

ELISA COMMUNICATIONS CORPORATION

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ELISA'S REVENUE AND EBITDA SHOWED FAVOURABLE DEVELOPMENT AND OPERATIVE CASH FLOW WAS POSITIVE

Elisa Communications Group's April-June 2002 revenue was EUR 406 million (331). Growth from the revenue of the period April-June in the previous year was 23 per cent. The Group's EBITDA in April-June, exclusive of the non-recurring items specified below, amounted to EUR 86 million (76), EBIT to EUR 6 million, and profit before extraordinary items to EUR -11 million (7). The revenue growth was enhanced by the successful consolidation of Finnish operations and the positive development and progressing consolidation of German operations.

With regard to developing business operations, the Group's financial position is good. The Group's operative cash flow is positive. (Operative cash flow has been calculated as follow: operative EBITDA adjusted with change in working capital less investments in fixed assets, financial items and taxes.)

Germany-based operations has developed according to objectives. The focus of operations is shifted towards increasing profitability and improving the utilization rate of investments. The optimization of operations was enhanced further. The closing down of retail business was completed as planned in Q2.

- Revenue for the fixed network in the period of April-June was EUR 181 million (126). The consolidation in Finland, implemented during the second half of 2001, increased the revenue of the fixed network during the period under review by approximately EUR 40 million. EBIT exclusive of non-recurring items from the fixed network was EUR 23 million (20). The sales of ADSL subscriptions continued strongly, and the number of them at the end of the period under review was 43,900 (11,800).
- Revenue for mobile operations during the period of April-June totalled EUR 192 million (188), of which, however, the growth of operator business was approximately 3 per cent. Radiolinja's comparable EBIT, exclusive of non-recurring items, improved by 12 per cent amounting to EUR 31 million.
- According to Radiolinja's estimate, the executed UMTS delivery agreements will reduce the economical service life of the mobile network leased from telcos to last for a considerably shorter period than the term of the lease agreements. The new technology substantially reduces the total construction and maintenance cost of the 2G and 3G networks. Therefore, the company endeavours, as far as

possible, to rearrange the agreements in question and to book necessary value reductions to the most part by the beginning of year 2004.

- EBITDA margin for Germany-based business improved as planned, amounting to -14 per cent in April-June (-56 per cent in January-March 2002).
- Revenue for German operations in the period of April-June was EUR 28 million (13). EBIT for German operations in the period of April-June was EUR -20 million (-9). Share of associated companies loss was reduced to EUR -2 million (-4).
- The positive impact of the restructuring measures taken will take full effect on the latter half of the year. Profitability is estimated to improve towards the end of the year.

#### GROUP KEY INDICATORS

EUR million	April-June		January-June		
Year	2002	2001	2002	2001	2001
Revenue	406	331	790	664	1439
EBITDA	86	75	164	151	424
EBITDA, %	21.2	22.7	20.8	22.7	29.5
Depreciation on fixed assets	98	48	176	94	272
Depreciation of Group goodwill	20	12	33	23	45
EBIT	-32	15	-45	34	108
EBIT, %	-7.9	4.5	-5.7	5.1	7.5
Share of associated companies' results	-3	0	-4	-9	-14
Financial income and expenses	-13	-12	-24	-22	-48
Net profit before extraordinary items	-48	3	-73	3	46
Profit for the financial period	-35	-5	-57	-13	1
Earnings per share (EPS), EUR	-0.26	-0.05	-0.44	-0.11	0.01
Equity ratio, %			38	39	40
Gross investments in fixed assets	70	76	138	161	373
Purchase of shares *)	2	141	6	179	242
Personnel on average			8612	7406	7783

\*) Germany's 2002 share exchange netted.

#### GROUP KEY INDICATORS (exclusive of non-recurring items)

EUR million	April-June		January-June		Year
	2002	2001	2002	2001	2001
Revenue	406	331	790	664	1439
EBITDA	86	76	171	145	331
EBITDA, %	21.2	23.0	21.6	21.8	23.0
EBIT	6	19	17	33	74
EBIT, %	1.5	5.7	2.2	5.0	5.1
Profit before non-recurring items	-11	7	-11	2	12
Non-recurring items:					
Sales profits		3		10	97
Sanction payment		4		4	4
Write-offs for GSM networks	26	3	40	5	46
Write-offs for Cityphone and submarine cable networks	6		6		5
Costs for closing down Mäkitorppa GmbH			10		
Other write-offs in Germany	6		6		8
Impact on EBITDA		-1	-7	6	93
Impact on EBIT	-38	-4	-62	1	34

The information presented in this interim report is not audited.

#### ELISA COMMUNICATIONS CORPORATION

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Appendix: ELISA COMMUNICATIONS CORPORATION'S INTERIM REPORT, APRIL - JUNE 2002

#### Distribution:

Helsinki Exchanges

Major media

ELISA COMMUNICATIONS CORPORATION'S INTERIM REPORT, APRIL - JUNE  
2002

Revenue

The Group's revenue in April-June increased by 23 per cent, amounting to EUR 406 million (331). A summary on the Group's revenue performance following its business structure is attached to the interim report.

Revenue from the fixed network was EUR 181 million (126). The consolidation in Finland, implemented during the latter part of 2001, increased the revenue of the fixed network by approximately EUR 40 million.

Revenue from mobile operations was EUR 192 million (188). The actual operator business grew by approximately three per cent from the previous year, but handset sales declined.

The Group's foreign business operations accumulated a revenue of EUR 54 million (39). Revenue from German operations amounted to EUR 28 million (13). Revenue of Radiolinja Eesti AS was EUR 15 million (10). Comptel's export totalled EUR 9 million (pro forma 10).

Performance

The Group's operating profit (EBIT) for April-June was EUR -32 million (15). EBIT was hampered by the following relevant, non-recurring items: one-time write-down of EUR 32 million for GSM and Cityphone networks and one-time write-down of EUR 6 million for German operations.

EBIT of the current period under review does not include significant sales profits for shares or fixed assets. EBIT booked for Q2 of the previous year included capital gain from shares for EUR 4 million.

The Group's planned depreciation on fixed assets in April-June amounted to EUR 64 million (45). In addition to this, a total of EUR 34 million (3) of non-recurring additional depreciation on fixed assets was booked.

The Group goodwill resulting from the acquisition of subsidiaries amounted to EUR 634 million at the end of the period under review (EUR 588 million at the end of 2001). A depreciation of EUR 20 million (12) was booked on Group goodwill. The increase of Group goodwill at the end of the year was almost completely generated in Germany by the Group goodwill generated in conjunction with the structural arrangements of Tropolys GmbH.

The Group's share of associated companies' results was EUR -3 million at loss (-0).

The Group's financial items in April-June totalled EUR -13 million (-12).

A deferred tax receivable of EUR 9 million was booked for the tax benefit caused by write-down of the networks. The Group's taxes for April-June were EUR +6 million (6). No deferred tax receivables have been booked for the losses of foreign subsidiaries and associated companies.

The Group's pre-tax profit for the period April-June amounted to EUR -48 million (3). The result for the period under review, after taxes and minority interest, amounted to EUR -35 million (-5). Share of associated company loss for the period under review amounted to EUR 7 million.

The Group's earnings per share stood at EUR -0.26 (-0.05).

#### Mobile business

Radiolinja's revenue for April-June was EUR 192 million (177). The comparison information for the year 2001 does not include the figures of Mäkitorppa. The comparable revenue from operator business increased by three per cent from the corresponding period of the previous year.

Radiolinja's EBITDA during the period under review was EUR 56 million (47). Radiolinja's comparable EBITDA, excluding non-recurring items, amounted to EUR 56 (46) million, and EBIT improved by 12 per cent to EUR 31 million from the corresponding period of the previous year. Depreciation according to plan increased by EUR 8 million from the previous year, totaling EUR 25 million.

During 2002, Radiolinja has purchased a part of the mobile network it earlier leased from telcos. Of the investments made in April-June, EUR 15 million were 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 has been made. Radiolinja's remaining leasing liability is estimated to be around EUR 77 million greater than the balance sheet value of the corresponding network less depreciation according to plan.

Moreover, a non-recurring depreciation of EUR 11 million for the exchanges of the GSM networks was entered as a result of the change in the planned depreciation. The renewal of the exchanges will be implemented in conjunction with the construction of the UMTS network in a shorter period of time than was earlier estimated.

The EBIT of the Radiolinja Group amounted to EUR 5 million (28) during the period under review. EBIT was hampered by the aforementioned non-recurring items.

At the end of June 2002, Radiolinja's network in Finland hosted 1,289,016 subscriptions (1,281,577). The number includes the national subscriptions and city subscriptions of Radiolinja's own service operators as well as Telia's prepaid subscriptions operated in Radiolinja's network. The number of subscriptions in the network was reduced in comparison with the end of the previous review period, which was due to the removal of Telia's postpaid subscriptions from Radiolinja's network, carried out during the period under review.

Annualised churn of Oy Radiolinja Ab's subscriptions was 12.7 per cent during the period under review (13.9). The decline in churn, which started during the latter part of the previous review period, continued in Q2.

During the period under review, the amount of minutes for calls made over Radiolinja's Finnish network was 541 million (503) and the number of SMS messages sent 107 million (97). The traffic of Telia's subscriptions, included in the traffic amount of the network, was reduced considerably towards the end of the period under review.

Average amount of minutes used for calls per a Radiolinja subscription was 141 minutes (135) per month. The average monthly number of SMS messages sent per subscription was 27 (26). During this period, 67 per cent (66) of Radiolinja's subscriber customers used SMS messages and 25 per cent (24) content services.

Average revenue per subscription (ARPU) amounted to EUR 43.5 (45.2) a month. The decline in ARPU from the corresponding period of the previous year is a result of the interconnection traffic prices that were lower than those during the reporting period. The share of added value services from the revenue was 11 per cent (11).

In April-June, Radiolinja's direct investments totalled EUR 43 million (45). Of this sum, the repurchasing of networks leased from telcos accounted for approximately EUR 21 million.

On June 30, Elisa Networks Ltd sold the Cityphone network to Radiolinja. With this transfer, the Group's mobile operations were centralized in Radiolinja.

During the period under review, Radiolinja concluded three new roaming agreements. Radiolinja's customers can now use their mobile phones in 107 countries and in 225 mobile operators' networks. Operators providing services in twenty countries have

signed GPRS roaming agreements.

Revenue of Radiolinja Eesti, Radiolinja's subsidiary operating in Estonia, amounted to approximately EUR 15 million in April-June (10). The comparable growth from the corresponding period of the previous year was 29 per cent. Radiolinja Eesti had some 148,500 subscriptions at the end of June (140,150).

One of the first visible phases of the cooperation between Radiolinja and Vodafone was the introduction of the Vodafone Eurocall service in June.

Telia transferred its Dual customers out of Radiolinja's mobile network. However, Telia's prepaid customers continue to obtain service over Radiolinja's network.

#### Fixed network business

Revenue for fixed network business in April-June amounted to EUR 181 million (126) and EBIT totalled EUR 17 million (20). Operations comprise the Group's service operator and network business. EBIT for fixed network business excluding non-recurring items was EUR 23 million (20).

Revenue and EBIT of the fixed network was increased by the fact that Soon Communications Plc, Yomi Plc (formerly known as KSP Group Plc), Finnet International Ltd and Riihimäen Puhelin Oy were consolidated into the Group's financial statements as of July 1, 2001, which should be taken into account when making comparisons to the previous year.

Owing to incorporation of business operations and other corporate arrangements, the figures of the separate fixed-network companies are not comparable with the figures of the previous year.

Yomi Plc published an interim report for April-June on July 31, 2002.

#### Service operator business

Revenue for the service operator business for April-June was EUR 170 million. The growth of revenue was a result of expanded national operations in comparison with the previous year, strong demand for broadband services, and success with the outsourcing of telecommunication systems of corporate customers. Comparable revenue, with acquisitions and various business arrangements included, remained at the level of the previous year. Growth was reduced by the decline in call traffic and traditional telephone subscriptions as the customers' use of the internet shifted to ADSL subscriptions and, with regard to voice traffic, to wireless

services, as well as erosion in the prices of data services for corporate customers.

EBIT for April-June totalled EUR -3 million. Measures related to business restructuring put an extra burden on Q2. The comparable profitability of operations has improved from the previous quarter, but the EBIT still shows a slight loss. Furthermore, the result of the first half of the year was burdened by investments in the Finnish broadband market according to the strategy. Elisa's share of the Finnish broadband market is approximately 35 per cent.

Number of fixed subscriptions in the Elisa Communications Group at the end of June was 1.14 million (0.76). The sales of ADSL subscriptions and other broadband subscriptions continued to be strong and the number of broadband subscriptions was approximately 43,900 (11,800). The amount of cable TV subscriptions showed a steady growth and the number of subscriptions at the end of the period under review was approximately 139,200.

The service operator company ElisaCom Ltd changed its prices for local calls and local net charge in the greater Helsinki area as of July 1, 2002. The most significant change was to abandon the discount price for evenings. Also Kestel Oy, a company of the Yomi Plc subgroup, renewed the pricing structure of its local calls as of July 1, 2002.

The nationwide market share of the Elisa Long Distance Call, launched in September 2001, has grown considerably during the first half of the year.

On May 24, 2002, Finnet International Ltd sold its Latvian subsidiary SIA Latnet Serviss to the company's executive management through an MBO transaction. The transaction was a continuation to the sale of Baltnetos Komunikacijas, a Lithuanian internet operator, which was carried out at the end of 2001. The transaction strengthens Finnet International's new strategy in the neighbouring areas, according to which the company's foreign operations are concentrated in those countries where the company has its own cable connection.

In June, Finnet International expanded its own international telecommunication network by opening points of presence (POPs) in Copenhagen, London and New York.

#### Network business

The Group's network business consists of Elisa Networks Ltd and its subsidiary Elisa Instalia Ltd. Moreover, the entity comprises, among others, Soon Net Ltd and Kesnet Oy.

During the second quarter of 2002, network operations developed according to plan.

The demand for broadband ADSL subscriptions continued strongly in Q2. At the end of June, the number of ADSL subscriptions was roughly 43,700 (11,800). At the end of June, the share of ADSL subscriptions of the entire subscription base was over 6 per cent. The operator wire leasing and long-distance network businesses proceeded slightly better than planned.

As regards transmission systems, the increased competition has shown in the price level of connections. As a consequence of the above, the national backbone network business has focused on increasing sales volume and initial measures that would improve cost level.

The aggregate national market share of the Elisa Communications Group's fixed network operators at the end of June 2002 was approximately 34 per cent. The national market shares of main business areas were: basic networks approx. 37 per cent (long-distance traffic approx. 25 per cent), broadband subscriptions approx. 30 per cent and capacity services approx. 34 per cent.

Elisa Networks Ltd renewed its pricing of ADSL on April 1, 2002 and signed agreements with Nokia and Siemens on the delivery of 3G broadband network solutions at the end of June.

Elisa Networks Ltd made agreements on the use of the IN service machinery with external service operators.

Elisa Networks Ltd sold the Cityphone network to Radiolinja Origo Oy on June 30, 2002. The transaction streamlined the Elisa Communications Group's internal operating responsibilities and was aimed to obtain cost-efficiency.

On June 26, 2002, Elisa Networks Ltd published an agreement on selling the business operations of its installation company Elisa Instalia Ltd to the Flextronics Network Services Group of Sweden. The purchase price was EUR 37.2 million, which will be paid once the transaction is completed. The transaction is estimated to be completed at the end of August, and it requires the approval of the Finnish Competition Authority.

Following the cooperative negotiations carried out during the first quarter of 2002 as well as the business transaction of Elisa Instalia Ltd, the personnel expenses of Elisa Networks Ltd will be reduced during the third quarter of 2002.  
Germany-based operations

The German operations developed following the plan. The number of corporate customers exceeded the objectives. The profitability of

operations was improved in comparison both with the previous year and the previous quarter. The focus of operations has shifted towards increasing profitability and improving the utilization rate of investments in particular. This means more effective canvassing and subsequent increase in revenue. The optimization of operations was enhanced further.

The integration of city carrier companies into Tropolys GmbH was continued; Elisa's holding has risen to 64.5 per cent. In order to enable an integrated service supply, Elisa purchased a holding of 100 per cent of the long-distance network company TIME CityLink AG in June.

The closing down of mobile phone retail business was completed according to plan without extra costs. Mäkitorppa GmbH and its 25 stores were sold on May 8, 2002 to Top Two Handels- und Beteiligungs GmbH.

EBITDA for Germany-based business in relation to revenue developed as instructed, amounting to -14 per cent in April-June (-56 per cent in January-March 2002).

The revenue for Germany-based operations was EUR 28 million in April-June. EBIT for the German operations was EUR -20 million (-9). Share of associated companies loss was reduced to EUR -2 million (-4).

Elisa Kommunikation GmbH Group's revenue in January-June totalled EUR 55 million (26) and it grew to more than double from the previous year. The consolidation of Tropolys GmbH as of the beginning of 2002 substantially increased the revenue.

#### Comptel Corporation

In its first interim report of the current year, Comptel introduced the sales income recognition principles complying to the International Accounting Standard (IAS) in order to improve the transparency of its business operations and facilitate international comparison. As a result of this, the figures for the control period (April-June 2001) are presented here as pro forma figures according to the new income recognition principle.

Comptel's revenue in April-June totalled EUR 13.3 million (pro forma EUR 16.7 million), of which the share of product-based business was EUR 10.1 million (pro forma EUR 13.4 million), equalling 75.9 per cent (pro forma 80.2 per cent).

Export amounted to EUR 9.1 million (pro forma EUR 10.3 million). The export share of Comptel's revenue was 68.5 per cent (pro forma 61.7 per cent). 38.5 per cent of total export occurred via partners.

EBIT was EUR -0.4 million (pro forma EUR 4.0 million) which equals -3.4 per cent (pro forma 24.2 per cent) of the revenue. Back orders at the end of the period under review amounted to EUR 26.5 million (pro forma EUR 25.5 million).

Comptel Corporation published its interim report for April-June on July 24, 2002.

#### Research and development

In its R&D activities, Elisa Communications invests in data security solutions. Related to this the Group, together with Comptel Corporation, SiltaNet Oy and SSH Communications Security Oyj, started the VAS II project (Wireless Value Added Services II), whose purpose is to study and develop wireless 3G data security solutions. The project is a part of the NETS technology programme of the National Technology Agency Tekes.

#### Changes in Group structure

In April, the Group's security business was concentrated in the Group company Estera Oy, which offers building-specific IT services to corporate customers. Estera consists of Computec, Elektroniikkatyö and SoonSec. In June, Kestel Oy sold Oy Atec-Security Ltd's security business to Estera Oy.

The company's estimated revenue for 2002 is EUR 15 million and it has 110 employees.

Elisa Communications Corporation's network operator company Elisa Networks Ltd made an agreement in June to sell the business operations of its installation company Elisa Instalia Ltd to the Flextronics Network Services Group of Sweden. The purchase price was EUR 37.2 million, which will be paid once the transaction is completed. The transaction is estimated to be completed at the end of August, and it requires the approval of the Finnish Competition Authority.

#### Financial position

The Group's interest-bearing liabilities were EUR 945 million (861 at the end of 2001), of which EUR 622 million (660) was long-term debt. The Group's cash and bank and liquid short-term investments totalled EUR 95 million (104). The Group's net debt amounted to EUR 850 million (756).

A major factor in the growth of net debt in relation to the situation in 2001 was the redemption price of Radiolinja's and Soon Communications Plc's minority shareholders, totalling EUR 46 million, which was treated as interest-bearing debt as of January

1, 2002, whereas in the financial statements for 2001 it was regarded as a non-interest-bearing debt. The consolidation of Tropolys GmbH on January 1, 2002 increased the Group's net debt by approximately EUR 53 million from the financial statements for 2001. These items have been taken into account at the point of departure of the Group's cash flow statement attached herein.

In April, the Group issued six separate floating rate bullet bonds within the framework of the EMTN programme. The loans totalled EUR 100 million.

Furthermore, Elisa Communications Corporation raised the maximum amount of its Commercial Paper Programme from EUR 100 million to EUR 150 million in April. The programme is a cooperation programme drafted together with six banks.

In its bulletin of April 19, 2002, Standard & Poor's announced that Elisa Communications Corporation's credit classification A- will remain unchanged, although it changed the prospects from stable to negative. At the same juncture, S&P presented objectives for the financial structure of Elisa Communications in order to retain the current classification.

The equity ratio at the end of June stood at 38 per cent (40 at the end of 2001).

#### Investments

The Group's gross investments in fixed assets in April-June amounted to EUR 70 million (76), and acquisition of shares to 2 million (141).

Radiolinja invested a total of EUR 43 million in fixed assets, of which the share of GSM networks purchased from telcos was EUR 21 million. Fixed-network companies invested EUR 26 million in fixed assets. German companies invested EUR 3 million in fixed assets.

#### Share

The A Share of Elisa Communications Corporation closed at EUR 7.25 on June 28, 2002. The highest quotation in April-June was EUR 12.54, and the lowest EUR 6.45. The average rate was EUR 9.27.

As at June 28, 2002, the company's market capitalization was EUR 984 million.

During the period from April 2 to June 28, 2002, a total of 15.6 million A Shares of the company were exchanged on the Helsinki Exchanges for an aggregate value of EUR 145.0 million. The exchange was 11.5 per cent of the number of A Shares on the market.

Trading on the A warrants related to the 2000 warrant programme of Elisa Communications Corporation started on the main list on May 2, 2002. The number of A warrants for 2002 is 3,600,000, of which Rahoituslinkki Oy holds 683,400 warrants and the number of warrants available for trading is 2,916,600.

Between May 2, 2002 and June 28, 2002, the total number of A warrants traded on Helsinki Exchanges was 15,550 at a total price of EUR 2,702. The average rate of the A warrant was EUR 0.17. The highest quotation of the A warrant in April-June was EUR 0.20, and the lowest EUR 0.08. The average rate of the A warrant was EUR 0.11.

On April 10, 2002, Fidelity International Limited announced that its and its subsidiaries' holding of Elisa Communications Corporation's share capital and voting rights exceeded five per cent through stock exchange transactions completed. Elisa Communications Corporation's share capital consists of 138,011,757 Series A shares.

On April 30, 2002, Fidelity International Limited announced that stock exchange transactions completed its and its subsidiaries' holding of Elisa Communications Corporation's share capital and voting rights was reduced to less than five per cent, totalling 4.98 per cent of the shares and votes of Elisa Communications Corporation, according to the announcement of the company.

The total number of Elisa Communications Corporation's shares owned by the subsidiaries was 2,285,276. The par value of the shares totalled EUR 1,142,638, and their share of the share capital and voting rights was 1.66 per cent. The book value of these company shares has been deducted from the distributable assets of the Group.

#### Number of personnel

At the end of the period under review the Group companies had 8,587 employees. At the end of the review period, Elisa Communications Corporation had 361 employees, Radiolinja 1,872, Comptel 633, Soon Communications 925, Yomi 664, Elisa Networks 530, Elisa Kommunikation GmbH 754, ElisaCom 1,277, and other subsidiaries had a total of 1,571 employees.

The average number of employees working in the Group during the period January-June 2002 was 8,612 (7,406). The consolidations in Finland and in Germany increased the number of the Group's employees from the previous year by a total of 2,186. During the latter half of 2001 and early 2002, the Group reduced its staff capacity by approximately 1,000 man-years. Cooperative negotiations continued during the first quarter of the year.

## Annual General Meeting on April 4, 2002

Elisa Communications Corporation's Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that no dividend be paid out for 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 members of the Board and the CEO were discharged from liability for 2001.

The confirmed number of the members of the company's Board of Directors was eight. Ossi Virolainen, Riitta Backas and, as a new member, Honorary Mining Counsellor Jere Lahti, CEO of S Group Cooperative Societies, were appointed for the next three-year term. Keijo Suila, Matti Aura, Arto Ihto, Pekka Ketonen and Linus Torvalds, who were not to retire by rotation in this AGM, continue as members of the Board. PricewaterhouseCoopers Oy (authorized public accountants, with APA Henrik Sormunen as the responsible auditor), and Leo Laitinmäki (APA) were appointed the company's auditors. Jaana Salmi (APA) was appointed deputy auditor.

The Annual General Meeting approved the proposal by the Board of Directors to authorize the Board of Directors within one year from the Annual General Meeting 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 27.6 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 13,800,000 in total.

At the same time, the Annual General Meeting cancelled the authorisation to raise the share capital, which was valid until April 20, 2002, for the part that it had not been used.

The Group's Board of Directors was organised in its meeting on May 2, 2002. 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.

## Major legal issues

The following changes have taken place in the legal processes referred to in the company's annual report of 2001 and the interim reports published thereafter:

The court of arbitration appointed by the Central Chamber of Commerce decided on June 27, 2002 that the redemption price of the shares of Soon Communications Plc, a subsidiary of Elisa Communications Corporation, be EUR 7.86 per share, and that the annual interest paid on the redemption price be 5.5 per cent. The

redemption price was in line with Elisa's requirement. A total of approximately 1,113,000 shares are subject to redemption, and the redemption price will thus be approximately EUR 8,750,000.

Radiolinja received requests for reports from authorities, namely from consumer authorities, the data protection ombudsman and communication authorities, in relation to Telia's announcement in June that the functioning of SIM cards in Radiolinja's network would cease on the basis of the service operator agreement.

#### Events after the period under review

In July, Jippii Group Corporation claimed for compensation for damages from Elisa Communications Corporation in the District Court of Helsinki concerning the interconnecting service prices. Elisa Communications Corporation considers the summons unfounded. Elisa Communications Corporation has complied with the interconnecting service pricing agreement signed with Jippii Group Corporation valid at each given time. Jippii Group Corporation demands that Elisa Communications Corporation pay higher interconnecting service prices for the period prior to July 1, 2001 as well as compensation for other alleged damages to the total amount of EUR 5.8 million.

In July, Comptel signed a delivery agreement on provisioning services with the Vodafone Group concerning the 3G and added value services of the Italian Vodafone Omnitel. The value of the agreement was not disclosed.

Riihimäen Puhelin Oy, a subsidiary of Elisa Communications Corporation, has sold its holding (28%) of Telekolmio Oy, which will become a fully-owned subsidiary of Hämeen Puhelin Oy.

Elisa Kommunikation GmbH continued to integrate its operations in Germany. The company sold its holding in TIME CityLink AG to its own subsidiary, Tropolys GmbH. This arrangement took effect retrospectively as of July 1, 2002. With the integration of Time CityLink AG, Tropolys GmbH has been transformed from a regional city carrier into a national telecommunications company.

Mäkitorppa Yhtiöt Oy was merged into Oy Radiolinja Ab on July 31, 2002.

#### Future outlook

In line with previous guidance, the Group's revenue is expected to grow in 2002 faster than the market in general. EBITDA exclusive of non-recurring items will also improve from 2001. The positive

impact of the restructuring measures taken will take full effect on the latter half of the year. Profitability is estimated to improve towards the end of the year. Operative cash flow will remain positive owing to the adjustment of expenses and investment to the market situation.

The Board of Directors regards the realised and expected changes in the competition in the main market area as an opportunity to strengthen the Group's market position. In the short-term, however, there are uncertainties which will make the estimating of profit development more difficult. Owing to this and increased pension costs, for instance, pre-tax profit, exclusive of non-recurring items, of the entire year is estimated not to reach the level of 2001.

Elisa's German revenue is expected to grow faster than the sector in Germany. EBITDA of the Elisa Kommunikation GmbH subgroup is expected to turn positive by the end of 2002, EBIT to turn positive by the end of 2003.

#### ELISA COMMUNICATIONS GROUP

INTERIM REPORT JANUARY 1 - JUNE 30, 2002 (EUR million)

(The figures of the interim report are not audited)

CONSOLIDATED INCOME STATEMENT	April- 2002	June 2001	Jan- 2002	June 2001	Jan- Dec 2001
EUR million					
Revenue	406	331	790	664	1 439
Other operating income	1	9	8	20	126
Operating expenses	-321	-265	-634	-533	-1 140
Depreciation and value adjustments	-118	-60	-209	-117	-317
EBIT	-32	15	-45	34	108
Financial income and expenses					
Share of associated companies' results	-3	0	-4	-9	-14
Other financial income and expenses	-13	-12	-24	-22	-48
Profit before extraordinary items	-48	3	-73	3	46
Extraordinary items			3		
Profit after extraordinary items	-48	3	-70	3	46
Direct taxes	6	-6	0	-12	-42
Minority interests	7	-2	13	-4	-3
Net profit	-35	-5	-57	-13	1
CONSOLIDATED BALANCE SHEET			30.6.	30.6.	31.12.
			2002	2001	2001
EUR million					
Fixed assets					

Intangible assets	83	82	75
Group goodwill	634	600	588
Property, plant and equipment	965	938	928
Share of associated companies	20	20	25
Other investments	17	32	74
	1 719	1 672	1 690
Current assets			
Inventories	24	35	27
Deferred tax receivable	7		
Receivables	355	381	330
Marketable securities	3	27	4
Cash and bank	95	76	100
	484	519	461
Total assets	2 203	2 191	2 151
Shareholders' equity			
Share capital	69	68	69
Share premium account	517	499	517
Reserve fund	3	3	3
Retained earnings	181	174	180
Net profit	-57	-13	1
	713	731	770
Minority interests	118	118	85
Provisions for liabilities and charges	1	2	1
Liabilities			
Deferred tax liability		62	19
Long-term liabilities	628	666	582
Short-term liabilities	743	612	694
	1 371	1 340	1 295
Total shareholders' equity and liabilities	2 203	2 191	2 151

	Jan-	June	Jan-
CONSOLIDATED CASH FLOW STATEMENT	2002	2001	Dec
EUR million			2001
Cash inflow from operating activities			
Net profit for the financial period	-57	-13	1
Adjustments:			
Depreciation according to plan	209	117	317
Disposal of business operations			-61
Gains on the disposal of fixed assets and shares		-5	-11
Change in deferred taxes	-26	1	-24

Other adjustments	-9	26	30
	117	126	252
Change in working capital and other items	37	-4	50
Cash inflow from operating activities	154	122	302
Cash flow in investments			
Fixed asset investments	-138	-161	-373
Disposal of fixed assets			29
Investments in shares	-5	-4	-44
Disposal of shares and business operations	5	10	78
Other investments		-39	-55
Cash flow in investments	-138	-194	-365
Cash flow after investments	16	-72	-63
Cash flow in financing			
Change in long-term loans	-9	244	155
Change in short-term loans	-12	-86	-14
Dividends paid	-4	-15	-14
Sale of own shares			8
Other items			
Cash flow in financing	-25	143	135
Change in financial assets	-9	71	72
Financial assets at the beginning of the fin. period	104	32	32
Financial assets at the end of the financial period	95	103	104
Change in financial assets	-9	71	72

	April- June 2002	June 2001	Jan- 2002	June 2001	Jan- Dec 2001
KEY FIGURES					
Earnings/share (EPS), EUR	-0,26	-0,05	-0,44	-0,11	0,01
Shareholders' equity/share, EUR			5,25	5,47	5,67
Gross investments in fixed assets	70	76	138	161	373
Gross investments as % of revenue	17,2	23,0	17,5	24,2	26,0
Purchase of shares *)	2	141	6	179	242
*) Germany's 2002 share exchange netted					
Personnel on average			8 612	7 406	7 783

## LIABILITIES

Mortgages			
For own	70	72	68
For others		0	
Pledges given	28	21	38
Guarantees			
For associated companies		12	
For others	11	1	1
Leasing commitments	73	102	91
Repurchase commitments	5	6	6
Lease-leaseback agreement commitment (QTE facility)	203	239	230
Other commitments	58	14	46
Total liabilities	448	467	480

Lease agreement liabilities for GSM and data networks outside the Group on June 30 amounted to approx. EUR 145 million (EUR 191 million at the end of 2001).

#### DERIVATIVE INSTRUMENTS

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

#### Group's revenue, EBITDA and EBIT by business area (BA) EUR million

Fixed network	Revenue		EBITDA		EBIT	
	H1/02	H1/01	H1/02	H2/01	H1/02	H2/01
Services *)	348		17		-5	
Network	160		84		41	
Intra-BA sales	-124					
Group bookings						
Total	384	269	101	81	36	40

\*)Yomi's IT business and Soon's security business have been transferred to other business operations in Q2. Owing to the changes the division of the costs of business areas has been further specified.

Mobile	Revenue		EBITDA		EBIT	
	H1/02	H1/01	H1/02	H1/01	H1/02	H1/01
Radiolinja	347	338	107	93	23	56

Retail companies	32	32		-3	-2	-6
Intra-BA sales	-13	-7				
Group bookings					-19	-20
<b>Total</b>	<b>366</b>	<b>363</b>	<b>107</b>	<b>90</b>	<b>2</b>	<b>30</b>

<b>Germany*)</b>	Revenue		EBITDA		EBIT	
	H1/02	H1/01	H1/02	H1/01	H1/02	H1/01
Carrier business	54	19	-12	-5	-36	-12
Mäkitorppa GmbH	1	7	-7	-7	-10	-7
<b>Total</b>	<b>55</b>	<b>26</b>	<b>-19</b>	<b>-12</b>	<b>-46</b>	<b>-19</b>

\*) Shares of profits in associated companies in Germany: H1/02 EUR -3 million and H1/01 EUR -11 million

<b>Other Group companies</b>	Revenue		EBITDA		EBIT	
	H1/02	H1/01	H1/02	H1/01	H1/02	H1/01
Comptel	25	38	-1	16	-3	14
Other Group companies	17	2	-7		-10	-1
Group bookings					-1	
<b>Total</b>	<b>42</b>	<b>40</b>	<b>-8</b>	<b>16</b>	<b>-14</b>	<b>13</b>

<b>Group functions</b>	18	7	-17	-24	-23	-30
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<b>Group, total</b>	<b>790</b>	<b>664</b>	<b>164</b>	<b>151</b>	<b>-45</b>	<b>34</b>
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### Revenue, EBITDA and EBIT by business area (without non-recurring items)

<b>Business Area (BA)</b>	Revenue (adjusted)		EBITDA (adjusted)		EBIT (adjusted)	
	H1/02	H1/01	H1/02	H1/01	H1/02	H1/01
Fixed network	384	269	101	77	42	36
Mobile	366	363	107	88	42	33
Germany	55	26	-12	-16	-30	-23
Other functions	60	47	-25	-4	-37	-13
Intra-BA sales	-75	-41				
<b>Group, total</b>	<b>790</b>	<b>664</b>	<b>171</b>	<b>145</b>	<b>17</b>	<b>33</b>