

**ELISA'S INTERIM REPORT JANUARY-MARCH 2008**

- Revenue was EUR 367 million (378)
- Revenue was negatively affected by 2007 revenue adjustment of mobile segment, approximately EUR 7 million. This was due to correction of 2007 revenue estimate of delayed customer billing
- New mobile interconnection fees as of 1st of January lowered revenue by approximately EUR 14 million compared to the previous quarter
- EBITDA exclusive of non-recurring items of EUR 3 million was EUR 111 million (115) and EBIT EUR 57 million (68)
- Revenue adjustment and implementation costs of the new billing and CRM system affected negatively on EBITDA and EBIT by approximately EUR 12 million, which is not booked as a non-recurring item
- Profit before tax amounted to EUR 52 million (64)
- Earnings per share was EUR 0.25 (0.30)
- Cash flow after investments more than tripled to EUR 66 million
- Revenue per subscription (ARPU) in the mobile business decreased from the previous quarter's EUR 29.9 to EUR 25.9. Effect of revenue correction on ARPU was approximately EUR 1.0 and lower interconnection fee EUR 2.2.
- Churn was 15.6 per cent (12.6)
- The number of mobile subscriptions in Finland increased by 33,000 during the quarter, due in particular to the new 3G customers, mobile broadband and prepaid subscriptions
- The number of broadband subscriptions increased by 4,600 on the previous quarter
- Net debt / EBITDA was 2.2x (1.5x at the end of 2007) and gearing 121% (71 at the end of 2007)
- Elisa's 2008 revenue, EBITDA and EBIT exclusive non-recurring items are expected to be at the same level as in 2007

Key indicators:

<b>Income statement</b> EUR million	<b>1-3/2008</b>	<b>1-3/2007</b>	<b>1-12/2007</b>
Revenue	367	378	1 568
EBITDA	108 <sup>1)</sup>	115	499 <sup>2)</sup>
EBIT	57	68	302
Profit before tax	52	64	285
Earnings per share, EUR	0.25	0.30	1.38
Capital expenditures	38	45	206

EBITDA excluding non-recurring items: <sup>1)</sup> EUR 111 million, <sup>2)</sup> EUR 491 million.

Figures describing the financial position and cash flow:

<b>Financial position</b>	<b>31 Mar 2008</b>	<b>31 Mar 2007</b>	<b>31 Dec 2007</b>
Net debt	955	578	738
Net debt / EBITDA <sup>1)</sup>	2.2	1.3	1.5
Gearing ratio, %	120.6	51.6	71.3
Equity ratio, %	37.7	51.0	47.9
<b>Cash flow statement</b>	<b>1-3/2008</b>	<b>1-3/2007</b>	<b>1-12/2007</b>
Cash flow after investments	66	18	114

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

## **CEO Veli-Matti Mattila:**

### **“The best network coverage and quality are the engine of Elisa's 3G success**

The 3G market continues to grow strongly and Elisa still dominates half of it thanks to, according to studies, the best network in terms of coverage, among other things. At the moment, over 1.1 million Finnish 3G customers can utilise mobile access when using their e-mail, googling information or surfing the Internet like via the usual fixed broadband. We estimate that by the end of the year there will be up to 1.4 million people using 3G services.

The fast development of the 3G market has been made possible especially by the service bundles that consumers have been able to choose since the ban on bundling was terminated. To ensure the positive development of the Finnish information society it is very important to make sure that consumers continue to have this choice in purchasing. For our customers it is important that we can offer similar choices than in other industries.

In spite of higher than expected implementation costs of the billing and CRM system, the renewal project proceeds as previously communicated. By the end of March we managed to catch up with our invoicing as promised to our customers. The queuing time in phone services shortened significantly and customer satisfaction has also improved.

The profitability of the first quarter was lower than we anticipated due to revenue adjustment and the additional temporary implementation costs of the new billing and CRM system. We are determined to continue developing one Elisa and to improve our profitability according to our strategy. We will strengthen growth by introducing new services to our wide range of customers.”

## **ELISA CORPORATION**

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## INTERIM REPORT JANUARY-MARCH 2008

The interim report has been prepared in accordance with the IFRS recognition and measurement principles but not all of the IAS 34 requirements have been observed.

### Market situation

The base of mobile communications subscriptions and the use of data services have evolved favourably in Finland with 3G subscriptions comprising a significant proportion of new subscriptions. The use of new services made available through 3G subscriptions has also increased. Another factor contributing to the increase has been the use of multiple terminal devices for different purposes and prepaid subscriptions. Churn has been at a normal level in relation to the market situation, and competition has been more focused on services.

The fixed network business continued its earlier trend: the number of broadband subscriptions continued to grow, while the number and usage of traditional subscriptions decreased. The broadband market has continued to grow slightly.

### Development of revenue, earnings and financial position

Revenue by segments:

EUR million	1-3/2008	1-3/2007	Change, %
Mobile communications	223	229	-3
Fixed network	156	163	-4
Inter-segment sales	-12	-13	8
Total	367	378	-3

Elisa's revenue for January-March decreased by 3 per cent on last year, primarily due to the 2007 revenue adjustment of EUR 7 million, which is booked to the mobile segment. The adjustment served to correct the 2007 revenue estimate affected by the delayed customer billing. Revenue was also hampered by lower interconnection, EUR 14 million, and roaming fees and declined equipment sales, as well as decreases in the number of traditional fixed network subscriptions.

Earnings by segments:

EUR million	1-3/2008	1-3/2007	Change, %
Mobile communications			
EBITDA	60	67	-10
EBITDA, %	27	29	
EBIT	31	44	-30
Fixed network			
EBITDA	50	49	2
EBITDA, %	32	30	
EBIT	28	26	8
Corporate functions			
EBITDA	-2	-1	
EBIT	-2	-1	
Total			
EBITDA	108	115	-6
EBITDA, %	29	30	
EBIT	57	68	-16

Elisa's EBITDA declined by 6 per cent on the previous year. The EBITDA decrease was mainly due to the 2007 revenue adjustment of EUR 7 million and implementation costs of the new billing and CRM system, together approximately EUR 12 million. On the other hand, new services in the

mobile communication business, as well as efficiency measures improved EBITDA. The improved profitability of the fixed network was driven by the increased number of broadband subscriptions, and improved cost efficiency.

Financial income and expenses totalled EUR -5 million (-5). Income taxes in the income statement amounted to EUR -12 million (-15).

Elisa's January-March earnings after taxes were EUR 40 million (49). The Group's earnings per share (EPS) amounted to EUR 0.25 (0.30). At the end of March, the Group's equity per share was EUR 4.99 (6.53 at the end of 2007).

### Changes in corporate structure

There were no major changes in Elisa's corporate structure in January-March 2008. At the end of February Elisa acquired 51 per cent of Kuntokompassi Oy. This acquisition has no material impact on Elisa's profit or balance sheet.

### Mobile communication business

	31 Mar 2008	31 Mar 2007	31 Dec 2007
Total number of subscriptions	2,695,000	2,534,600	2,657,400
- Network operator in Finland	2,367,600	2,235,100	2,334,600
- Subscriptions in Estonia	327,400	299,500	322,800

User-specific indicators <sup>1)</sup>	1-3/2008	1-3/2007	1-12/2007
Average revenue/subscription, €/month	25.9	29.7	30.0
Annual churn, %	15.6	14.2	12.2
Outgoing calls, min/subscription/month	218	216	218
SMS, msg/subscription/month	54	51	53
Non-voice services/revenue, %	19	19	19

Indicators on network use <sup>2)</sup>	1-3/2008	1-3/2007	1-12/2007
Outgoing calls, million minutes	1,465	1,361	5,661
SMS, million msg	375	323	1,550

<sup>1)</sup> Elisa's service operators in Finland (excluding prepaid subscriptions)

<sup>2)</sup> Elisa's network operator in Finland

Elisa's network operator in Finland increased the number of its subscriptions by some 132,500 from a year ago. The increase was markedly due to the success of 3G service bundles, mobile broadband and prepaid subscriptions. The increase in subscription in the first quarter was approximately 33,000. The total number of subscriptions at the end of March was approximately 2.7 million.

In January-March, the call minutes per subscription of Elisa's own service operators were at last year's level and the number of SMS messages increased by approximately 8 per cent on the corresponding period last year. Due to the increase in the number of subscriptions of Elisa's service operators, the total call minutes in the network grew by 8 per cent and the number of SMS messages increased by 16 per cent.

Mobile communication revenues decreased by 3 per cent given the 2007 revenue adjustment, lower interconnection fees and equipment sales. Revenue per subscription declined 13 per cent on the previous year to EUR 25.9 due to the 2007 revenue adjustment as well as lower interconnection fees as of the beginning of the year and lower roaming fees as of September 2007.

The effect of the revenue correction on ARPU was approximately EUR 1.0 and the lower interconnection fee EUR 2.2 compared to the previous quarter's ARPU of EUR 30.1.

As of 1 February 2008 the fee for calling from mobile telephone to 010 Company Number decreased to 8.21 cent/call + 16.90 cent/minute. The new lower fee also includes 020 or 030 Company Numbers that were transferred to Elisa.

The mobile communication business of Elisa's Estonian subsidiary has been hampered by lower interconnection fees since December 2007. Revenue declined to EUR 24.2 million (26.0) and EBIT to EUR 5.4 million (5.7). However, EBITDA increased to EUR 8.6 million (8.3), and the number of subscriptions increased by 27,900 to 327,400 (299,500).

### Fixed network business

Number of subscriptions	31Mar 2008	31Mar 2007	31 Dec 2007
Broadband subscriptions	526,000	513,400	521,800
ISDN channels	52,100	72,400	70,800
Cable TV subscriptions	239,300	228,100	237,100
Analogue and other subscriptions	474,700	516,000	471,500
Subscriptions, total	1,292,100	1,329,800	1,301,300

The growth of Elisa's broadband subscriptions continued in January-March 2008, representing an increase of approximately 13,000 subscriptions or 2.5 per cent on the previous year. The first quarter increase in broadband was approximately 4,200 subscriptions. Elisa continued as the Finnish broadband market leader.

The number of traditional subscriptions continued to decrease as voice calls shifted to the mobile communication network and data transfers to broadband subscriptions. A portion of the ISDN subscriptions were reallocated to broadband subscriptions.

On 1 February 2008, wholesale prices levied by telecommunications companies on each other declined by approximately one-third of the previous level on 1 February 2008.

Elisa launched a full triple-play service called Kotitotaali, under Saunalahti brand, which offers customers high-speed broadband, television and fixed line telephony services with one single monthly fee.

The World Wide Wippies community established in the spring of 2007 by the Finnish online community Wippies, expanded at a high rate. At the end of March, Wippies had over 10,000 World Wide Wippies networks in Finland and Sweden. Wippies also operates in Estonia and will expand to other countries.

### Personnel

Elisa employed 3,008 people on average during January-March 2008 (3,435).

Personnel by segments:

	31 Mar 2008	31 Mar 2007	31 Dec 2007
Mobile communications	1,257	1,325	1,252
Fixed network	1,678	1,995	1,727
Corporate functions	36	38	36
Total	2,971	3,358	3,015

## Investments

EUR million	1-3/2008	1-3/2007	1-12/2007
Capital expenditures, of which	38	45	206
- mobile communication business	19	20	91
- GSM leasing liability buy-backs	2	0	2
- fixed network business	17	25	113
Shares	1	5	12
- of which achieved through an exchange of shares			5
Total	39	49	218

The ADSL network upgrade was completed during the first quarter, which lowered the amount of investments in the fixed network business.

## Financial position

Elisa's financial position and liquidity remained good. The January-March cash flow after investments amounted to EUR 66 million (18). A capital repayment of EUR 285 million was paid out in March, which is the key reason for changes in Elisa's financial indicators.

Elisa drew down committed credit lines totalling EUR 220 million and increased outstanding commercial paper by EUR 26 million to finance the capital repayment.

Financial key indicators:

EUR million	31 Mar 2008	31 Mar 2007	31 Dec 2007
Net debt	955	578	738
Gearing, %	120.6	51.6	71.3
Equity ratio, %	37.7	51.0	47.9
	1-3/2008	1-3/2007	1-12/2007
Cash flow after investments	66	18	114

Valid financing arrangements:

EUR million	Maximum amount	In use on 31 Mar 2008
Committed credit limits	300	220
Commercial paper programme 1)	250	118
EMTN programme 2)	1,000	666

1) The programme is not committed.

2) European Medium Term Note programme, not committed.

Long-term credit ratings:

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

## Share

At the end March 2008, Elisa's total number of shares was 166,307,586, all within one share series. The closing price was EUR 15.82 (21.69), representing a decline of 27.1 per cent in the first quarter 2008. Elisa's market capitalisation at the end of March 2008 was EUR 2,504 million (3,513).

In March Elisa distributed a capital repayment of EUR 285 million or EUR 1.80 per share in accordance with the decision of the AGM.

In January-March 2008, a total of 82.8 million Elisa shares (92.7) were traded on the Helsinki Stock Exchange for an aggregate of EUR 1,612 million (2,052). The trading volume was 49.8 per cent of the number of shares on the market (57.2).

At the end of March 2008, Elisa held 8,049,976 shares (8,049,976 at the end of 2007), having a counter value of EUR 4.02 million and representing 4.84 per cent of the share capital and votes.

### **Elisa's Annual General Meeting of shareholders**

On 18 March 2008, and in accordance with the proposal of the Board of Directors, Elisa's Annual General Meeting decided on the capital repayment to shareholders in the amount of EUR 1,80 per share on the basis of the 31 December 2007 balance sheet approved by the General Meeting.

The Annual General Meeting confirmed the financial statements for the period in question. The members of the Board of Directors and the CEO were discharged from liability for 2007.

The number of the members of the Board of Directors was confirmed at six (6), and members Risto Siilasmaa and Ossi Virolainen were re-elected to the Board of Directors and Mr Tomas Otto Hansson (Director, Novator), Mr Orri Hauksson (Director, Novator Finland), Mr Pertti Korhonen (CEO Elektrobitt Corporation) and Ms Eira Palin-Lehtinen (prev. Director in Nordea Bank) were elected as new members.

KPMG Oy Ab, authorised public accountants, with APA Pekka Pajamo as the responsible auditor, was appointed the company's auditor.

### **The Board of Directors' authorisations**

The Annual General Meeting accepted the proposal to authorise the Board of Directors to decide on the distribution of funds out of distributable equity up to a maximum of EUR 250,000,000. The authorization is valid until the commencement of the next Annual General Meeting.

The Annual General Meeting approved the proposal of the Board of Directors to authorise the Board of Directors to issue shares and special rights. The authorisation is valid until 31 March 2010. A maximum aggregate of 50.0 million of the company's shares can be issued under the authorization.

The Annual General Meeting decided on the authorisation to acquire treasury shares. The amount of shares that may be purchased under the authorisation is maximum 15,000,000 treasury shares. The authorisation is valid until August 31, 2009.

### **Elisa's Extraordinary General Meeting of shareholders on 21 January 2008**

Elisa's Extraordinary General Meeting was concluded on 22 November 2007 at the request of Novator Finland Oy and held on 21 January 2008. The General Meeting turned down Novator's proposal of releasing the members of Elisa's Board of Directors from office.

### **Significant legal issues**

Elisa has received from TeliaSonera a claim for refund of benefit by unjust enrichment of over EUR 3 million due to price difference based on TeliaSonera's own miscoding of the traffic.

## **Substantial risks associated with Elisa's operations**

Risk management is part of Elisa's internal auditing system. It aims at ensuring that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, insurable and financial risks.

### Strategic and operational risks:

The telecommunications industry is under intense competition in Elisa's main market areas, which may have an impact on Elisa's business. The telecommunications industry is subject to heavy regulation. Elisa and its business are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa.

The rapid developments in telecommunications technology may have a significant impact on Elisa's business.

Elisa's main market is Finland, where the number of mobile phones per inhabitant is among the highest in the world, which means that growth in subscriptions is limited. Furthermore, the volume of phone traffic in Elisa's fixed network has decreased in the past few years. These factors may limit the opportunities for growth.

### Accident risks:

The company's core operations are covered by insurance against damage and interruptions caused by accidents. Accident risks also include litigations and claims.

### Financial risks:

In order to manage interest rate risk, the Group's borrowing and investments are diversified in fixed- and variable-rate instruments. Interest rate derivatives were used to manage interest rate risk.

Most of Elisa Group's cash flows are denominated in euros, which means that the exchange rate risk is minor.

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. The Group's liquid assets, committed credit limits and investments totalled EUR 123 million at the end of March 2008 (EUR 317 million at the end of 2007 ).

Liquid assets are invested within confirmed limits to investment targets with a good credit rating. The business units are liable for credit risk associated with accounts receivable. Credit risk concentrations in accounts receivable are minor as the customer base is wide.

The company used credit derivatives to manage counterparty risks.

## **Events after the financial period**

Elisa will adjust its data roaming prices in foreign countries as of 1 May 2008. The mobile data connection prices will decrease 30-50 per cent depending on the area zone. The price cut applies to Internet, MSS and WAP connections.



## **Outlook for 2008**

Competition in the Finnish telecommunications market remains challenging, while the focus is increasingly on services. The use of mobile communications and broadband products is continuing to rise. Elisa's aim is to further reinforce its position as the service leader.

Elisa's revenue, EBITDA and EBIT excluding non-recurring items are expected to be at the same level as in 2007. The extra implementation costs of the billing and CRM system will continue until the end of the year. This factor combined with the more challenging overall market situation is expected to effect the 2008 EBITDA and EBIT. However, the contributory factors for long-term growth and profitability improvement include the 3G market growth and efficiency measures, which are continuing as expected.

Full-year capital expenditures are expected to be 10 to 12 per cent of revenue, and cash flow will substantially improve on the previous year due to factors such as change in net working capital.

BOARD OF DIRECTORS

## CONSOLIDATED INCOME STATEMENT

EUR million	Note	1-3 2008	1-3 2007	1-12 2007
<b>Revenue</b>	1	<b>367,0</b>	378,4	1 568,4
Other operating income		<b>0,9</b>	1,2	21,0
Materials and services		<b>-158,5</b>	-174,6	-707,0
Employee expenses		<b>-45,3</b>	-44,0	-181,2
Other operating expenses		<b>-55,9</b>	-46,3	-201,8
<b>EBITDA</b>	1	<b>108,2</b>	114,7	499,4
Depreciation and amortisation		<b>-51,0</b>	-46,2	-197,4
<b>EBIT</b>	1	<b>57,2</b>	68,5	302,0
Financial income		<b>6,8</b>	3,3	27,9
Financial expense		<b>-11,6</b>	-7,9	-44,7
Share of associated companies' profit		<b>0,0</b>	0,0	0,0
<b>Profit before tax</b>		<b>52,4</b>	63,9	285,2
Income taxes		<b>-12,2</b>	-14,8	-64,9
<b>Profit for the period</b>		<b>40,2</b>	49,1	220,3
<b>Attributable to:</b>				
Equity holders of the parent		<b>40,0</b>	48,8	219,8
Minority interest		<b>0,2</b>	0,3	0,5
		<b>40,2</b>	49,1	220,3
<b>Earnings per share (EUR)</b>				
Basic		<b>0,25</b>	0,30	1,38
Diluted		<b>0,25</b>	0,30	1,38
<b>Average number of outstanding shares (1000 shares)</b>				
Basic		158 258	161 941	159 417
Diluted		158 258	161 941	159 417

## CONSOLIDATED BALANCE SHEET

	31.3. 2008	31.12. 2007
<b>EUR million</b>		
<b>Non-current assets</b>		
Property, plant and equipment	625,8	637,3
Goodwill	774,6	773,6
Other intangible assets	190,6	194,5
Investments in associated companies	0,1	0,1
Available-for-sale investments	31,4	30,9
Receivables	8,7	7,3
Deferred tax assets	30,4	31,7
	<b>1 661,6</b>	<b>1 675,4</b>
<b>Current assets</b>		
Inventories	24,8	28,5
Trade and other receivables	383,2	454,8
Cash and cash equivalents	43,3	16,9
	<b>451,3</b>	<b>500,2</b>
<b>Total assets</b>	<b>2 112,9</b>	<b>2 175,6</b>
<b>Equity attributable to equity holders of the parent</b>	<b>789,9</b>	<b>1 033,4</b>
<b>Minority interest</b>	<b>2,2</b>	<b>2,0</b>
<b>Total equity</b>	<b>792,1</b>	<b>1 035,4</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	32,6	34,9
Provisions	7,5	7,3
Interest-bearing debt	627,2	627,3
Other non-current liabilities	13,7	24,6
	<b>681,0</b>	<b>694,1</b>
<b>Current liabilities</b>		
Trade and other payables	252,5	303,2
Tax liabilities	12,1	10,8
Provisions	4,1	4,1
Interest-bearing debt	371,1	128,0
	<b>639,8</b>	<b>446,1</b>
<b>Total equity and liabilities</b>	<b>2 112,9</b>	<b>2 175,6</b>

**STATEMENT OF CHANGES IN EQUITY**

EUR million	Share capital	Share premium	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Minority interest	Total equity
<b>Balance at January 1, 2007</b>	83,0	530,4	-81,3	422,1		353,4	4,7	<b>1 312,3</b>
Available-for-sale investments				1,1				<b>1,1</b>
Items recognised directly in equity				1,1				<b>1,1</b>
Profit for the period						48,8	0,3	<b>49,1</b>
<b>Total recognised income and expense for the period</b>				1,1		48,8	0,3	<b>50,2</b>
Acquisitions of subsidiaries							-0,1	<b>-0,1</b>
Dividends						-242,9		<b>-242,9</b>
Share-based compensation						0,8		<b>0,8</b>
<b>Balance at March 31, 2007</b>	83,0	530,4	-81,3	423,2		160,1	4,9	<b>1 120,3</b>
<b>Balance at January 1, 2008</b>	83,0		-165,8	403,9	535,7	176,6	2,0	<b>1 035,4</b>
Available-for-sale investments				0,5				<b>0,5</b>
Items recognised directly in equity				0,5				<b>0,5</b>
Profit for the period						40,0	0,2	<b>40,2</b>
<b>Total recognised income and expense for the period</b>				0,5	0,0	40,0	0,2	<b>40,7</b>
Capital repayment					-284,9			<b>-284,9</b>
Share-based compensation						0,9		<b>0,9</b>
<b>Balance at March 31, 2008</b>	83,0		-165,8	404,4	250,8	217,5	2,2	<b>792,1</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-3 2008	1-3 2007	1-12 2007
<b>Cash flow from operating activities</b>			
Profit before tax	52,4	63,9	285,2
Adjustments			
Depreciation and amortisation	51,0	46,3	197,4
Other adjustments	4,8	3,2	3,6
	<b>55,8</b>	49,5	201,0
Change in working capital			
Change in trade and other receivables	67,2	2,3	-116,0
Change in inventories	3,7	11,2	10,0
Change in trade and other payables	-48,7	-57,9	6,5
	<b>22,2</b>	-44,4	-99,5
Financial items, net	-14,1	-0,3	-18,9
Taxes paid	-11,8	-4,0	-82,2
<b>Net cash flow from operating activities</b>	<b>104,5</b>	64,7	285,6
<b>Cash flow from investing activities</b>			
Capital expenditure	-37,4	-44,4	-203,7
Purchase of shares	-0,9	-2,6	-6,2
Proceeds from asset disposal	0,1	0,8	38,2
<b>Net cash used in investing activities</b>	<b>-38,2</b>	-46,2	-171,7
<b>Cash flow before financing activities</b>	<b>66,3</b>	18,5	113,9
<b>Cash flow from financing activities</b>			
Purchase of treasury shares			-85,6
Proceeds from treasury shares			1,7
Proceeds from long-term borrowings		350,0	350,0
Repayment of long-term borrowings			-44,2
Change in short-term borrowings	245,5	-25,0	67,0
Repayment of finance lease liabilities	-1,2	-1,8	-6,7
Dividends paid and capital repayment	-284,2	-220,3	-401,4
<b>Net cash used in financing activities</b>	<b>-39,9</b>	102,9	-119,2
<b>Change in cash and cash equivalents</b>	<b>26,4</b>	121,4	-5,3
Cash and cash equivalents at beginning of period	16,9	22,2	22,2
<b>Cash and cash equivalents at end of period</b>	<b>43,3</b>	143,6	16,9

## NOTES

### BASIS OF PREPARATION

The Interim report has been prepared in accordance with the IFRS recognition and measurement principles, although all requirements of IAS 34 standard have not been followed. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective at the time of preparing and adopted for use by European Union. The accounting principles applied in the Interim report are the same as those applied in the Consolidated financial statements at 31 December 2007. These Interim consolidated financial statements should be read in conjunction with the 2007 Consolidated financial statements.

### 1. BUSINESS SEGMENT INFORMATION

1-3/2008		Fixed	Unallocated		Group
EUR million	Mobile	Network	items	Eliminations	Total
External sales	219,3	147,7			367,0
Inter-segment sales	3,7	8,4		-12,1	0,0
Revenue	223,0	156,1		-12,1	367,0
EBITDA	59,7	50,2	-1,7		108,2
EBIT	31,0	27,9	-1,7		57,2
Financial income and expense			-4,8		-4,8
Share of associated companies' profit			0,0		0,0
Profit before tax					52,4
Investments	20,8	16,8			37,6
1-3/2007		Fixed	Unallocated		Group
EUR million	Mobile	Network	items	Eliminations	Total
External sales	224,2	154,2			378,4
Inter-segment sales	4,8	8,5		-13,3	0,0
Revenue	229,0	162,7		-13,3	378,4
EBITDA	67,2	49,2	-1,7		114,7
EBIT	43,7	26,4	-1,6		68,5
Financial income and expense			-4,6		-4,6
Share of associated companies' profit			0,0		0,0
Profit before tax					63,9
Investments	19,8	25,0			44,8

**Elisa Corporation****1.1. - 31.3.2008***Unaudited*

<b>1-12/2007</b>		<b>Fixed</b>	<b>Unallocated</b>		<b>Group</b>
EUR million	<b>Mobile</b>	<b>Network</b>	<b>items</b>	<b>Eliminations</b>	<b>Total</b>
External sales	959,7	608,7			1 568,4
Inter-segment sales	20,2	33,5		-53,7	0,0
Revenue	979,9	642,2		-53,7	1 568,4
EBITDA	299,5	206,0	-6,1		499,4
EBIT	194,8	113,4	-6,2		302,0
Financial income and expense			-16,8		-16,8
Share of associated companies' profit					0,0
Profit before tax					285,2
Investments	92,8	113,6			206,4

**Elisa Corporation****1.1. - 31.3.2008***Unaudited***2. OPERATING LEASE COMMITMENTS**

	<b>31.3.</b>	31.12.
EUR million	<b>2008</b>	2007
Due within 1 year	<b>19,8</b>	20,6
Due after 1 year but within 5 years	<b>39,9</b>	42,6
Due after 5 years	<b>20,1</b>	21,1
Total	<b>79,8</b>	84,3

**3. CONTINGENT LIABILITIES**

	<b>31.3.</b>	31.12.
EUR million	<b>2008</b>	2007
Pledges given		
Pledges given as surety	<b>1,2</b>	1,3
Guarantees given		
For others (*)	<b>39,4</b>	42,3
Pledges and guarantees given, total	<b>40,6</b>	43,6
Other commitments		
Repurchase commitments	<b>0,2</b>	0,2
Contingent liabilities in QTE-arrangement		
Lease-leaseback agreement (QTE facility)		
Total value of the arrangement	<b>128,4</b>	137,9
Termination risk	<b>11,4</b>	14,5

*\*) 37,9 milj. euros is related to hedging of the guarantor bank in the QTE-arrangement*

**4. DERIVATIVE INSTRUMENTS**

	<b>31.3.</b>	31.12.
EUR million	<b>2008</b>	2007
Interest rate swaps		
Nominal value	<b>150,0</b>	<b>150,0</b>
Fair value recognised in the balance sheet	<b>-0,6</b>	<b>-3,0</b>
Credit default swaps (*)		
Nominal value	<b>41,7</b>	<b>45,6</b>
Fair value recognised in the balance sheet	<b>2,4</b>	<b>1,0</b>

*\*) CDS is related to hedging of the guarantor bank in the QTE-arrangement*



## KEY FIGURES

EUR million	1-3 2008	1-3 2007	1-12 2007
Shareholders' equity per share, EUR	4,99	6,89	6,53
Interest bearing net debt	955,1	578,4	738,4
Gearing	120,6 %	51,6 %	71,3 %
Equity ratio	37,7 %	51,0 %	47,9 %
Return on investment (ROI) *)	17,2 %	14,9 %	18,3 %
Gross investments in fixed assets	37,6	44,8	206,4
of which finance lease investments	0,2	0,3	2,7
Gross investments as % of revenue	10,2 %	11,8 %	13,2 %
Investments in shares,	1,1	4,6	12,4
Average number of employees	3 008	3 435	3 299

\*) rolling 12 months profit preceding the reporting date

## Formulae for financial indicators

Gearing %	$\frac{\text{Interest-bearing debt - cash and cash equivalents}}{\text{Total equity}} \times 100$
Equity ratio %	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$
Return on investment % (ROI)	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total equity + interest bearing liabilities (average)}} \times 100$
Net debt	Interest-bearing debt - cash and cash equivalents
Shareholders' equity per share	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares outstanding at end of period}}$
Earnings/share	$\frac{\text{Profit for the period attributable to equity holders of parent}}{\text{Average number of outstanding shares}}$