

ELISA'S Q2 PRE-TAX PROFIT AMOUNTED TO EUR 7 MILLION

The Group's April-June revenue amounted to EUR 391 million (406). The key figures were as follows*):

- EBITDA EUR 97 million (86)
- EBIT EUR 17 million (-32), exclusive of amortisation on Group goodwill EUR 30 million (-12)
- result before extraordinary items and taxes EUR 7 million (-48), exclusive of amortisation on Group goodwill EUR 20 million (-28).

Operative investments in fixed assets were EUR 39 million (49), investments in shares amounted to EUR 2 million (2) and GSM leasing liability buy-backs to EUR 8 million (21).

During the second quarter operative cash flow**) was EUR +48 million. Stable performance development and a moderate investment level had a positive impact on the operative cash flow. The financial position remained stable.

At the end of the review period:

- net debt amounted to EUR 742 million (757 at the end of 2002),
- the Group's equity ratio stood at 40 per cent (38.3 at the end of 2002).

CEO Veli-Matti Mattila, who assumed his duties on 1 July 2003, expects the 2003 revenue to remain slightly less than in 2002, but the result to grow at a steady pace compared with the previous year.

"We will focus on improving our profitability and competitiveness by enhancing cost efficiency. This will be achieved, for example, by relocating the corporate headquarters, combining the sales operations of Major Accounts and by reorganizing corporate staff functions. In addition, a strategy review process has been initiated. Our financial position will remain stable."

Information in this interim report is not audited.

*) Comparison figures from the year 2002 exclusive of non-recurring items: EBITDA EUR 86 million, EBIT EUR 6 million, and result before extraordinary items and taxes EUR -10 million. The Q2 result does not include any substantial non-recurring items.

**) Operative cash flow = clean EBITDA - operative CAPEX - net financial items; operative CAPEX = CAPEX excluding GSM network buy-backs.

ELISA CORPORATION

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Appendix:

Elisa Corporation's Interim Report, April-June 2003

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Major media

ELISA CORPORATION'S INTERIM REPORT FOR APRIL-JUNE 2003

Revenue

The Group's April-June revenue amounted to EUR 391 million (406). Revenue decreased by 3.7 per cent compared with the corresponding period last year. This was due to the disposals of non-core businesses and changes in accounting practices, as well as volume and price development.

Performance

The Group's April-June EBIT was EUR 17 million (-32, exclusive of non-recurring items the figure is 6). Without amortisation on consolidated goodwill the April-June EBIT was EUR 30 million (-12). The Q2 result does not include any substantial non-recurring items.

Planned depreciation and value adjustments on fixed assets totalled EUR 66 million (99, exclusive of non-recurring items the figure is 63). The shortening of write-off periods for mobile networks in early 2003 and buy-backs of mobile networks that Radiolinja previously leased were reflected in increased depreciation.

EUR 14 million (20, exclusive of non-recurring items the figure is 14) amortisation was booked on consolidated goodwill. The Group's goodwill resulting from the acquisition of subsidiaries amounted to EUR 553 million (583 at the end of 2002) at the end of the period under review.

The Group's financial income and expenses for April-June totalled EUR -10 million (-13).

The Group's share of associated companies' results amounted to EUR 0.2 million (-3).

The April-June taxes were positive by EUR +31 million (+6). On the basis of an advance ruling issued by the Tax Office for Major Corporations, the Group's parent company, Elisa Corporation, booked a EUR 142 million one-time write-off, conforming to business tax legislation (Business Tax Act §42), on the value of FMS Dravit Asset Management GmbH shares, the holding company of the Germany-based business. Of this sum, approximately a EUR 41 million deferred tax asset was booked in the consolidated financial statements. This had a positive effect on the Group's performance and equity ratio in the second quarter of 2003.

This tax asset can be set against taxes levied in Finland over the 2003-2005 tax periods. As the write-off is an item to be eliminated in the consolidated financial statements, it has no impact on the Group's EBIT.

April-June performance:

- result before extraordinary items and taxes amounted to EUR 7 million (-48, exclusive of non-recurring items the figure is -10) and exclusive of amortisation on Group goodwill EUR 20 million (-28)
- earnings after taxes and minority interests were EUR 37 million (-35)

The Group's April-June earnings per share stood at EUR 0.27 (-0.26).

Elisa Mobile business area

The Elisa Mobile business area's April-June results were:

- revenue EUR 190 million (192)
- EBITDA EUR 49 million (56)
- EBIT EUR 12 million (-5) and exclusive of amortisation on Group goodwill EUR 22 million (5).

Compared to the previous year's Q2, the revenue was largely affected by the disconnection of Telia Mobile Finland post-paid subscriptions from Radiolinja Origo's network in the summer of 2002. Furthermore, the continued fierce competition in the Finnish mobile communications market was reflected in the revenue development.

In addition to the disconnection of Telia Mobile Finland's subscriptions, the weakened EBITDA was also due to increased interconnection traffic expenses. Due to the final write-off of city networks and answering services, approximately EUR 4 million in value adjustments were targeted in the second quarter. On the other hand, profitability was improved by a larger number of service operator subscriptions compared to the previous year.

The EBIT, EUR 12 million (-5), was higher compared to the corresponding period in 2002. This was due to non-recurring value adjustments (EUR 26 million), which had an impact on the 2002 EBIT.

At the end of June 2003, Radiolinja's network in Finland had 1 356 881 subscriptions (1 289 016). This number includes Radiolinja's own subscriptions as well service operators' subscriptions roaming on Radiolinja Origo's network.

Subscriptions of Radiolinja's service operator in Finland:

- annualised churn for the review period was 13.4 per cent (12.7)
- average monthly use per customer totalled 146 minutes (141), and customers sent 29 (27) SMS messages per month
- average revenue per subscription (ARPU) amounted to EUR 41.7 a month (43.5).

Radiolinja customers increased their use of mobile phones during the second quarter. However, owing to lower customer tariffs in the Finnish mobile market, revenue per subscription (ARPU) was at a more modest level compared to the corresponding period of the previous year.

As of 1 May 2003, Radiolinja's service operator was incorporated to form Radiolinja Suomi Oy. Mäkitorppa, Radiolinja Solutions as well as Radiolinja Piste and Kamastore retail chains were also integrated into this new company.

Radiolinja Origo Oy and the Swedish telecom operator Tele2 AB signed a service operator agreement in June. Along with the agreement, Tele2 customers will have access to Radiolinja Origo's Finland-wide mobile network services.

At the end of June, Radiolinja Eesti, Radiolinja's Estonian subsidiary had 160 150 subscriptions (148 500).

Radiolinja Eesti reported the following figures for April-June:

- revenue of EUR 15 million (15)
- EBITDA EUR 4 million (4) and
- EBIT EUR 2 million (2).

The April-June investments of the Elisa Mobile business area amounted to EUR 29 million (43). The investments include GSM leasing liability buy-backs from telcos of EUR 8 million (21).

On the basis of financial and production grounds plus business restructuring in the Elisa Mobile business area, employee negotiations were initiated in April. As a result of these negotiations the number of personnel will decrease by about 290 through notices and other arrangements, such as resignations and termination of fixed-term employment contracts. The employee negotiations concern the entire business area and all personnel groups. The measures are estimated to achieve approximately EUR 12 million in annual cost savings.

Fixed Network Business (ElisaCom and Elisa Networks business areas)

Fixed network business' results for April-June were:

- revenue was EUR 175 million (198)
- EBITDA amounted to EUR 50 million (50)
- EBIT totalled EUR 22 million (13).

The Q2 EBIT of the corresponding year 2002 includes network writedowns of EUR 6 million. Comparison figures of the previous year have been converted to correspond to the changes in group structure.

At the end of June, the Group with its associated companies had 1.18 million fixed subscriptions (1.20) in total.

The number of broadband subscriptions was approximately 93 500 (45 000). There were 176 500 TV cable subscriptions (161 500) at the end of June.

The new broadband price list of Elisa Networks was adopted on 1 April 2003. As a result of Elisa's requests for measures submitted to the Finnish Competition Authority, the gross prices of competitors' broadband products decreased during April-June. This enhances the Group's competitive edge in expanding the geographical availability of broadband services.

ElisaCom signed several major extension agreements with its Major Account customers. Elisa and Finnair, for example, agreed on expanding their cooperation by signing an agreement on the provision of telephony and data communication services in June. The agreement is valid until the end of 2008.

Elisa Networks and Sonera Carrier Networks signed a reciprocal blanket agreement on providing operator products and services. The aim of the agreement is to develop and harmonise the trade of operator products between the companies.

Elisa Networks and Suomen 2G Oy have extended their agreement on the provision of IN services in the fixed telephone network.

Germany-based Business (Elisa Kommunikation business area)

Operations in Germany reported for April-June:

- revenue of EUR 35 million (28)
- EBITDA was EUR 1 million (-4)
- EBIT of EUR -9 million (-20, exclusive of non-recurring items the figure is -16) and exclusive of amortisation on Group goodwill EUR -7 million (-12).

During the first half of the year revenue increased by approximately 20 per cent despite the economic slump in Germany and the weak market outlook. Improvement of EBITDA and reduction of losses were due to increased revenue, streamlining operations and labour cost saving measures.

Compared with the Q2 2002, the number of business customers grew by approximately 40 per cent, amounting to 18 400 (13 200).

Other companies

Comptel Corporation disclosed its April-June interim report on 23 July 2003 and Yomi Plc on 31 July 2003. The key figures of these listed companies in the April-June reports were:

Comptel Corporation

- revenue EUR 16.7 million (13.3)
- EBITDA EUR 2.7 million (0.5)
- EBIT EUR 2.0 million (-0.4)

Yomi Group

- revenue EUR 13.4 million (14.4)
- EBITDA EUR 2.1 million (1.2)
- EBIT EUR -0.7 million (-1.6)

Yomi's subsidiaries Kestel Oy and Kesnet Oy operations are associated with the fixed line business.

In addition, Estera Oy, also listed under 'Other companies' reported:

- revenue EUR 4.8 million
- EBITDA EUR 0.5 million
- EBIT EUR 0.3 million.

Investments

The Group's gross investments in fixed assets in April-June amounted to EUR 47 million (70), of which operative investments accounted for EUR 39 million (49) and acquisition of shares 2 million (2).

Investments in fixed assets amounted to:

- EUR 29 million in Radiolinja (purchases of EUR 6 million from other group companies)
- EUR 18 million in the fixed network business, and
- EUR 4 million in Germany-based business.

Radiolinja's investments include GSM leasing liability buy-backs from telcos for the amount of EUR 8 million (21).

Financial position

The Group's financial position and liquidity remained stable. Net debt amounted to EUR 742 million at the end of review period. The Group's equity ratio stood at 40.0 per cent (38.3 per cent at the end of 2002). Consolidated

cash flow after investments was EUR 15 million. More detailed information on the financial position is available on the attached table.

On 17 April 2003, the credit rating agency Standard & Poor's lowered its long-term credit rating of Elisa Corporation to 'BBB+' from 'A-'. The outlook of the credit rating is negative. Standard & Poor's affirmed its 'A-2' short-term corporate credit rating on the company.

On 16 June, the Group arranged a five-year EUR 170 million revolving credit facility. The loan arrangement is a committed credit line and is for general corporate purposes. It replaces a corresponding arrangement signed in November 1998. The Mandated Lead Arrangers were Nordea Bank Finland Plc and Sampo Bank plc.

Shares

Elisa Corporation's A share closed at EUR 7.48 on 30 June 2003. The highest quotation in April-June was EUR 7.70 and the lowest EUR 5.51. The average rate was EUR 6.71.

The company's number of shares was 138 011 757, all of which were A Shares. On 30 June 2003, their market capitalisation stood at EUR 1 026 million.

During the period from 1 April 2003 to 30 June 2003, a total of 18.7 million A Shares of the company were traded on the Helsinki Exchanges for an aggregate value of EUR 125.7 million. The exchange was 13.6 per cent of the number of A Shares on the market.

The number of Elisa Corporation's A options for the year 2000 is 3 600 000. Between 1 April 2003 – 30 June 2003, the total number of A options traded on the Helsinki Exchanges was 68 700 at a total price of EUR 4 978 and their average rate was EUR 0.07. The highest quotation of the A options in the April-June period was EUR 0.12, and the lowest EUR 0.02. The closing rate of the A option was EUR 0.02

Quotations of Elisa Corporation's B options for the year 2000 started on the Helsinki Exchanges on 2 May 2003. The amount of B options is 3 600 000. Between 2 May 2003 – 30 June 2003, the total number of B options traded on the Helsinki Exchanges was 33 100 at a total price of EUR 7 235 and their average rate was EUR 0.22. The highest quotation of the B options was EUR 0.26, and the lowest EUR 0.19. The closing rate of the B option was EUR 0.21.

The total number of Elisa Corporation's A Shares owned by the subsidiaries was 781 563 (781 563 at the end of 2002). The par value of the shares totalled EUR 390 781.50, and their proportion of the share capital and voting rights was 0.57 per cent. The book value of these company shares has been deducted from the distributable assets of the Group.

Moreover, the Group's pension funds own 1 547 763 A shares.

Legal issues

The following changes have taken place in the legal processes referred to in the company's annual report of 2002 and the interim reports published thereafter:

With reference to the action for annulment against the decision made at the Annual General Meeting of Oy Radiolinja Ab on 3 April 2000, and the ruling of 11 February 2003 by the Court of Appeal to reject the action for annulment, the plaintiffs have submitted a leave to appeal in the Supreme Court, which was in favour of the plaintiffs.

Elisa Corporation has proposed a redemption claim in accordance with Section 14 Paragraph 19 of the Companies Act to redeem the minority shareholders of Riihimäen Puhelin Oy at the price of EUR 1 525 per share. With regard to this, the Redemption Board of the Central Chamber of Commerce appointed Juha Kurkinen, Ph.D., M.Sc. (Econ.) arbitrator at its meeting on 20 May 2003. Elisa submitted on 10 June 2003 a statement of claim to the Court of Arbitration. There are approximately 900 shares to be redeemed.

Annual General Meeting

The Annual General Meeting was held at Helsinki Fair Centre on 4 April 2003. In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that no dividend be paid for 2002. The AGM confirmed the parent company's income statement and balance sheet, and the consolidated income statement and balance sheet. The members of the Board and the CEO were discharged from liability for 2002, and the proposal of the Board of Directors to amend Articles 1,3,4,7,11 and 13 of the Articles of Association was approved. The amended Articles of Association as a whole were published as an addendum to the AGM stock exchange release given on 4 April 2003.

The number of the members of the Board of Directors was confirmed at six (6), and the following members were elected for the subsequent one-year term: Keijo Suila, Ossi Virolainen, Matti Aura, Pekka Ketonen and Jere Lahti, plus a new member, Mika Ihamuotila, Executive Vice President at Sampo Plc. In compliance with the established practice, the monthly compensation of the Board members is used for purchases of Elisa shares. PricewaterhouseCoopers Oy (authorized public accountants, with APA Henrik Sormunen as the responsible auditor) was appointed as the company's auditor.

The Annual General Meeting approved the proposal of the Board of Directors to authorize the Board of Directors within one year from the Annual General Meeting to decide on increasing the company's share capital. The Board was to achieve this through one or more new issues, one or more convertible bonds and/or warrants so that in a new issue or when issuing convertible bonds or warrants, a maximum aggregate of 27.6 million of the company's A Shares can

be issued for subscription, and the company's share capital can be increased by a maximum of EUR 13.8 million in total.

The Board of Directors, elected by the AGM of Elisa Corporation, held its organisational meeting on 4 April 2003 and appointed CEO Keijo Suila Chairman of the Board and Managing Director Ossi Virolainen Deputy Chairman.

The amendments decided at the AGM, including changing the name to Elisa Corporation, were entered in the Trade Register on 11 April 2003.

Changes in corporate management

On the proposal of CEO Veli-Matti Mattila, Elisa Corporation's Board of Directors appointed a new Executive Board on 16 June, which comprises as follows:

- Mr Veli-Matti Mattila, President and CEO
- Mr Vesa-Pekka Silaskivi, CFO
- Mr Pasi Lehmus, Executive Vice President, ElisaCom business area
- Mr Tapio Karjalainen, Executive Vice President, Elisa Mobile business area
- Mr Jukka Veteläsuo, Executive Vice President, Elisa Networks business area
- Mr Hannu Turunen, Executive Vice President, Elisa Kommunikation business area
- Mr Asko Käsälä, Executive Vice President, Business Development, R&D, IT and Communications (as of 16 August)
- Mr Sami Ylikortes, Executive Vice President, Administration and HR.

All members of the Executive Board report to CEO Mattila.

Matti Mattheiszen (60), who stepped down as Elisa Corporation's CEO on 30 June, will continue working on special assignments for the Board until his retirement on 1 September 2003. Jarmo Kalm, Senior Executive Vice President and COO, will retire on 1 January 2004 as per his contract. Prior to his retirement, he will work on special assignments for the CEO.

Ms Satu Eskelinen, M.Sc. (Eng.), was appointed Soon Com Ltd's Managing Director to succeed Pasi Lehmus.

Events after the review period

The Ministry of Justice and ElisaCom agreed on the provision of voice and

mobile solutions for the Ministry and its administration. The agreement expands the long-term cooperation between the Ministry of Justice and Elisa. During the agreement period Elisa will gradually implement voice services for the 9 500 employees and over 350 offices of the Ministry of Justice by deploying new VoIP technology.

Radiolinja Eesti acquired a 3G licence in the Estonian market for EUR 4.5 million.

On 25 July, Münster's electricity utility used its right to sell its 4.95 per cent stake in Tropolys GmbH to Elisa Corporation's German subsidiary Elisa Kommunikation GmbH. Through the transaction Elisa Kommunikation's holding in Tropolys rose to 70.85 per cent. Münster electricity utility's entitlement to sell its stake is based on the agreement signed during the founding stage of Tropolys GmbH in 2000.

Future outlook

The Group's revenue for 2003 is estimated to remain slightly less than in 2002. EBITDA and EBIT will grow moderately compared with the previous year.

Owing to improved profitability and the moderate investment level the Group's cash flow will remain positive and net debt will be reduced. Operative investments are restricted to 15 per cent of the revenue at the maximum. Restructuring of non-core businesses will continue.

EBITDA of the Group's Germany-based business area is estimated to be positive in 2003.