

Elisa Communications Corporation

Interim Report January - June 2001

The revenue of Elisa Communications Group for the period January - June amounted to EUR 664 million (593), and for the period April - June EUR 331 million (299). Growth from the revenue of the period April-June in the previous year was 11 per cent. The Group's operating profit (EBIT) for April-June was EUR 15 million. The previous year's pro forma EBIT without one-off items was EUR 31 million. The Group's result for April-June before extraordinary items and taxes amounted to EUR 3 million (24) and earnings per share (EPS) to EUR -0.05 (0.06).

- Domestic consolidation has proceeded extremely well.
- Mobile business strategy produces positive results.
- Fixed network business is being restructured.
- German operations proceed as planned.

Group key indicators

	April-June		January-June		Year
	2001	2000 ^{*)}	2001	2000 ^{*)}	2000 ^{*)}
Revenue					
EUR million	331	299	664	593	1244
EBITDA					
EUR million	75	77	151	153	305
EBITDA as % of revenue	23	26	23	26	25
EBIT					
EUR million	15	31	34	67	119
EBIT as % of revenue	5	10	5	11	10
Result before extraordinary items and taxes, EUR million	3	24	3	58	90
Equity ratio, (%)			39	49	40
Investments on fixed assets, EUR million	76	70	161	111	252
Investments on shares, EUR million	141	217	179	547	726
Personnel on average			7406	5977	6161
Earnings/share (EUR/share)	-0.05	0.06	-0.11	0.17	0.18
Shareholders' equity/share (EUR/share)			5.47	5.79	5.29

^{*)}The 2000 pro forma figures are without one-off items.

The information presented in this interim report is not audited. The interim report hereunder, with its attachments, is also available on the Group's web site at www.elisa.com.

ELISA COMMUNICATIONS CORPORATION'S INTERIM REPORT, JANUARY – JUNE 2001

Elisa Communications Group's April -June revenue amounted to EUR 331million (299), up 11 per cent. During the 2Q, the growth of revenue continued faster than market growth.

Breakdown of revenue by principal group companies (EUR million):

	April-June		January-June		Year
	2001	2000	2001	2000	2000
Elisa Communications Group	331.5	298.6	664.0	592.9	1,244
<u>Group companies</u>					
Elisa Communications Corporation**	116.7	133.3	242.4	260.5	521
Radiolinja*	176.5	155.3	337.8	301.1	614
Mäkitorppa Yhtiöt*	15.1	21.8	32.5	43.4	93
Comptel*	19.0	15.2	37.9	29.0	60
Datatie	32.3	29.3	61.1	49.5	110
Kolumbus	7.9		15.9		
Direktia	11.4		21.6		
Elisa Kommunikation GmbH*	12.8		26.3		17
Other group companies	20.4	11.7	38.4	26.7	60
Intra-group sales transactions	<u>-80.6</u>	<u>-68.0</u>	<u>-149.9</u>	<u>-117.3</u>	<u>-231</u>
	331.5	298.6	664.0	592.9	1,244

*) Figures of sub-group financial statements

***) In the Interim Report, diverging from the official financial statements, HPY Holding Corporation and Helsinki Telephone Corporation have been consolidated for comparability to form the year 2000 comparison material, and their mutual business transactions have been eliminated. Hereinafter Elisa Communications Group is referred to as the Group.

The Group's operating profit (EBIT) for April-June was EUR 177 million (155). Radiolinja's revenue grew by 14 per cent. Elisa Communications Corporation's April-June revenue was EUR 117 million (133). Comptel's revenue was EUR 19 million (15), an increase of 25 per cent on the corresponding figure for the previous year.

The Group's foreign business operations accrued revenue of EUR 39 million. The revenue from German operations amounted to EUR 13 million. The German revenue was affected by the start-up of operations and structural changes. Comptel's export increased by 12 per cent to stand at EUR 13 million (11). Radiolinja's foreign business operations accrued reve-

nue of EUR 10 million.

The Group's EBIT for April-June was EUR 15 million (93). Owing to substantial non-recurring items in 2000, the figures for the period under review are not

comparable with the income and expense items of the previous year.

Breakdown of EBIT by principal group companies (EUR million):

	April - June		January -June		Year
	2001	2000	2001	2000	2000
Elisa Communications Group	14.8	92.3	33.9	128.7	149
<u>Group companies</u>					
Elisa Communications Corporation	0.6	165.3	10.5	170.7	188
Radiolinja*	27.8	37.3	55.8	70.9	4
Mäkitorppa Yhtiöt*	-3.3	0.9	-5.9	-0.7	-4
Comptel*	6.4	6.6	14.0	11.5	22
Datatie	1.5	2.4	1.4	3.2	7
Kolumbus	-1.0		-3.3		
Direktia	1.8		2.4		
Elisa Kommunikation GmbH*	-8.8		-19.5		-26
Other group companies	0.0	2.6	0.1	1.2	11
Consolidated entries**	<u>-10.2</u>	<u>-122.8</u>	<u>-21.6</u>	<u>-128.1</u>	<u>-53</u>
	14.8	92.3	33.9	128.7	149

*) Figures of sub-group financial statements

***) The consolidated entries mainly consist of depreciation on consolidated goodwill and elimination of internal mark-ups.

The Group's result in April-June included approximately EUR 4 million sales profit from the sales of shares. In the previous year, the operating profit included EUR 58 million of capital gain from the sales of shares. The result of the Group's parent company was affected by a penalty payment of EUR 4.2 million imposed by the Competition Council.

The decrease in Radiolinja's EBIT was due to increased fixed expenses and the growth of planned and one-off depreciation by one fifth resulting from acquisitions of mobile phone networks.

The German operations continued to develop, and the 2Q result was at the anticipated level. The operating loss of Elisa Kommunikation GmbH Group for April-June totalled EUR 9 million, and the share of profits of associated companies generated an additional loss of EUR 4 million. The result of German operations included EUR 3.8 million of capital gain from the sales of shares.

The Group's planned depreciation on fixed assets in April-June amounted to EUR 48 million (35). The depreciation includes a EUR 3 million one-off value adjustment concerning the GSM network.

At the end of the period under review, the consolidated goodwill generated by the acquisition of subsidiaries amounted to EUR 600 million (EUR 533 million at the beginning of the year). The depreciation on subsidiaries' consolidated goodwill in April-June was EUR 12 million (11).

The Group's share of the profits of domestic associated companies in April-June was EUR 3 million. The Group's share of the losses of Elisa Kommunikation GmbH Group's associated companies was EUR 4 million.

Other financial income and expenses of the Group in April-June totalled EUR -12 million (-6). The increase in financial expenses was due to share acquisitions in the latter part of the previous year, which were mainly financed with loan capital.

The Group's taxes have been calculated so that they are in line with the result of the period under review. The effect of the losses generated has been taken into account according to the prudence concept.

The consolidated result after taxes and minority inte-

rests in April-June totalled EUR -5 million (35).

The consolidated earnings per share amounted to EUR -0.05 (0.41), and shareholders' equity per share was EUR 5.47 (5.79).

Soon Communications Plc, KSP Group Plc, Finnet International Ltd and Arcus Software Oy have been consolidated as associated companies with regard to the result in January-June. The above-mentioned companies and Riihimäen Puhelin Oy have been consolidated as subsidiaries in the consolidated balance sheet of June 30, 2001.

The acquisition of the shares of Soon Communications and Riihimäen Puhelin was carried out through a share exchange, and thus the acquisition did not generate substantial consolidated goodwill.

The companies which have become subsidiaries in the above-mentioned manner owned the shares of Elisa Communications Corporation on June 30, 2001 as follows: Soon Communications Plc had 2,188,163 shares, KSP Group Plc 556,870, and Riihimäen Puhelin 13,900 shares. The total number of the said shares was 2,758,933 shares, the nominal value of the shares totalled EUR 1,379,466.5, and they represented 2.0 per cent of the share capital and votes. The book-value of these own shares has been deducted from the Group's distributable income.

MOBILE BUSINESS

Radiolinja Group's revenue continued to grow in the 2Q of 2001. The revenue in April-June increased by 14 per cent, amounting to EUR 177 million (155). Of the revenue of Radiolinja Group, EUR 167 million (149) was generated by the parent company, Oy Radiolinja Ab.

Radiolinja Group's EBITDA in April-June was EUR 47 million (51), which is 27 per cent of the revenue. One-off items of EUR -1 million (+5) were included in the EBITDA. The comparable EBITDA grew by 6 per cent. EBITDA grew slower than revenue owing to increased network license expenses as well as investments in new business sectors. The leasing-adjusted EBITDA in April-June was EUR 60 million (64), which is 34 per cent of the revenue.

Operating profit amounted to EUR 30 million (37), which is approximately 17 per cent of revenue. In addition to said one-off items and increased fixed expenses, the operating profit was reduced by the increase in planned depreciation related to acquisitions of mobile phone networks. The operating profit is exclusive of one-off depreciation.

During 2001, Radiolinja has purchased from telcos a part of the mobile phone network it earlier leased, i.e. the company bought back delivery agreements for approximately EUR 26 million, of which the share of the period under review was approximately EUR 4 million. For the investments made in January-June, EUR 11 million will be entered as one-off depreciation, i.e. the part of the purchase price that would exceed the balance sheet value of the network after planned depreciation. During January-June, the sum total of one-off depreciations was EUR 4.8 million, of which the share of the period under review is EUR 2.6 million. Radiolinja Group's revenue in April-June was EUR 28 million (37).

The remaining leasing liability for the financial agreements on mobile phone networks is estimated to be approximately EUR 134 million higher than the network's balance sheet value reduced by planned depreciation.

In April-June, Radiolinja invested EUR 45 million (176) in fixed assets.

At the end of June 2001, Radiolinja's network in Finland hosted 1,281,577 subscriptions (1,154,541). The number of subscriptions also includes the national subscriptions of service operators hosted by Radiolinja's network. Radiolinja's churn rate during the period under review, adapted to annual figures, was 13.9 per cent (12.4).

The average revenue per subscription per month increased to EUR 45.3 (44.2) during the period under review. The share of added value services from the revenue was 11 per cent (10).

In April-June, traffic originating from Radiolinja's network amounted to 503 million minutes (444). The average monthly use per line was 135 minutes (131). The number of text messages sent in Radiolinja's network during the period under review was 97 million (82). The average monthly number of text messages per subscription was 26 (24). During this period, 66 per cent (65) of Radiolinja's subscriber customers used text messages and 24 per cent (16) content services.

Radiolinja's customers can use their mobile phones in 103 countries and in 214 mobile operators' networks. During the period under review, Radiolinja signed six new roaming contracts.

In June, Radiolinja launched the Metropolis Mobile Portal Solutions service concept into the market. Metropolis is a mobile portal platform, independent from any specific operator or mobile terminal, which offers the customers multi-channel portals for consumers and

companies. For example, the portals may consist of news, game and transaction services produced by the customer, or of companies' extranets and intranets.

The revenue of Radiolinja Eesti AS, Radiolinja's subsidiary operating in Estonia, amounted to approximately EUR 10 million in April-June. This indicates a growth of 66 per cent from the corresponding period of the previous year. Radiolinja Eesti had some 140,150 subscriptions at the end of June (107,500).

FIXED NETWORK

The Group's April-June revenue generated by the fixed network business increased by approximately 2 per cent.

The fixed network business includes, in addition to Elisa Communications Corporation, also Kolumbus Oy, Direktia Ltd, Oy Datatie Ab, FINNETCom Ltd and Lounet Oy.

Elisa Communications Corporation's April-June revenue was EUR 117 million (133). The revenue was affected by incorporation procedures and structural changes.

Elisa Communications Corporation introduced a new network interconnection price list on July 1, 2001. The interconnection charges are payments between telecommunication companies for the use of the telecommunication network. The charges have been determined on the basis of the resolution of the Telecommunications Administration Centre which was issued on January 18, 2001. In the new price list, Elisa's interconnection charges are, on average, 20 per cent lower than before, depending on the type of traffic.

The total number of subscriptions at the end of the period under review was 735,570 (731,063), of which 219,147 were ISDN channels (191,516).

The sales of ADSL subscriptions continued to grow strongly. At the end of the period under review, the number of ADSL subscriptions was approximately 11,623 (1,306).

At the beginning of May, Elisa Communications announced that it will incorporate its service provisioning to a separate company. The business operations of the new company comprise, as applicable, the current services and solutions for residential customers and companies. Matti Carpen will assume the post of managing director of the new company, which will start operating at the beginning of the year 2002.

The Group strengthened its position in the Turku region through a service centre, opened on May 16,

2001, which offers the Group new opportunities to provide versatile data communication services and solutions for residential and business customers in the region.

The targets set for the development of Datatie's revenue were not quite achieved during the first months of the year. The slowdown of growth is a result of the prudence arising from the weakened economy and tightened competition. The profitability of the company was also affected by the lowering of the price level.

Upgrading the speed of the customers' data networks has increased the demand for the new IP-based Lan-Link corporate network services. The demand is expected to remain strong also during the latter part of the year.

In the ASP sector, net-based bill-paying facilities are attracting new customers, and the prospects for the sector are favourable. The eLearning concept of electronic learning is also expected to grow, both through co-operation with SanomaWSOY and, in the future, with other partners as well.

In Kolumbus' sector of internet connection products, the sales of ADSL-based subscriptions continued to increase strongly in the 2Q. Also the sales of modem/ISDN-based subscriptions remained at a satisfactory level.

At the beginning of the 2Q, the Pääoma portal, a portal directed particularly for business use, was launched. The Kolumbus.fi portal opened pages that can be used with palm pilots.

In co-operation with SSH Communications Security Corp., Kolumbus will introduce a new VPN data security solution and develop further portal and application platform solutions designed for companies.

The Group started negotiations on selling the business operations of Direktia with the Swedish Eniro Ab. A letter of intent was drafted in July, and the final contract will probably be signed in August 2001. The volume of business operations has remained at the level of the previous year.

Elisa decided to incorporate its operator network services to a separate company. The existing network operations as a whole will be incorporated. Elisa's network services business area has some 950 employees. The national scope of Elisa's network business operations will include, in addition to the parent Elisa's current network unit, the network units of Soon and KSP Group and various partner companies.

The Group centralized its operations relating to radio masts and aerial sites in the newly-established Ecosite Oy, which specializes in constructing, maintaining and renting masts and equipment facilities related to them. Ecosite Oy is Radiolinja's fully-owned subsidiary.

Central objectives for network business operations in 2001 include the improvement of cost-efficiency, and integration of the product range and the network structure. The objective is to create a foundation with regard to future needs through constructing and maintaining the basic network.

OTHER OPERATIONS

Comptel

The revenue of Comptel Corporation in April-June was EUR 19.0 million (15.2), indicating a growth of 24.9 per cent from the corresponding period of the previous year. Operating profit amounted to EUR 6.4 million (6.6).

Comptel's growth and profitability in the 2Q represent the top in the sector. Comptel strengthened further its position as the global market leader in the mediator market. Exports grew by 12.0 per cent amounting to EUR 12.7 million (11.4), which is equal to 68.5 per cent of the company's revenue.

At the end of the period under review, Comptel had over 190 tele-operator customers in 54 countries worldwide. In June, Comptel announced its first 3G customer and signed one of the most important co-operation contracts in its history, with Nokia Networks. By the end of the period under review, the company had signed agreements for more than 20 deliveries for GPRS networks.

Product-based operations were divided into MDS and MC units during the 2Q. The new MC (Mobile Commerce) business unit produces solutions for service operators. Comptel's international co-operation network was also strengthened: in June, the company opened a German sales office in Dusseldorf, and preparations for opening a sales office in Brazil in the 4Q were started.

The number of personnel grew by more than 40 per cent from the corresponding period of the previous year, amounting to 610 at the end of June.

Comptel published its 2Q interim report on July 23, 2001.

Mäkitorppa Yhtiöt Oy

The revenue of Mäkitorppa Yhtiöt in April-June 2001

amounted to EUR 15.1 million (21.8). Operating losses in April-June amounted to EUR 3.3 million (+0.9).

The sales of subscriptions in the distribution sales exceeded slightly the sales figures of the corresponding period in 2000, both in the domestic and Estonian markets.

The development of revenue was affected by e.g. structural changes in foreign business operations, reduction in the sales of equipment, and the lowered average price level in the domestic market.

Rationalization and reform of business operations in domestic store chains are still underway. The major changes concern the operations of Radiolinja Solutions Oy (earlier Setele Oy), rearrangements in corporate sales as well as rationalization of maintenance, installation and, in part, store operations. Moreover, the expansion program of stores in Germany has been interrupted owing to drastic changes in the market situation. Operations in Estonia have continued according to plan.

EPStar Ltd

EPStar Ltd, a consulting company, continued its operations in the 2Q as planned, creating international customer contacts and working with domestic projects that increase the company's competence. At the end of the 2Q, the total number of personnel was 37, which is 14 employees more than in the phase where operations were started.

GERMAN OPERATIONS

The German operations developed on track. The aggregate revenue of Elisa Kommunikation GmbH Group's subsidiaries and associated companies was EUR 36.3 million in April-June.

The consolidated 2Q revenue of Elisa Kommunikation GmbH Group was EUR 12.8 million (EUR 17 million per the whole year 2000). EBITDA amounted to EUR -4.4 million (EUR -15 million per the whole year 2000). EBITDA includes EUR 3.75 million capital gain generated from the sale of minority shares. Operating losses amounted to EUR -8.8 million (EUR -18 million per the whole year 2000, excluding value adjustments). The result was affected by the EUR -4.2 million share of the profits of the associated companies (EUR -15 million per the whole year 2000, excluding value adjustments).

The demand for broadband and internet access and transmission products continued its strong growth, especially in the SME and SOHO customer segments.

During the period under review, Elisa Kommunikation sold its minority stakes in two city carriers, nord-Com GmbH (Bremen) and Hannovers Telefonpartner GmbH (HTP, Hanover), and the service company Carrier Network Services GmbH & Co.KG (CNS, Leipzig).

Furthermore, Elisa Kommunikation's subsidiaries Jel-LoCom and encotel were merged. The new company covers the four largest cities in Thuringia. The company created through the merger was named jetz!Kommunikation GmbH&Co.KG.

The long-distance operator Finnish International Telecommunications GmbH (FIT) was merged into ElisaNet, which is Elisa Kommunikation's subsidiary covering all Germany. ElisaNet operates through TROPOLYS GmbH. TROPOLYS is an associated company of Elisa Kommunikation.

TiMe start-up management GmbH was renamed Elisa Asset Management GmbH.

During the current year, Elisa Kommunikation's objective is to acquire management control in strategically important companies. At the same time, the company will selectively divest from minority holdings.

All city carriers acquired by Elisa Kommunikation will concentrate on expansion of the customer base and enhancement of customer loyalty. In addition, their aim is to reduce operational costs and make only the necessary investments required by their operations.

Mäkitorppa GmbH aims at improving its result by closing down loss-bringing stores and focusing on profitable customer relationships. At the same time, Mäkitorppa GmbH's position in the changing mobile market will be reconsidered.

R&D

Examples of the Group's extensive joint research and development projects include: projects concerning WLAN, Next Generation Network, PKI, digital television and internet technologies; as well as projects related to the management of the quality of service (QoS), in which Elisa's Group companies, Comptel, Radiolinja and Datatie, have participated.

During this year, Elisa's research center will continue its research and development co-operation with higher education institutions and research institutes, both at the domestic and international level. Co-operation partners include e.g. the National Technology Agency (TEKES), EU, EURESCOM, and MIT/W3C.

During the latter part of the year, R&D will focus on

wireless technologies and mobility, development of IP networks, WLAN, Bluetooth, 4G, IT data security, interface research, information management, and positioning technology. Furthermore, investments in the integration and visualization of different technologies and applications will be made in Elisa Future Club.

CHANGES IN CORPORATE STRUCTURE

On April 6, 2001, Finnish Competition Authority (FCA) accepted a transaction in which Elisa Communications Corporation acquired the actual authority in Joensuu Puhelin Oy (currently Tikka Communications Oy).

Riihimäen Puhelin Oy's (RPO) Board of Directors directed a share issue to Elisa Communications Corporation in April. The Group's holding in RPO thus rose to 16.67 per cent. After this event, Elisa's Board of Directors decided to make a share exchange offer to the shareholders of RPO.

On June 7, 2001, Elisa's Board of Directors accepted the subscriptions made by RPO's shareholders in compliance with the terms specified in the share exchange offer. On the basis of the share exchange offer, 2,128,012 new A Shares of Elisa Communications Corporation were issued. Elisa Communications Corporation's holding in Riihimäen Puhelin Oy rose to almost 90 per cent after the implementation of the share exchange offer.

Elisa Communications Corporation's and Comptel Corporation's holding in Arcus Software Oy rose to 53.11 per cent on May 9, 2001. Owing to this, Arcus Software Oy became one of Elisa's Group companies.

In April, Elisa's Board of Directors decided to launch a share exchange offer to Soon Communications Plc's shareholders. In the share exchange offer directed to the shareholders of Soon Communications Plc, a total of 20,110,987 shares of Soon were exchanged during the period May 2 – June 8, 2001. Together with the Soon shares that the Group had acquired earlier, these shares represent 81.32 per cent of Soon's share capital and voting rights.

Elisa's Board of Directors accepted the offered subscriptions of shares on June 14, 2001, and raised the share capital of Elisa Communications Corporation by EUR 4,545,083.00 to EUR 68,141,622.50 through delivering 9,090,166 new Elisa's A Shares to Soon's shareholders, who had accepted the exchange offer. The new Elisa A Shares were registered on the book-entry securities account on June 18, 2001, when also trading in Elisa's new A Shares began.

A decision was made to extend the exchange offer to August 15, 2001, providing, however, that the period of offer may be interrupted at any date.

As, by June 8, 2001, Elisa's Board of Directors had accepted the subscriptions made during the exchange offer, the holdings of Elisa and companies belonging to the same Group in Soon's shares, and the related voting rights, exceeded the limit of the obligation to redeem as specified in the Securities Market Act.

As Elisa Communications had acquired the majority of Soon's shares, Finnet International Ltd and KSP Group Plc became subsidiaries of Elisa.

On May 18, 2001, Elisa Kommunikation GmbH sold its holding of 25.1 per cent in nordCom GmbH, a Bremen-based city carrier. The acquisition requires the approval of the German competition authorities.

On June 18, 2001, Elisa Kommunikation GmbH signed a sales contract with which it will divest its 50 per cent share in the Hannovers Telefon Partner GmbH (HTP).

Relinquishing the holdings in nordCom and HTP will have a positive effect on the 2001 operative result.

FINANCIAL POSITION

The Group's interest-bearing liabilities were EUR 877 million (691), of which EUR 660 million (432) was long-term debt. By the end of June, the equity ratio stood at 39 per cent (40 at the beginning of the year).

INVESTMENTS

The Group's gross investments in fixed assets in April-June amounted to EUR 76 million (70), and acquisition of shares to EUR 141 million (217).

The fixed asset investments in Elisa Communications amounted to EUR 12 million, in Radiolinja to EUR 45 million and in other subsidiaries a total of EUR 19 million.

SHARE

The A Share of Elisa Communications Corporation closed at EUR 19.31 on June 29, 2001. The highest quotation in April-June was EUR 23.50, and the lowest EUR 14.53. The average rate was EUR 18.76.

As at June 29, 2001, the company's market capitalization was EUR 2,632 million.

During the period from April 2 to June 29, 2001, a

total of 27.3 million A Shares of the company were exchanged on the Helsinki Exchanges for an aggregate value of EUR 513.6 million. The exchange was 20.1 per cent of the number of A Shares.

PERSONNEL

In April-June, the Group's number of personnel grew by 480.

The Group companies had on average 7,406 employees in January-June (5,977). An average of 3,412 worked for Elisa Communications, 1,423 for Radiolinja, 512 for Mäkitorppa, 569 for Comptel, 397 for Elisa Kommunikation GmbH, 307 for Direktia, 271 for Kolumbus, 295 for Datatie and a total of 220 for other subsidiaries.

By the end of June, the Group's personnel totalled 7,351 people.

(6,339). This number of personnel does not include the employees of Soon Communications, KSP Group, Riihimäen Puhelin, Finnet International and Arcus Software, a total of 1,500 people.

LEGAL ISSUES

The legal proceedings described in the Company's 2000 Annual Report are still pending with the following changes:

On May 28, 2001, the Competition Council published its decision concerning the pricing of Elisa Communications Corporation's subscriber connections. The Competition Council states that Elisa has abused its dominant position in the market, as regards the pricing of its subscriber connections. The Competition Council has imposed a penalty payment of FIM 25 million (EUR 4.2) on Elisa. The decision is final.

The arbitration board appointed by the Central Chamber of Commerce validated the right of redemption and decided on May 29, 2001 that the redemption price of Oy Radiolinja Ab, a subsidiary of Elisa Communications Corporation, be FIM 47,000 (EUR 7,905) per share. The matter concerns approximately 5,850 shares of Oy Radiolinja Ab's 379,722 shares. Legal proceedings to revoke the decision have been taken to the Helsinki lower court of justice.

On June 26, 2001, the FCA made a decision on Elisa Communication Corporation's Nettitaksa service, which provides even prices, and on the pricing of the interconnection services related to it. FCA stated that Elisa Communications Corporation had abused its dominant position in the market. As Elisa Communications Corporation has made a commitment to abandon pricing practices that restrict competition as of

July 1, 2001, the Finnish Competition Authority did not make a motion on the matter to the Competition Council.

ANNUAL GENERAL MEETING ON APRIL 20, 2001

In accordance with the Board of Director's proposal, Elisa Communications Corporation's Annual General Meeting decided, on April 20, 2001, to pay a dividend of EUR 0.07 per A Share. The record date for the dividend was April 25, 2001, and the dividend was paid into shareholders' accounts as of May 3, 2001. The Annual General Meeting adopted the parent company's income statement and balance sheet, and the consolidated income statement and consolidated balance sheet. The AGM discharged the members of the Board of Directors and the Supervisory Board, and the President and CEO from liability for the year 2000.

Keijo Suila and Matti Aura were re-elected to the company's Board of Directors for the next three-year term, and Pekka Ketonen, President and CEO, Vaisala Oyj, was elected to the Board as a new member. The following persons, who were not to resign by rotation in this AGM, continue in the Board of Directors: Ossi Virolainen, Riitta Backas, Arto Ihto, Rauno Kousa, Linus Torvalds and Paavo Uronen. Keijo Suila, President and CEO of Finnair, will continue as chairman, and Ossi Virolainen, CEO of AvestaPolarit Oyj Abp, as deputy chairman of the Board of Directors.

SVH Pricewaterhouse Coopers Oy, certified public accountants, and Leo Laitinmäki (APA) were appointed the company's auditors. Jaana Salmi (APA) was appointed deputy auditor.

In accordance with the Board of Director's proposal, the AGM authorized the Board of Directors to decide on increasing the Company's share capital through one or more new issues, one or more convertible bonds and/or warrants; so that in a new issue or when issuing convertible bonds or warrants, a maximum aggregate of 25 million of the Company's A Shares can be issued for subscription, and the Company's share capital can be increased by a maximum of EUR 12.5 million in total. The authorization shall enter into force on October 21, 2001 and is valid until April 20, 2002. The authorization entitles the Board of Directors to disapply the pre-emptive rights of existing shareholders to subscribe for new shares and to decide on the issue prices for the new shares and the terms and conditions for subscribing. The Board of Directors is entitled to decide that the shares to be issued in a new issue can be subscribed for in kind or otherwise on certain conditions or by using the right of set-off.

EVENTS AFTER THE REVIEW PERIOD

Elisa Communications had a 87.4 per cent holding in Soon Communications Plc on July 26, 2001.

On July 6, 2001, Radiolinja announced that it is constructing a secure infrastructure for mobile payments and e-services in cooperation with OKO Bank, the Luottokunta credit institution and the Finnish Population Register Centre. Radiolinja's partners will develop their services whilst Radiolinja is implementing the infrastructure; these together will help promote the breakthrough of mobile commerce.

On July 17, 2001, Elisa announced that it will introduce a specific network code (90123) for domestic long-distance calls in September. Earlier the Group has offered its customers long-distance calls with the code 109 provided by Finnet Nine Ltd. Elisa divested its Finnet Nine shares in early 2001. Elisa's current 109 contract customers will have access to Elisa Long-Distance service during the autumn.

Comptel Corporation and Telecom Italia Mobile Peru, a part of Telecom Italia Group, signed an agreement on July 25, 2001, on delivering Comptel's mediator software to TIM Peru's GSM 1900 network in Lima, the capital of Peru. The software delivery includes Comptel's comprehensive solutions for the management of subscriber data and services (MDS/SAS) and invoicing (MDS/AMD).

On July 25, 2001, Comptel Corporation and Daleen Technologies Inc. signed a co-operation contract on delivering invoicing and mediator solutions to the producers of next generation mobile services. With this contract, both Comptel and Daleen can offer their customers integrated comprehensive solutions for managing the charges of mobile IP services and content services.

FUTURE OUTLOOK

The general market situation is constantly changing and the development of mobile markets will be slower than estimated earlier. The market development involves substantial factors of uncertainty.

The Group's revenue is expected to grow significantly faster than the sector in general in 2001. Euro value of EBITDA without one-off items is estimated to improve compared to 2000. Despite the H1/2001 figures it is estimated that net profit of the fiscal year 2001 will reach the zero level.

Radiolinja's revenue is estimated to develop positively during the latter part of the year. Radiolinja's annual-

level operative EBIT without one-off items is expected to be at the previous year's level.

Provision of GPRS services will be introduced this autumn.

The annual growth of Comptel's MDS business is estimated to continue strongly. Profitability is expected to be good in 2001.

Elisa Communications' German operations are estimated to improve towards the end of 2001 in accordance with the plans. The turn in earnings of the German operations has been achieved. The revenue of Elisa Kommunikation GmbH Group is estimated to grow considerably in 2001 and EBITDA to turn positive by the end of 2002, as well as EBIT by the end of 2003. Consolidation in Germany is planned to continue, including limited acquisitions.

In Finland, corporate growth and competitive edge will be assured by developing Elisa's and its group companies national steering and by benefiting from the synergy.

Helsinki, August 2, 2001

Elisa Communications Corporation

Board of Directors

ELISA COMMUNICATIONS GROUP

INTERIM REPORT 1 Jan - 30 June 2001 (EUR million)

(The figures presented in the interim report are not audited)

CONSOLIDATED INCOME STATEMENT

	April-June		January-June		January-December
	2001	2000	2001	2000	2000
EUR million					
Revenue	331	299	664	593	1 244
Other operating income	9	61	20	62	74
Operating expenses	-265	-221	-533	-440	-958
Depreciation and value adjustments	-60	-46	-117	-86	-211
EBIT	15	93	34	129	149
Financial income and expenses					
Share of profits of associated companies	0		-9	-1	-33
Other fin. income and expenses	-12	-7	-22	-8	-22
Profit before extraord. items	3	86	3	120	94
Extraordinary items					
Profit after extraordinary items	3	86	3	120	94
Taxes	-6	-30	-12	-43	-60
Minority interest	-2	-21	-4	-33	-12
Net profit	-5	35	-13	44	22

KEY INDICATORS

Earnings/share (EUR)	-0.05	0.41	-0.11	0.52	0.18
Shareholders' equity/share (EUR)	5.47	5.79	5.29
Gross investments on fixed assets (EUR million)	76	70	161	111	252
Gross investments as % of revenue	23.0	23.6	24.2	18.8	20.0
Purchases of shares (EUR million)	141	217	179	547	726
Personnel on average	7 406	5 977	6 161

CONSOLIDATED BALANCE SHEET	30 June 2001	30 June 2000	31 Dec 2000
EUR million			
Fixed assets			
Intangible assets	82	56	71
Consolidation goodwill	600	544	533
Property, plant and equipment	938	604	684
Holdings in associated companies	20	117	124
Other investments	32	12	13
Advances paid for shares		52	
	1 672	1 385	1 425
Current assets			
Inventories	35	30	35
Receivables	381	266	241
Short-term investments	27		4
Cash and bank	76	59	29
	519	355	309
Total assets	2 191	1 740	1 734
Shareholders' equity			
Share capital	68	42	63
Share premium account	499	175	386
Reserve fund	3	3	3
Retained earnings	174	224	188
Net profit	-13	44	22
	731	488	662
Minority interests	118	360	31
Provisions for liabilities and charges	2	1	3
Liabilities			
Deferred tax liability	62	62	43
Long-term debt	666	448	413
Short-term liabilities	612	381	582
	1 340	891	1 038
Total shareholders' equity and liabilities	2 191	1 740	1 734

LIABILITIES	30 June 2001	30 June 2000	31 Dec 2000
Mortgages			
For own	72	47	46
For others	0	0	0
Guarantees			
for associated companies	12	5	7
for others	1	1	1
Pledges given			
Deposits given as security	21		
Leasing commitments	102	115	115
Repurchase commitments	6	5	5
Lease-leaseback agreement commitment (QTE facility)	239	212	218
Other commitments	14	15	3
Total liabilities	467	400	395

The lease liabilities of GSM and data networks outside the Group on June 30, 2001, amounted to approx. EUR 195 million (approx. EUR 260 million at the beginning of the year).

DERIVATIVE INSTRUMENTS

Nominal value			
Exchange rate futures	6	4	3
Interest and currency swaps	8	8	8
Market value			
Exchange rate futures	0	-0	0
Interest and currency swaps	0	0	0

Owing to the merger of HPY Holding Corporation with Helsinki Telephone Corporation on July 1, 2000, the figures for the 2000 shareholders' equity, minority interests and numbers of shares are not comparable.

