

Elisa Communications Group

Interim Report January - September 2001

The revenue of Elisa Communications Group for the period January - September amounted to EUR 1,053 million (899), and for the period July-September EUR 389 million (306). Revenue growth during the period July-September was 27 per cent compared to the previous year's revenue. The Group's operating profit (EBIT) for July-September was EUR 16 million. Consolidated EBIT before one-off items was EUR 22 million (25). The Group's result before taxes for July-September amounted to EUR -1 million (17). The pre-tax result before one-off items was EUR 5 million (17). Earnings per share (EPS) amounted to EUR -0.04 (0.05).

- Radiolinja increased its EBIT by 54 per cent despite the volatile market situation.
- Elisa's share exchange offer to the shareholders of Soon received a very positive reception. Elisa's holding in Soon exceeded 90 per cent.
- Elisa, Soon and Radiolinja started the incorporation of their network businesses. Elisa's network company started operations on October 1, 2001.
- Elisa's city carrier business in Germany has developed as anticipated.
- Mobile distribution business will be adapted to the prevailing market situation in Germany and Finland.
- Comptel has maintained its market leadership despite the slowdown in the market.
- Elisa Group's financial position has remained good (40 per cent equity ratio).

Group key indicators

	July-September		January-September		Year
	2001	2000*)	2001	2000*)	2000*)
Revenue, EUR million	389	306	1,053	899	1,244
EBITDA EUR million	91	72	242	228	305
EBITDA as % of revenue	23	23	23	25	25
EBIT EUR million	16	25	50	96	119
EBIT as % of revenue	4	8	5	11	10
Result before extraordinary items and taxes, EUR million	-1	17	1	78	90
Equity ratio, (%)			40	42	40
Investments on fixed assets, EUR million	111	69	272	158	252
Investments on shares, EUR million	21	67	199	614	726
Personnel on average			7,548	6,120	6,161
Earnings/share (EUR/share)	-0.04	0.05	-0.15	0.57	0.18
Shareholders' equity/share (EUR/share)			5.57	5.97	5.29

*)The 2000 figures are without the capital gain from disposal of Comptel shares.

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-September 2001

Elisa Communications Group's January-September revenue grew by 17 per cent, amounting to EUR 1,053 million (899). During the 3Q, the revenue growth continued to exceed the market growth of the sector.

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

	July-September		January-September		Year
	2001	2000	2001	2000	2000
Elisa Communications Group	389	306	1,053	899	1,244
<u>Group companies</u>					
Elisa Communications Corporation**	111	120	354	380	521
Radiolinja*	175	153	513	455	614
Mäkitorppa Yhtiöt*	14	23	46	66	93
Comptel*	11	14	49	43	60
Datatie	31	26	92	76	110
Kolumbus	8		24		
Elisa Kommunikation GmbH*	14	7	40	7	17
New subsidiaries ***	62		62		
Other companies	25	15	85	41	60
Intra-Group sales	<u>-62</u>	<u>-52</u>	<u>-212</u>	<u>-169</u>	<u>-231</u>
	389	306	1,053	899	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.

****) New subsidiaries Soon Communications Plc*, KSP Group Plc*, Riihimäen Puhelin Oy, Finnet International Ltd* and Arcus Software Oy have been consolidated as of July 1, 2001.

Elisa Communications Corporation's revenue for July-September was EUR 111 million (120). Radiolinja's July-September revenue grew by 14 per cent, amounting to EUR 175 million (153). Comptel's revenue was EUR 11 million (14), a decrease of 23 per cent on the corresponding figure from the previous year. The effect of the subsidiaries consolidated as of July 1, 2001

on the Group's 3Q revenue was approximately EUR 50 million.

The Group's foreign business operations accrued EUR 37 million revenue in the 3Q. The revenue from Germany-based operations amounted to EUR 14 million. Comptel's export was EUR 7 million (9), equiva-

lent to 63 per cent of its revenue. Radiolinja's foreign business operations accrued EUR 11 million revenue.

The Group's EBIT for July-September was EUR 16 million (25). Owing to substantial non-recurring items in 2000 and structural changes, the figures for the pe-

riod under review are not comparable with the income and expense items of the previous year.

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

	July-September		January-September		Year
	2001	2000	2001	2000	2000
Elisa Communications Group	16	25	50	154	149
<u>Group companies</u>					
Elisa Communications Corporation	10	6	22	176	188
Radiolinja*	36	24	92	95	4
Mäkitorppa Yhtiöt*	-2	-0	-8	-1	-4
Comptel*	1	5	15	17	22
Datatie	-0	1	1	4	7
Kolumbus	-2		-5		
Elisa Kommunikation GmbH*	-13	-7	-33	-8	-26
New subsidiaries***	6		6		
Other companies	-4	-3	4	0	11
Group bookings**	<u>-22</u>	<u>-1</u>	<u>-44</u>	<u>-129</u>	<u>-53</u>
	16	25	50	154	149

*) Figures of sub-group financial statements

**) The group bookings mainly consist of goodwill depreciation and elimination of internal mark-ups.

***)New subsidiaries Soon Communications Plc*, KSP Group Plc*, Riihimäen Puhelin Oy, Finnet International Ltd* and Arcus Software Oy have been consolidated as of July 1, 2001.

The Group's July-September performance included approximately EUR 1 million capital gain from the disposal of shares.

Elisa Communications Corporation's July-September EBIT included EUR 13 million intra-group sales profit from selling the radio masts to Ecosite Oy.

The 3Q result of the city carrier operations was negative in Germany, but at the planned level. The operating loss of Elisa Kommunikation GmbH Group for July-September totaled EUR 13 million, and the share of associated companies' result generated an additional loss of EUR 5 million.

The Group's planned depreciation on fixed assets in July-September amounted to EUR 64 million (39). The depreciation includes EUR 6 million one-off value adjustments concerning the telecom network .

At the end of the period under review, the consolidated goodwill generated by the acquisition of subsidiaries amounted to EUR 583 million (533 at the be-

ginning of the year). The goodwill depreciation in the 3Q was EUR 11 million (8).

The Group's share of associated companies' result in July-September was EUR -5 million (-1), which mainly resulted from Elisa Kommunikation GmbH Group's associated companies.

Other financial income and expenses of the Group in July-September totaled EUR -12 million (-7).

The Group's taxes for July-September were EUR 7 million (10) and they have been calculated to be in line with the result of the period under review. The effect of the loss carry-forward has been estimated with prudence.

Result after taxes and minority interests in July-September totaled EUR -6 million (6).

The 3Q earnings per share amounted to EUR -0.04 (0.05) and shareholders' equity per share at the end of the review period was EUR 5.57 (5.97).

MOBILE BUSINESS

Radiolinja Group's business developed favorably in the third quarter of 2001. The July-September revenue increased by 14 per cent, amounting to EUR 175 million (153). The parent company Oy Radiolinja Ab accounted for EUR 164 million (147) of the sub-group revenue.

The lower domestic terminating fees applied from the beginning of September, are estimated to reduce revenues by 3-4 per cent from September onwards. Lower terminating fees are expected to leave Radiolinja's profitability unaffected this year.

Radiolinja Group's EBITDA amounted to EUR 58 million during the review period, increasing by 38 per cent on the previous year. One-off income items of EUR 1 million were included in EBITDA. Comparable EBITDA without one-off items grew by 35 per cent.

Leasing adjusted EBITDA was EUR 71 million (54) in July-September, which accounts for 41 per cent of the revenue.

Radiolinja's operative EBIT rose to EUR 40 million (24), which is approximately 23 per cent of the revenue. Depreciation according to plan remained at the previous year's level.

During 2001, Radiolinja has purchased from telcos a part of the mobile phone network it earlier leased. In January-September, EUR 9 million was entered as one-off depreciation, of which the share of the period under review is EUR 4 million. For these investments, EUR 12 million will be entered in 2001 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. One-off depreciations have not been taken into account in Radiolinja's operative EBIT.

The remaining leasing liability for the financial agreements on mobile phone networks is estimated to be approximately EUR 130 million higher than the network's balance sheet value reduced by planned depreciation. This difference will affect the result of the forthcoming years as lease expenses, or, if networks will be purchased, as one-off depreciations.

In July-September, Radiolinja invested EUR 66 million (38) in fixed assets in total.

At the end of September 2001, Radiolinja's network in Finland hosted 1,295,280 subscriptions (1,188,511). The number of subscriptions also inclu-

des the national mobile subscriptions of service operators hosted by Radiolinja's network. Owing to the increased competition, Radiolinja's annualized churn rate during the period under review, was 15.5 per cent (12.5). Radiolinja's Tandem Aina subscription, launched in early September, has decreased the churn of Radiolinja's subscription base by the end of the review period.

Radiolinja's average revenue per user per month (ARPU) increased to EUR 44.2 (42.6) during the review period. The share of added value services from the revenue was 11 per cent (11).

In July-September, traffic originating from Radiolinja's network amounted to 503 million minutes (464). The average monthly use per line was 133 minutes (133). The number of text messages sent in Radiolinja's network during the period under review was 97 million (85). The average monthly number of text messages per Radiolinja subscription was 26 (24). During the 3Q, 67 per cent (66) of Radiolinja's subscriber customers used text messages and 25 per cent (21) content services.

Radiolinja's customers can use their mobile phones in 103 countries and in 216 mobile operators' networks. During the period under review, Radiolinja signed two new roaming contracts.

The revenue of Radiolinja Eesti AS, Radiolinja's subsidiary operating in Estonia, amounted to approximately EUR 11 million in July-September. This indicates a growth of 51 per cent from the corresponding period of the previous year. Radiolinja Eesti had 140,500 subscriptions at the end of September (118,040).

FIXED NETWORK BUSINESS

The Group's July-September revenue generated by the fixed network business increased to EUR 191. The consolidation of new subsidiaries contributed to the fixed network revenue by around EUR 50 million.

The fixed network business included, in addition to Elisa Communications Corporation, also Soon Communications Plc, KSP Group Plc, Lounet Oy, Riihimäen Puhelin Oy, Kolumbus Ltd, Oy Finnet International Ltd, Direktia Ltd and Oy Datatie Ab. The development of revenue was particularly attributable to the increase in broadband ADSL subscriptions and the sales of network services to new service operators.

Elisa Communications Corporation's July-September

revenue amounted to EUR 111 million (120). The decrease in revenue was due to the incorporation procedures and structural changes.

Elisa Communications Corporation introduced a new carrier-to-carrier 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 by the Finnish Communications Regulatory Authority 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. With the new price list, Elisa offers other telecom companies alternative interconnection levels and payment structures.

In September, Elisa implemented its own network for domestic long-distance calls. The network replaces the previously used long-distance network of Finnet Nine Ltd.

Elisa announced on September 18 that it will change the pricing of local calls in the Helsinki Metropolitan area from the beginning of 2002. Price discounts of certain calls made within the Uusimaa telecom region in the evenings or at weekends to area codes outside Elisa's network will be removed. These calls account for approximately seven per cent of all local calls made from Elisa subscriptions.

The total number of subscriptions in Elisa's Helsinki Metropolitan network at the end of the period under review was 734,940 (730,931), of which 219,366 were ISDN channels (200,741).

The sales of ADSL subscriptions continued to grow strongly. At the end of the period under review, the number of ADSL subscriptions was 15,349 (1,979). In the whole Group, the number of ADSL subscriptions amounted to about 19,000.

There were a total of 1.15 million fixed subscriptions (0.74) in Elisa Group, the number of which is over 35 per cent of the fixed subscriptions in Finland. Of these subscriptions, a total of 127,000 (11,000) were cable TV subscriptions.

The Group's voice services were assigned to Datatie at the beginning of September. The new organization brings synergy benefits to data and voice service concepts, and removes operational overlaps within the Group.

During the 3Q, Kolumbus launched new data security services and a certificate-based Kolumbus Secure VPN service.

Elisa Communications Corporation Group agreed on September 3, 2001 to sell the directory media business of subsidiary Direktia to Eniro Ab. The sales price was approximately EUR 100 million.

Finnet International Group's July-September result was better than planned with regard to domestic business units. The company's market share of the international outgoing calls in Finland is around 30 per cent, and 11 per cent of international calls dialed in Estonia.

Soon Communications Group's 3Q revenue amounted to EUR 26.8 million (26.0). EBIT totaled EUR 4.9 million (4.9). The July-September result before extraordinary items and taxes was EUR 4.4 million (5.4) and net profit EUR 3.3 million (4.5). Soon Communications Plc disclosed its January-September interim report on October 25, 2001.

KSP Group's revenue in July-September was EUR 13.4 million (12.8). EBIT was EUR 1.3 million (2.0). KSP Group's result before extraordinary items and taxes amounted to EUR 1.2 million (2.3) and net profit EUR 0.9 million (1.7). KSP Group Plc disclosed its January-September interim report on October 30, 2001.

Elisa Communications Corporation's network operations were incorporated on October 1, 2001 to Elisa Networks Oy and its subsidiary Elisa Instalia Oy.

The service operator functions will be incorporated on January 1, 2002.

Incorporation creates an explicit interface between Elisa's own network business and service business, promoting the enhancement and management of business operations of the new network and service company.

In August, Elisa revised the product and pricing portfolio of its ADSL broadband service. At the same time, the provision of the Elisa ADSL subscription in Finland was extended to new geographical territories.

Through an intra-group transaction, Elisa Communications Corporation and Oy Radiolinja Ab sold radio mast and aerial site business to Ecosite Oy. The established unit is Radiolinja's subsidiary, which specializes in constructing, maintaining and renting masts and equipment premises related to them.

OTHER OPERATIONS

Comptel Corporation

Comptel Group's revenue during the third quarter was EUR 11.0 million (14.2). EBIT was EUR 0.7 million (5.2), equivalent to 6.4 per cent (36.4) of the revenue. Revenue of the product-based business was EUR 7.7 million (11.2), accounting for 69.3 per cent (79.0) of the revenue. In the challenging market situation, Comptel maintained its market leadership in the mediator market.

The third quarter 2001 revenue and EBIT were lower than expected owing to increasing market uncertainty, especially in the mobile market. This was because operators' financial position weakened and put investments on hold.

Revenues from license fees and volume-based license upgrades decreased from the corresponding period a year earlier. The GPRS mediator market awaited the large-scale deliveries of GPRS terminals, and the expansion of the 3G-mediator market was postponed.

Comptel published its 3Q interim report on October 22, 2001.

Mäkitorppa Yhtiöt Oy

The revenue of Mäkitorppa Yhtiöt in July-September 2001 amounted to EUR 13.8 million (22.5). Operating losses in July-September amounted to EUR 2.2 million (0.2).

The total handset market was reduced by 35 per cent in August and over 50 per cent in September from the corresponding period of 2000. The subscription sales in Finland and Estonia decreased by around 30 per cent on the previous year.

Cost cuttings and staff reductions have continued as planned in the domestic business operations. The measures had a visible effect already in September, when the costs went down by 20 per cent from the August level.

GPRS handsets launched at the turn of the September and October and Radiolinja's new GPRS network services are not likely to have an effect on the sales of the last quarter of 2001 to large extent. The market is anticipated to develop as in August-September; however, the Christmas sales are expected to double compared with the average monthly sales in 2001.

Integrity of the distribution chain business with Radiolinja will continue. Transferring Mäkitorppa Yh-

tiöt to the ownership of Radiolinja and subsequent elimination of operational overlaps strive to increased cost efficiency.

GERMANY-BASED OPERATIONS

The aggregate revenue of Elisa Kommunikation GmbH Group's subsidiaries and associated companies was EUR 39.8 million.

The consolidated 3Q revenue of Elisa Kommunikation GmbH Group was EUR 14.2 million, whereas in the whole year of 2000 it was EUR 17 million. EBIT-DA amounted to EUR -8.9 million (EUR -15 million per the whole year 2000). Operating losses amounted to EUR -13.1 million (EUR -18 million per the whole year 2000, excluding value adjustments). The loss contribution to the parent was further affected by the EUR -4.8 million share of associated companies' result (EUR -15 million per the whole year 2000, excluding one-off value adjustments).

City carrier business, which over 80 per cent of Elisa's German investments are attributable to, has progressed as planned. Consolidation is being implemented sooner than estimated. The operative management of the city carrier business has been centralized. Integration of ownership will take place at the turn of the year.

Development of the mobile retail has not met the targets. Owing to the strategy changes of mobile operators, the mobile market in Germany has decreased to one-third from the previous year. Therefore, Mäkitorppa GmbH is in the process of scaling down its operations by closing down stores and by major cost cutting.

R&D

During the period under review, Elisa Research Center's focus areas were wireless communication technology, broadband IP network technology, network-based applications, application integration and positioning.

Comptel's product development focused on the further development of the MDS for Internet product for GPRS and 3G networks and for new services in the IP networks as well as further development of the Comptel Chinchilla product and the MDS Credit Guard technology. The emphasis of the research was on the production, use and billing of new mobile services, as well as on data security solutions and WLANs.

OTHER CORPORATE ARRANGEMENTS

Radiolinja announced in August that it will incorporate its Network Services business unit. The entity to be incorporated includes the present GSM and GPRS network infrastructures and the future investments of the 3G mobile network.

On August 16, Elisa Kommunikation GmbH announced that it is negotiating for integrating its city carriers into its associated company, Tropolys GmbH. Along with the integration, Tropolys GmbH would become Elisa Kommunikation GmbH's subsidiary, holding stakes in a total of 14 city carriers.

Elisa Communications Corporation made in spring a share exchange offer to the shareholders of Soon Communications Plc. The exchange offer period, which started on May 2, 2001, was extended twice, until a decision was made to end it on September 10, 2001, which was the last offer date.

Owing to the share exchange offer, Elisa Group's holding in all Soon Communications Plc's shares and votes rose to 90.61 per cent on September 18, 2001.

Upon the acceptance of the share exchanges, Elisa's Board of Directors raised the company's share capital by EUR 864,256, a total of 1,728,512 shares on September 18, 2001. After the increase the number of shares totals 138,011,757 shares. The increase in the share capital was entered in the Finnish Trade Register on September 19, 2001.

As a consequence of Soon Communications Plc becoming an Elisa subsidiary, Elisa Group's holding in KSP Group Plc and Finnet International Ltd exceeded 50 per cent. Consequently these companies became Elisa's subsidiaries, too. Elisa group companies' aggregate holding in KSP Group is 53.13 per cent and 52.5 per cent in Finnet International.

FINANCIAL POSITION

The Group's interest-bearing liabilities were EUR 910 million (715), of which EUR 543 million (509) was long-term debt. By the end of September, the equity ratio stood at 40 per cent (40 at the beginning of the year).

INVESTMENTS

The Group's gross investments in fixed assets in July-September amounted to EUR 111 million (69) and acquisition of shares to EUR 21 million (67).

The fixed asset investments in Elisa Communications amounted to EUR 29 million and in Radiolinja EUR 66 million. Radiolinja's investments included EUR 28 million intra-group transactions.

SHARE

The A Share of Elisa Communications Corporation closed at EUR 11.20 on September 28, 2001. The highest quotation in July-September was EUR 20.00, and the lowest EUR 8.70. The average rate was EUR 13.67.

As at September 28, 2001, the company's market capitalization was EUR 1,546 million.

During the period from July 2 to September 28, 2001, a total of 16.8 million A Shares of the company were exchanged on the Helsinki Exchanges for an aggregate value of EUR 229.7 million. The exchange was 12.2 per cent of the number of A Shares.

Fidelity International Limited announced on September 14, 2001 that through a stock transaction the company's and its subsidiaries' holding in the Elisa Communications Corporation share capital and votes has exceeded five (5) per cent.

The total number of Elisa Communications Corporation's shares held by the subsidiaries was 2,758,933 shares. The nominal value of the shares totaled EUR 1,379,466.5, and the holding in the share capital and votes amounted to 2.0 per cent. The book value of these own shares has been deducted from the distributable funds.

PERSONNEL

In July-September, the Group's number of personnel grew by 1,320. The increase in the number of personnel was mainly due to the new subsidiaries.

By the end of September, the Group employed 8,692 people (6,357). At the end of the review period, 2,971 worked for Elisa Communications, 1,380 for Radiolinja, 483 for Mäkitorppa, 632 for Comptel, 882 for Soon Communications, 550 for KSP Group, 418 for Elisa Kommunikation GmbH, 98 for Lounet, 52 for Riihimäen Puhelin, 262 for Kolumbus, 298 for Data-tie, 157 for Finnet International, 325 for Direktia, and a total of 184 for other subsidiaries.

During the review period, an average of 7,548 people worked at the Group (6,120).

LEGAL ISSUES

The following changes have taken place in the legal proceedings described in the Group's 2000 Report by the Board of Directors and the subsequent interim reports:

The Supreme Administrative Court gave a ruling on August 23, 2001 regarding Elisa Communications Corporation's pricing of its subscriber and fixed connections. The Supreme Administrative Court returned the matter to the Telecommunications Administration Centre (now Finnish Communications Regulatory Authority) for a new decision.

The district court made on September 6, 2001 a decision not to investigate the action of avoidance aimed at the resolution to increase the share capital initiated in Oy Radiolinja Ab's Annual General Meeting on April 3, 2000. The plaintiffs have appealed against the decision to the court of appeal.

EVENTS AFTER THE REVIEW PERIOD

Elisa Communications Corporation's subsidiary, FINNETCom Oy changed its name to Invoicia Oy on October 1, 2001.

The Group decided on October 2, 2001 on the marketing name of the service operator to be incorporated (Elisa Solutions Oy). The company will use the marketing name Elisa Communications as of January 1, 2002.

Elisa Communications Corporation withdrew on October 2, 2001 an action in Oy Radiolinjan Ab's share redemption concerning the holders of share certificates who have not filed a complaint in the district court against the ruling given by the Arbitration Court on May 29, 2001. For these 730 plaintiffs, who represent approximately 1,100 shares, the redemption price, FIM 47,000 is therefore legally valid.

Radiolinja and Cap Gemini Telecom Media & Networks Finland Oy founded on October 5 a joint venture, Racap Solutions Oy. The company provides software for Radiolinja's business unit responsible for mobile portal solutions (MPS). The MPS unit will deliver the services to customers as an ASP service under the Metropolis service concept.

In accordance with the Securities Markets Act, Elisa Communications Corporation made on October 8, 2001 a redemption offer to the shareholders of Soon Communications Plc, by offering EUR 7.86 for one

Soon share. The redemption offer is valid during the period of October 22 – November 23, 2001. The company made on October 8, 2001 a redemption claim on the Soon Communications Plc shares owned by those outside Elisa Group, and submitted an application to the Central Chamber of Commerce to name arbitrators for the matter.

On October 14, 2001, Soon Communications Plc acquired a share majority in Computec Oy. Computec Oy is an information technology company that develops, manufactures and markets building automation and data transfer systems. After the transaction, the holding of Soon Communications' sub-group is 55.79 per cent. Soon paid the purchase price with Elisa shares in its possession.

The S-Group and Oy Radiolinja Ab signed on October 15 a service and cooperation agreement, upon which they extend their service and offer portfolio.

On October 18, Elisa Kommunikation GmbH entered into an agreement with Stadtwerke Chemnitz AG, Germany. According to the agreement, Elisa will acquire a controlling interest in ChemTel TeleKommunikations GmbH, Stadtwerke's fully-owned company. In early November, Elisa Kommunikation is to acquire a 25.3 per cent interest, and in January 2002, a 24.8 per cent interest as well. Furthermore, Elisa also has an option to 24.8 per cent additional interest in ChemTel.

On October 24, Comptel Corporation and Deutsche Telekom's affiliates T-Systems GmbH and debis Systemhaus GEI GmbH entered into an agreement according to which Comptel delivers a MDS mediator solution to Deutsche Telekom's (DT) international network, Telekom Global Network. The delivery started in October 2001. The value of the agreement will not be announced.

The Office of Free Competition has 30.10.2001 accepted a transaction upon which Eniro Ab acquires Direktia Ltd's directory media business and Oy Radiolinja Ab's 118 directory assistance operations. According to an estimate by the Office of Free Competition, the transaction does not create dominant market position that would hinder the competition in the Finnish market and its core areas.

FUTURE OUTLOOK

Along with the slow economic growth, development of the telecommunications market will be slower than anticipated. This creates an aspect of uncertainty to the Group's business prospects. In addition to the rea-

lized adaptation measures, the Group has made decisions on cost and investments cuttings.

The Group's revenue is expected to grow faster than in 2001. Euro-value EBITDA without one-off items is estimated to improve compared to 2000. Net profit after taxes and associated companies' result is expected to reach the zero level. The estimate includes one-off items, such as the anticipated capital gain from the directory media business and the possible write-downs of GSM networks in approval of the financial statements.

Radiolinja's market position will continue to be very strong and the revenue is estimated to develop favorably despite the uncertainties in the sector. The whole year's operative EBIT without one-off items is expected to remain at the previous year's level. The GPRS services introduced in early October is expected to start showing contribution during 2002.

In addition to the Helsinki Metropolitan area, the Group has acquired a strong position in the fixed network business of major growth areas in Finland, representing market leadership with its 36 per cent share of subscriber lines.

Incorporation of the group companies' network and service operation functions as well as the enhancement of national steering and exploitation of synergies will

improve the Group's competitive edge both in the business and residential customer segment. With decisions made with regard to domestic business, the Group's position as a provider of telecom outsourcing services for large corporations and local authorities has been strengthened.

The profitability of the Group's Germany-based city carrier business is estimated to improve. The revenue of Elisa Kommunikation GmbH Group is expected to grow and EBITDA to turn positive by the end of 2002, and EBIT by the end of 2003.

The mobile retail operations in Germany will be adapted to the prevailing market situation.

The growth of Comptel's MDS business is estimated to remain unchanged or to grow by 10 per cent in the best case compared to the year 2000. Hence, EBITDA is anticipated to exceed 20 per cent. Despite the weakened profitability, Comptel's financial position is expected to remain good.

Regardless of the uncertainties involved in the operational environment, the Group takes a positive view of the sector's and its own business prospects in the domestic market. This view is particularly based on the strategic alignments supporting the information society development made by the public administration as well as the industry and commerce.

Helsinki, October 31, 2001

Elisa Communications Corporation

Board of Directors

ELISA COMMUNICATIONS GROUP

INTERIM REPORT JANUARY 1 - SEPTEMBER 30, 2001 (EUR million)

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

CONSOLIDATED INCOME STATEMENT

EUR million	July - September 2001	September 2000	January - September 2001	September 2000	Jan.- Dec. 2000
Revenue	389	306	1,053	899	1,244
Other operating income	4	4	24	65	74
Operating expenses	-302	-238	-835	-678	-958
Depreciation and value adjustments	-75	-47	-192	-132	-211
EBIT	16	25	50	154	149
Financial income and expenses:					
Share of profits of associated companies	-5	-1	-14	-3	-33
Other fin. income and expenses	-12	-7	-34	-15	-22
Profit before extraord. items	-1	17	2	136	94
Extraordinary items					
Profit after extraordinary items	-1	17	2	136	94
Taxes	-7	-10	-19	-53	-60
Minority interest	2	-1	-2	-12	-12
Net profit	-6	6	-19	71	22
KEY INDICATORS					
Earnings/share (EUR)	-0.04	0.05	-0.15	0.57	0.18
Shareholders' equity/share (EUR)	5.57	5.97	5.29
Gross investments on fixed assets (EUR million)	139	47	299	158	252
Gross investments as % of revenue	35.7	15.4	28.4	17.6	20.0
Purchases of shares (EUR million)	21	67	199	614	726
Personnel on average	7,548	6,120	6,161

CONSOLIDATED BALANCE SHEET	30.9. 2001	30.9. 2000	31.12. 2000
EUR million			
Fixed assets			
Intangible assets	75	62	71
Consolidation goodwill	583	540	533
Property, plant and equipment	952	655	684
Holdings in associated companies	21	174	124
Other investments	47	14	13
	1,678	1,445	1,425
Current assets			
Inventories	31	35	35
Receivables	335	286	241
Cash and bank	96	94	33
	462	415	309
Total assets	2,140	1,860	1,734
Shareholders' equity			
Share capital	69	63	63
Share premium account	517	386	386
Reserve fund	3	3	3
Retained earnings	183	223	188
Net profit	-19	71	22
	753	746	662
Minority interests	88	32	31
Provisions for liabilities and charges	2	3	3
Liabilities			
Deferred tax liability	28	46	43
Long-term debt	557	514	413
Short-term liabilities	712	519	582
	1,297	1,079	1,038
Total shareholders' equity and liabilities	2,140	1,860	1,734

LIABILITIES	30.9. 2001	30.9. 2000	31.12. 2000
Mortgages			
For own	72	46	46
For others	0	0	0
Guarantees			
For associated companies	4	5	7
For others	0	1	1
Pledges given			
Deposits given as security	21		
Repurchase commitments	100	118	115
Leasing commitments	6	5	5
Lease-leaseback agreement commitment (QTE facility)	222	231	218
Other commitments	21	15	3
Total liabilities	446	421	395

The lease liabilities of GSM and data networks outside the Group on September 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	5	7	3
Interest and currency swaps	8	8	8
Market value			
Exchange rate futures	0	-0	0
Interest and currency swaps	0	0	0