b>
Revenue	220,4	139,2		359,6
EBITDA	80,9	50,4		131,3
Depreciation and amortisation	-30,6	-23,3		-53,9
EBIT	50,3	27,1		77,4
Financial income			2,1	2,1
Financial expense			-10,0	-10,0
Share of associated companies' profit			0,1	0,1
Profit before tax				69,6
Investments	21,5	18,8		40,3

**Elisa Corporation**

**1.1. - 30.9.2010**

*Unaudited*

<b>1-9/2010</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	656,1	424,5		1 080,6
EBITDA	218,6	142,9		361,5
Depreciation and amortisation	-93,5	-68,6		-162,1
EBIT	125,1	74,3		199,4
Financial income			10,6	10,6
Financial expense			-79,3	-79,3
Share of associated companies' profit			0,0	0,0
<b>Profit before tax</b>				<b>130,7</b>

Investments	76,4	50,9		127,3
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<b>1-9/2009</b>	Consumer	Corporate	Unallocated	Group
EUR million	Customers	Customers	Items	Total
Revenue	630,6	434,9		1 065,5
EBITDA	212,6	150,0		362,6
Depreciation and amortisation	-91,1	-68,5		-159,6
EBIT	121,5	81,5		203,0
Financial income			8,2	8,2
Financial expense			-32,5	-32,5
Share of associated companies' profit			0,1	0,1
<b>Profit before tax</b>				<b>178,8</b>

Investments	58,7	51,8		110,5
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<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
<b>Profit before tax</b>				<b>234,9</b>

Total assets	1 059,5	766,3	138,8	1 964,6
Investments	91,9	79,5		171,4

## 2. OPERATING LEASE COMMITMENTS

EUR million	30.9. 2010	31.12. 2009
Due within 1 year	20,1	19,2
Due after 1 year but within 5 years	32,6	34,8
Due after 5 years	10,2	13,5
<b>Total</b>	<b>62,9</b>	<b>67,5</b>

## 3. CONTINGENT LIABILITIES

EUR million	30.9. 2010	31.12. 2009
Pledges given		
Pledges given as surety	0,8	0,7
Guarantees given		
For others (*)	0,5	42,4
<b>Mortgages, pledges and guarantees total</b>	<b>1,3</b>	<b>43,1</b>

\*) 31.12.2009 EUR 41.6 million was related to the guarantee given on a CDO portfolio. The guarantee was posted to Balance Sheet as a provision at 31.3.2010 and the provision amounted EUR 44.0 million at 30.9.2010.

## 4. DERIVATIVE INSTRUMENTS

EUR million	30.9. 2010	31.12. 2009
Interest rate swaps		
Nominal value	150,0	150,0
Fair value	1,2	1,5
Credit default swaps (*)		
Nominal value	46,0	44,0
Currency forward		
Nominal value	33,8	
Fair value	-1,8	

\*) 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	1-9 2010	1-9 2009	1-12 2009
Shareholders' equity per share, EUR	5,51	5,91	5,78
Interest bearing net debt	724,8	729,0	718,5
Gearing	84,2 %	79,2 %	79,8 %
Equity ratio	44,8 %	47,7 %	46,1 %
Return on investment (ROI) *)	13,5 %	17,0 %	16,0 %
Gross investments in fixed assets	127,3	110,5	171,4
of which finance lease investments	1,1	0,8	1,1
Gross investments as % of revenue	11,8 %	10,4 %	11,9 %
Investments in shares	14,5	6,3	6,3
Average number of employees	3 421	3 181	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	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares outstanding at end of period}}$
Earnings/share	$\frac{\text{Profit for the period attributable to equity holders of parent}}{\text{Average number of outstanding shares}}$