

ELISA CORPORATION STOCK EXCHANGE RELEASE 28 JULY 2005 AT 8.30am

## ELISA'S APRIL-JUNE PRE-TAX RESULT AMOUNTED TO EUR 113 MILLION

- The April-June pre-tax profit amounted to EUR 113 million (41). Revenue was EUR 336 million (339). The result includes a total of EUR 86 million in one-off items.
- Compared to the previous quarter, Elisa's number of subscriptions in mobile communications, exclusive of MVNO subscriptions, rose by approximately 27 000 subscriptions and the churn decreased from 33.5 to 32.3 per cent.
- The sales of broadband subscriptions continued robustly; the number of broadband subscriptions increased by approximately 39 000 over the previous quarter.
- The financial position remained stable: at the end of June, the equity ratio was 55 per cent (49 per cent at the end of 2004) and net debt was EUR 364 million (462 million at the end of 2004).
- The operative EBITDA was EUR 84 million during the review period, which, as anticipated, was at the level of the previous quarter, taking changes in corporate structure into account (EUR 86 million in January-March).

In April-June, Elisa's key figures were:

<b>Income statement</b> EUR million	<b>Q2/2005</b>	<b>Q2/2004</b>	<b>2004</b>
Revenue	336	339	1 356
EBITDA	170*	102	455
EBIT	118	48	242
Profit before taxes	113	41	212
Earnings per share, EUR	0.66	0.20	1.10
CAPEX	46	33	182

\* EBITDA includes compensations for damage in interconnection traffic for EUR 28 million, a capital gain on real estate for EUR 15 million, a capital gain on the disposal of Comptel shares and the related impact on earnings for EUR 40 million, a correction of EUR -4 million to the allocation of the Yomi purchase price, IFRS adjustment relating to the transfer of pension liabilities for EUR 13 million, and a provision of EUR -6 million for reorganizing operations.

Figures describing the financial position and cash flow:

<b>Financial position</b>	<b>Q2/2005</b>	<b>Q2/2004</b>	<b>2004</b>
Net debt	364	581	462
Equity ratio, %	55	43	49
<b>Cash flow statement</b>	<b>Q2/2005</b>	<b>Q2/2004</b>	<b>2004</b>
Cash flow after investments	136	88	225

### CEO Veli-Matti Mattila:

Elisa's market position strengthened.

"Elisa has succeeded well in the fierce competition. Our market position has strengthened both in the mobile communications and broadband markets. Since the end of March, the number of subscriptions in mobile communications has risen by 27 000, and the number of

broadband subscriptions by almost 40 000. The number of our broadband subscriptions has almost doubled within a year.

“Elisa has announced a public share exchange offer for all Saunalahti shares. Upon the completion of the deal, Elisa’s market position will strengthen in line with our strategy.

“Should the deal between Elisa and Saunalahti be enacted, competition in the market will still remain tight, and may even become fiercer. In addition to price, services will play a more significant role in the competition. In conjunction with the deal, Elisa will continue to support the positive features of Saunalahti that have persuaded a number of customers to choose its services. The deal will provide enhanced resources to create new and improved services.

“A proposal has been submitted to the Parliament to end the ban on the bundling of 3G subscriptions and handsets. In Elisa’s opinion, this is a welcome step and should be supported in order to promote new services in mobile communications in particular. We would have been prepared to take a further step and remove the ban on all subscriptions.”

## ELISA CORPORATION

Vesa Sahivirta  
Director, IR and Financial Communication

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## Interim report for January-June 2005

This interim report has been prepared in accordance with the IFRS booking and valuing principles. Information in this interim report is not audited.

### April-June business review

#### Market situation

The competitive situation remained fierce. Elisa invested heavily in sales and strengthened its market position. The number of Elisa's mobile phone subscriptions continued to develop favourably. Prices for the average call minute rate of the mobile communication business continued to fall and usage by subscribers increased. The number of broadband subscriptions in the fixed network business continued its strong growth, whereas the number and use of traditional subscriptions decreased.

#### Revenue

EUR million	Q2/2005	Q2/2004	Change %
Mobile communications	180	175	3 %
Fixed network	170	166	2 %
Other businesses	10	28	-64 %
Sales between segments	-25	-30	-17 %
Total	336	339	-1 %

Elisa's revenue for April-June remained at the same level as in the corresponding period in 2004. Revenue for the mobile communication business was affected by increased usage of subscriptions. Revenue growth was slowed down by the fall in interconnection fees and consumer prices. Revenue for the fixed network business increased due to growth in the broadband business and restructuring measures.

#### Performance

EUR million	Q2/2005	Q2/2004	Change %
Mobile communications			
EBITDA	74*	47	57 %
EBITDA, %	41 %	27 %	
EBIT	52	25	108 %
Fixed network			
EBITDA	43	48	-10 %
EBITDA, %	25 %	29 %	
EBIT	17	21	-19 %
Other businesses and corporate functions			
EBITDA	53**	7	
EBIT	49	2	
Group, total			
EBITDA	170	102	67 %
EBITDA, %	51 %	30 %	
EBIT	118	48	146 %

\* EBITDA includes compensations for damage in interconnection traffic for EUR 28 million,

\*\* EBITDA includes a capital gain on real estate for EUR 15 million, a capital gain on the disposal of Comptel shares and the related impact on earnings for EUR 40 million, a correction of EUR -4 million to the allocation of the Yomi purchase price, IFRS adjustment relating to the transfer of pension liabilities for EUR 13 million, and a provision of EUR -6 million for reorganizing operations.

Elisa's EBITDA clearly improved over the previous year. This was affected by the tax-free capital gain on Comptel shares, a compensation for damages received from TeliaSonera and capital gain on real estate. Elisa's comparable EBITDA decreased by EUR 18 million over the previous year. Reduced EBITDA was affected by the fall in prices of mobile communications and decreased volumes in the fixed network. In addition, EBITDA was eroded by sales costs relating to the enhanced number of mobile and broadband subscriptions.

The group's other financial income and expenses totalled EUR -6 million (-7). Reduced financial expenses were mainly due to the decreased net debt.

Income taxes in the income statement amounted to EUR -18 million (-12). The tax base in Finland was altered from 29 to 26 per cent at the beginning of 2005.

The group's April-June result after taxes was EUR 95 million (29). The group's earnings per share (EPS) amounted to EUR 0.66 (0.20). At the end of June, the group shareholders' equity per share stood at EUR 6.98 (6.23 at the end of 2004).

### **Changes in corporate structure**

Elisa revised its operational model to increase customer orientation and effectiveness, in line with its strategic decisions. Accordingly, the tasks and responsibilities of the members in Elisa's Executive Board were reorganised. The changes took effect on 2 May 2005.

On 26 May 2005, Elisa's holding of Tikka Communications Oy exceeded 50 per cent, after which Tikka Communications Oy was consolidated as a subsidiary as of 1 June 2005.

Elisa's ownership of Comptel Corporation decreased from 58.1 per cent to 19.9 per cent after Elisa sold 40 946 000 Comptel Corporation shares to institutional investors for EUR 65.1 million at the end of May. Comptel Corporation was consolidated as a subsidiary until 31 May 2005.

Finnet International Ltd was merged into Elisa on 31 May 2005.

On 1 June 2005, Elisa sold its 35 per cent holding of Racap Solutions Oy to Capgemini Finland Oy.

On 27 June 2005, Elisa sold a 55.1 per cent stake of Lippupiste Oy's share capital to Interavanti Oyj and a 25 per cent stake to Cardplus Oy. Elisa still has a 19.9 per cent holding of Lippupiste Oy, which the buyers have agreed to purchase from Elisa after a period of two years.

Elisa transferred its personnel's statutory pension coverage to Varma Mutual Pension Insurance Company and the supplementary pensions to Sampo Life Insurance Company Ltd as of 1 July 2005. At the same time, Elisa's Pension Fund transferred its statutory

pension liabilities and assets to Varma and supplementary pension liabilities and assets to Sampo Life. The transfer of pension liabilities was registered on 30 June 2005.

## Mobile business

	Q2/2005	Q2/2004	2004
Number of subscriptions, Finland*	1 465 066	1 330 901	1 383 515
Number of subscriptions, Estonia**	244 450	200 270	225 500
Revenue/subscription**(ARPU),€	33.8	38.2	37.8
Churn**, %	32.3	29.4	33.7
Usage, million minutes*	790	612	2 498
Usage, min./subscription/mth**	175	157	156
SMS, million msg*	171	128	537
SMS, msg/subscription/mth**	37	34	34
Value-added services/revenue, %	15	13	14

\* Elisa's network operator in Finland, exclusive of MVNO subscriptions

\*\* Elisa's service operator

In Q2, the number of subscriptions of Elisa's network operator in Finland rose by 26 614. The growth consisted of the increase in subscriptions of Elisa's own service operator. The number does not include MVNO (Mobile Virtual Network Operators) subscriptions.

The call minutes per subscription of Elisa's own service operator rose by around 12 per cent, and the number of SMS messages increased by approximately 9 per cent over the corresponding period in the previous year. The call minutes of the network operator rose by 29 per cent and SMS messages by 34 per cent. The increased volume of the network operator was substantially affected by additional traffic generated by MVNOs.

Revenue per subscription (ARPU) decreased by approximately 12 per cent over the last year. This was mainly due to a fall in interconnection fees and consumer prices.

The business operations of Elisa's subsidiary in Estonia continued favourably. Revenue was EUR 22.1 million (18.8), EBITDA EUR 7.2 million (5.6) and EBIT EUR 4.9 million (3.2). The number of subscriptions increased by approximately 22 per cent and reached 244 450 subscriptions (200 270) at the end of June.

Elisa signed an agreement on new mobile interconnection fees with TeliaSonera Finland and Finnet Networks. Elisa's mobile interconnection fee is 8.4 cents per minute as of 1 June 2005. Previously the fee was 10 cents per minute.

Elisa introduced a Vodafone Push Email service which makes sending and receiving email with a mobile phone easier. The service allows the user to automatically and securely transfer email to a mobile phone. It also supports all email functions, such as the opening of attachment files.

In collaboration with Nokia, Elisa introduced a new mobile handset concept in which the handset and the services are in the same package. Thanks to the Elisa Mobi menu, utility and entertainment services and the most important features of the handset are easily accessible.

Elisa launched the distribution of a SIM card embedded with a citizen certificate. The service, produced in collaboration with the Population Register Centre, facilitates an affordable, secure and user-friendly way to log into electronic services.

### Fixed network business

Number of subscriptions	Q2/2005	Q2/2004	2004
Broadband subscriptions	308 183	160 502	222 307
ISDN channels	141 743	180 618	159 591
Cable TV subscriptions	204 528	189 534	198 447
Analogue and other subscriptions	608 846	659 447	640 072
Subscriptions, total	1 263 300	1 190 101	1 220 417

Brisk demand for Elisa Broadband subscriptions continued in the second quarter. During April-June, the number of broadband subscriptions increased by 38 951. The growth over the last year's corresponding period was 92 per cent. The target of one million broadband subscriptions pursuant to Finland's national broadband strategy was exceeded in June. The number of traditional subscriptions continued its steady decrease as voice is shifting to the mobile network and data to broadband subscriptions.

Kolumbus launched a new international call service in early April. The new 99559-prefixed international call functions in all fixed and mobile subscriptions.

Elisa was awarded with Cisco's Silver Partner of the Year acknowledgement as the best partner for Northern Europe in its category.

### Personnel

During April-June, the average number of people at Elisa was 5 059 (an average of 5 590 in 2004). During the review period, the disposal of Comptel reduced the number of personnel by approximately 420. The consolidation of Tikka Communications as Elisa's subsidiary increased the personnel by approximately 260.

Number of personnel at the end of review period	Q2/2005	Q2/2004	2004
Mobile communications	1 507	1 548	1 477
Fixed network	3 243	3 211	3 015
Other businesses	166	851	814
Corporate functions	72	79	70
Total	4 988	5 689	5 376

As part of extensive streamlining measures, Elisa initiated personnel negotiations on 9 May 2005 regarding the reorganisation of operations in Finland. The aim is the simplifying and balancing of the organisation. The personnel negotiations were completed on 20 June 2005, and as a result, Elisa's number of personnel will decrease by 73.

## Investments

EUR million	Q2/2005	Q2/2004	2004
Capital expenditures, of which	46	33	182
- mobile business	22	16	68
- GSM leasing liability buy-backs	0	1	20
- fixed network business	23	15	88
- others	1	1	6
Shares	31	8	61
Total	77	41	243

## Financial position

Elisa's financial position and liquidity strengthened during the second quarter. This was particularly affected by the good performance, the divestment of non-core businesses and non-current assets and the compensations for damages received. The group's April-June cash flow after investments amounted to EUR 136 million (88).

On 17 June 2005, Elisa signed a seven-year EUR 170 million syndicated credit facility. The facility replaces a comparable arrangement signed in June 2003.

Before shifting Elisa's TEL pension liabilities to Varma Mutual Pension Insurance Company, Elisa repaid EUR 64 million in pension loans ahead of schedule to the Elisa group's Pension Fund.

## Financial key indicators

EUR million	Q2/2005	Q2/2004	2004
Net debt	364	581	462
Gearing, %	36.2	72.3	50.6
Equity ratio, %	55.0	43.2	49.3
	Q2/2005	Q2/2004	2004
Cash flow after investments	136	88	225

## Valid finance arrangements

EUR million	Maximum amount	In use on 30 June 2005
Committed credit line	170	0
Commercial paper programme 1)	150	0
EMTN programme 2)	1 000	452

1) The programme is not committed

2) European convertible bond programme, not committed. The validity of the programme terminated on 30 June 2006. The programme is being revised to conform to the directives that took effect on 1 July 2005.

## Ratings per long-term loans

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

## Share

At the end of June, the company's total number of shares was 141 989 109. The market capitalisation on 30 June 2005 stood at EUR 1 834 million.

In April-June, a total of 46.8 million company shares were traded on the Helsinki Stock Exchange for an aggregate of EUR 573.8 million. The exchange was 33.0 per cent of the number of shares in the market.

The number of Elisa's A warrants for the year 2000 was 3 600 000 and the number of B warrants 2000 was 3 600 000. At the end of June, the market capitalisation of the warrants amounted to EUR 0.2 million.

## Treasury shares

The Board of Directors has an authorisation issued by the Annual General Meeting of 14 March 2005 to acquire and assign treasury shares. The authorisation has not been used.

Shares	Q2/2005	Q2/2004	2004
Treasury shares owned by Elisa Corp.	0	0	0
Elisa shares owned by subsidiaries	232 351	766 870	210 672
Treasury shares, total	232 351	766 870	210 672
% of share capital and votes	0.16 %	0.56 %	0.15 %
Shares owned by Elisa Pension Fund*)	0	263 563	202 263
% of share capital and votes	0 %	0.19 %	0.14 %

\*) The handling of Elisa's pension issues was transferred to insurance companies on 1 July 2005.

## Major legal issues

The following changes have taken place in the legal processes after the publication of Elisa's annual report for 2004 and interim report for January-March 2005:

In the redemption proceeding regarding the merger of Yomi Plc, pursuant to Chapter 14 Section 12 of the Finnish Companies Act, the arbitration court set the redemption price at EUR 7.30 per share on 7 April 2005. The redemption concerns 636 294 former shares of Yomi Plc. The handling of the matter with regard to 428 600 shares is pending in the district court.

On 29 April 2005, Helsinki District Court issued a ruling in favour of Elisa, and dismissed the action for annulment of the decision made in Elisa Matkapuhelinpalvelut Oy's (previously known as Oy Radiolinja Ab) Annual General Meeting in spring 2000 to increase the share capital. The plaintiffs have appealed the decision.

On 22 June 2005, Helsinki District Court issued a ruling in favour of Elisa confirming that Elisa had set sufficient security to some of the plaintiffs in the action for annulment, as described in the previous chapter, and to any claims by Oy Multiclearing Ltd concerning the merger of Elisa Matkapuhelinpalvelut Oy into Elisa Corporation. The said parties have appealed the decision.



Elisa and TeliaSonera agreed on dropping the legal proceedings, which started in February 2005, regarding the claim on restitution and compensation of mobile interconnection fees and the patent action brought on by TeliaSonera in November 2004. As part of the overall solution, the parties have agreed that TeliaSonera Finland will pay EUR 30 million in compensation to Elisa. Elisa also reached an agreement over mobile interconnection fees regarding Finnet Networks, and agreed to pay EUR 2 million in compensation to Finnet Networks. The Finnish Communications Regulatory Authority has ended its investigation regarding mobile termination fees.

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

On 1 July 2005, Elisa's holding in Tikka Communications Oy exceeded 90 per cent. Elisa will make a redemption claim on the remaining Tikka shares. However, Elisa's share exchange offer to the shareholders of Tikka Communications Oy will be extended to 26 August 2005.

On 7 July 2005, Elisa announced a public share exchange offer, which will be made by 31 August 2005, for all shares issued by Saunalahti Group Oyj. The consideration of Elisa's share exchange offer is one Elisa share for each 5.6 Saunalahti shares.

Elisa has signed an agreement with certain large Saunalahti Group Oyj owners on 7 July 2005 whereby they have undertaken to participate in Elisa's share exchange offer. Novator Finland Oy is a party to this agreement. According to a notice by Novator International Holding Ltd, Novator Finland Oy and its affiliates' holdings in Elisa would increase to approximately 5.26 per cent of share capital and of voting rights, or, including shares controlled pursuant to agreements, to approximately 6.57 per cent.

## Outlook

The fierce competition in the Finnish telecommunications market continues. The use of mobile and fixed network products will increase rather intensely. Elisa will continue to focus on strengthening its market position.

Taking into account the changes in the group structure, the year 2005 comparable revenue is estimated to remain at last year's level. Thanks to the already implemented and planned rationalization processes, the company's competitive edge will continue to improve and profitability will remain at a good level.

The ongoing structural reorganization and the competition are eroding the predictability of the result. No significant changes are estimated to take place in the comparable EBITDA and EBIT levels during the latter part of 2005 as compared to the first half of the year, assuming that the traffic generated by MVNO customers, especially Saunalahti, will increase substantially during the autumn. The impact of the Saunalahti deal has not been taken into account in these estimates. Should the Saunalahti deal be realized, the result will be burdened by the amortizations caused by the allocation of the purchase price.

The capital expenditure for the whole year will amount to 13 per cent of revenue at most and the cash flow will continue to be clearly positive.

BOARD OF DIRECTORS

Figures are not audited

## CONSOLIDATED INCOME STATEMENT

EUR million	4-6	4-6	1-6	1-6	1-12
	2005	2004	2005	2004	2004
<b>Revenue</b>	335,9	339,3	668,8	672,0	1 356,0
Other operating income	87,1	3,4	98,3	10,0	27,0
Operating expenses	-253,2	-241,2	-500,2	-460,7	-928,2
<b>EBITDA</b>	169,8	101,5	266,9	221,3	454,8
Depreciation and amortisation	-52,1	-53,2	-104,5	-106,4	-213,2
<b>EBIT</b>	117,7	48,3	162,4	114,9	241,6
Share of associated companies' profit	0,5	-0,3	1,2	-0,3	1,3
Financial income and expenses	-5,6	-6,9	-12,1	-17,2	-30,4
<b>Profit before tax</b>	112,6	41,1	151,5	97,4	212,5
Income taxes	-17,9	-11,8	-23,8	-28,5	-53,2
<b>Profit for the period</b>	94,7	29,3	127,7	68,9	159,3

### Attributable to:

Equity holders of the parent	95,3	26,9	127,4	65,3	151,7
Minority interest	-0,6	2,4	0,3	3,6	7,6
<b>Profit for the period</b>	94,7	29,3	127,7	68,9	159,3

### Earnings per share (EUR)

Basic	0,66	0,20	0,90	0,48	1,10
Diluted	0,66	0,20	0,90	0,48	1,10

### Average number of outstanding shares (1000 shares)

Basic	141 772	137 321	141 775	137 321	137 570
Diluted	141 772	137 321	141 775	137 321	137 570

**REVENUE BY BUSINESS SEGMENTS**

	4-6	4-6	1-6	1-6	1-12
<b>EUR million</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
Mobile	180,3	174,5	359,3	353,7	712,8
Fixed Network	170,4	166,5	331,9	330,8	653,6
Other Companies	10,4	28,5	31,3	51,1	108,4
Unallocated					2,4
Intra-segment sales elimination	-25,2	-30,2	-53,7	-63,6	-121,2
<b>Corporation total</b>	<b>335,9</b>	<b>339,3</b>	<b>668,8</b>	<b>672,0</b>	<b>1 356,0</b>

**EBITDA BY BUSINESS SEGMENTS**

	4-6	4-6	1-6	1-6	1-12
<b>EUR million</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
Mobile	73,5	46,6	122,7	110,3	227,0
Fixed Network	43,0	47,4	82,6	102,8	200,7
Other Companies	39,4	6,2	49,8	9,2	20,3
Unallocated	13,9	1,3	11,8	-1,0	6,8
<b>Corporation total</b>	<b>169,8</b>	<b>101,5</b>	<b>266,9</b>	<b>221,3</b>	<b>454,8</b>

**EBIT BY BUSINESS SEGMENTS**

	4-6	4-6	1-6	1-6	1-12
<b>EUR million</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
Mobile	52,1	25,4	78,8	67,6	138,1
Fixed Network	16,5	20,6	29,8	47,8	91,1
Other Companies	34,9	4,0	41,6	5,0	10,2
Unallocated	14,2	-1,7	12,2	-5,5	2,2
<b>Corporation total</b>	<b>117,7</b>	<b>48,3</b>	<b>162,4</b>	<b>114,9</b>	<b>241,6</b>

**CONSOLIDATED BALANCE SHEET**

<b>EUR million</b>	<b>30.6. 2005</b>	<b>30.6. 2004</b>	<b>31.12. 2004</b>
<b>Non-current assets</b>			
Intangible assets	79,0	57,4	75,8
Consolidated goodwill	470,4	456,9	466,2
Tangible assets	702,4	750,3	724,2
Investments in associated companies	0,5	11,9	11,7
Other investments	41,8	7,3	10,4
Deferred tax receivable	37,4	104,5	42,5
Other receivables	51,5	46,4	46,5
	1 383,0	1 434,7	1 377,3
<b>Current assets</b>			
Inventories	17,1	14,8	15,1
Trade and other receivables	270,9	265,4	308,5
Cash and cash equivalents	169,2	152,9	162,8
	457,2	433,1	486,4
<b>Total assets</b>	1 840,2	1 867,8	1 863,7
<b>Equity attributable to equity holders of the parent</b>	989,6	740,8	883,5
<b>Minority interest</b>	16,1	61,1	31,0
<b>Total equity</b>	1 005,7	801,9	914,5
<b>Non-current liabilities</b>			
Deferred tax liabilities	34,0	40,5	29,8
Provisions	8,8	31,8	21,4
Interest-bearing debt	407,3	605,1	593,4
Other non-current liabilities	13,6	6,9	10,3
	463,7	684,3	654,9
<b>Current liabilities</b>			
Provisions	4,9	6,7	3,3
Interest-bearing debt	126,3	127,6	31,8
Current liabilities	239,6	247,3	259,2
	370,8	381,6	294,3
<b>Total equity and liabilities</b>	1 840,2	1 867,8	1 863,7

## STATEMENT OF CHANGES IN EQUITY

EUR million	Share						Total equity
	Share capital	Share issue premium	Treasury shares	Other reserves	Retained earnings	Minority interest	
Total equity at 31.12.2003	69,0	516,7	-24,7	3,4	110,0	73,3	747,7
Cash flow hedges							0,0
Other changes				0,1	1,0	-15,8	-14,7
Net profit for the period					65,3	3,6	68,9
<b>Total equity at 30.6.2004</b>	<b>69,0</b>	<b>516,7</b>	<b>-24,7</b>	<b>3,5</b>	<b>176,3</b>	<b>61,1</b>	<b>801,9</b>
Total equity at 31.12.2004	71,0	561,9	-3,1	3,0	250,7	31,0	914,5
Cash flow hedges							0,0
Available for sale investments				31,9			31,9
Treasury shares			0,1				0,1
Dividend					-56,8	-3,6	-60,4
Other changes		0,3			3,2	-11,6	-8,1
Net profit for the period					127,4	0,3	127,7
<b>Total equity at 30.6.2005</b>	<b>71,0</b>	<b>562,2</b>	<b>-3,0</b>	<b>34,9</b>	<b>324,5</b>	<b>16,1</b>	<b>1 005,7</b>

## RECONCILIATION OF NET PROFIT FOR COMPARISON PERIODS 2004

	4-6	1-6	1-12
EUR million	2004	2004	2004
Profit for the period before minority interest according to FAS	17,0	49,9	113,9
Effects of adopting IFRS:			
Reversal of goodwill amortisation	11,3	22,5	44,6
Employee benefits	1,2	2,4	10,7
Finance leases	1,0	-5,7	-9,6
Financial instruments	0,0	-0,6	0,5
Income tax	-1,2	0,4	-0,8
IFRS adjustments, total	12,3	19,0	45,4
<b>Profit for the period according to IFRS</b>	<b>29,3</b>	<b>68,9</b>	<b>159,3</b>
<b>Attributable to:</b>			
Equity holders of the parent	26,9	65,3	151,7
Minority interest	2,4	3,6	7,6
	29,3	68,9	159,3

## RECONCILIATION OF EQUITY FOR COMPARISON PERIODS 2004

	1.1.	30.6.	31.12.
EUR million	2004	2004	2004
<b>Total equity according to FAS</b>	<b>699,1</b>	<b>735,3</b>	<b>851,0</b>
Effects of adopting IFRS:			
Reversal of goodwill amortisation		22,5	44,6
Employee benefits	-24,0	-21,6	-13,5
Finance leases	4,7	-1,0	-4,9
Reversal of revaluations	-11,1	0,0	
Financial instruments	0,9	0,3	1,1
Other adjustments	1,7	1,7	1,6
Income tax	3,2	3,6	3,6
IFRS adjustments, total	-24,6	5,5	32,5
Equity holders of the parent	674,5	740,8	883,5
<b>Minority interest according to FAS</b>	<b>77,4</b>	<b>65,3</b>	<b>33,6</b>
IFRS adjustments	-4,1	-4,2	-2,6
Minority interest	73,3	61,1	31,0
<b>Total equity according to IFRS</b>	<b>747,8</b>	<b>801,9</b>	<b>914,5</b>

## CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-6 2005	1-6 2004	1-12 2004
<b>Cash flow from operating activities</b>			
Profit before tax	151,5	97,4	212,5
Adjustments to profit before tax	36,7	108,4	199,7
Change in working capital	-18,6	2,9	4,9
Cash flow from operating activities	169,6	208,7	417,1
Received dividends and interests and interest paid	-10,7	-30,4	-45,8
Taxes paid	-3,0	-10,8	-16,0
Net cash flow from operating activities	155,9	167,5	355,3
<b>Cash flow in investments</b>			
Capital expenditure	-79,1	-75,9	-171,4
Investments in shares and other investments	-12,9	-8,3	-10,4
Proceeds from asset disposal	98,1	13,9	51,4
Net cash used in investment	6,1	-70,3	-130,4
<b>Cash flow after investments</b>	162,0	97,2	224,9
<b>Cash flow in financing</b>			
Sales of treasury shares			6,4
Change in interest-bearing receivables		25,1	24,3
Repayment of long-term debt	-85,5	-0,9	-110,7
Change in short-term debt	-1,5	-15,3	-15,3
Repayment of financing leases	-8,6	-10,9	-21,0
Dividends paid	-60,0	-9,5	-13,0
Cash flow in financing	-155,6	-11,5	-129,3
Change in cash and cash equivalents	6,4	85,7	95,6
Cash and cash equivalents at beginning of period	162,8	67,2	67,2
Cash and cash equivalents at end of period	169,2	152,9	162,8



**LIABILITIES**

	<b>30.6.</b>	<b>30.6.</b>	<b>31.12.</b>
<b>EUR million</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
<b>Mortgages, pledges and guarantees</b>			
Mortgages			
For own and group companies	1,9	73,0	27,6
Pledges given			
Pledges given as surety	0,9	1,0	0,2
Guarantees given			
For others		11,0	
Mortgages, pledges and guarantees total	2,8	85,0	27,8
<b>Derivative contracts</b>			
Forward contracts and swap agreements			
Nominal value of underlying instrument	0,0	17,0	13,5
<b>Leasing contracts and other commitments</b>			
Leasing commitments	19,1	22,8	18,3
Repurchase commitments	0,9	1,6	1,2
Real estate leases	59,4	69,6	77,2
Lease liabilities total	79,4	94,0	96,7
<b>Other commitments</b>			
Lease-leaseback agreement (QTE facility)			
Termination risk	22,9	25,4	22,8
Total value of the arrangement	167,9	167,0	149,8
Other commitments	0,8	5,0	9,1

## KEY FIGURES

EUR million	4-6 2005	4-6 2004	1-6 2005	1-6 2004	1-12 2004
Shareholders' equity/share, EUR			6,98	5,40	6,23
Net debt			364,4	580,7	462,2
Gearing			36,2 %	72,3 %	50,6 %
Equity ratio			55,0 %	43,2 %	49,3 %
Gross investments in fixed assets	45,9	33,3	87,9	77,2	181,8
of which finance lease investments	7,4	0,1	8,8	1,3	10,4
Gross investments as % of revenue	13,7 %	9,8 %	13,1 %	11,5 %	13,4 %
Investments in shares	30,8	7,9	33,7	8,3	61,1
Average number of personnel			5 242	5 613	5 590

### Formulae for financial indicators

Gearing % 
$$\frac{\text{Interest-bearing debt - cash and cash equivalents}}{\text{Total equity}} \times 100$$

Equity ratio % 
$$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$$

Net debt Interest-bearing debt - cash and cash equivalents

Shareholders' equity/share 
$$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares outstanding at end of period}}$$

Earnings/share 
$$\frac{\text{Profit for the period attributable to equity holders of parent}}{\text{Average number of outstanding shares}}$$

## ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Accounting principles are described by detail in Elisas' comparative IFRS information for 2004 which was published in 8 April 2005. Press release is available on Elisa's website at [elisa.com](http://elisa.com).