

ELISA STOCK EXCHANGE RELEASE 08.02.07 AT 8.30 am

ELISA'S FINANCIAL STATEMENTS FOR 2006

Year 2006

- Revenue increased by 14% to EUR 1,518 million in 2006
- Excluding non-recurring items, both EBITDA improved to EUR 445 million (346) and pre-tax profit to EUR 222 million (112)
- Profit before taxes amounted to EUR 212 million (212)
- Earnings per share was EUR 0.97 (1.22)

October-December 2006

- Revenue increased by 17 per cent to EUR 401 million (343)
- Excluding non-recurring items, both EBITDA improved to EUR 119 million (89) and pre-tax profit to EUR 70 million (27)
- Profit before taxes amounted to EUR 69 million (33)
- Revenue per subscription (ARPU) in the mobile network improved slightly from the previous quarter's EUR 30.5 to EUR 30.8. Churn increased from 11.7 to 14.0 per cent
- The number of mobile subscriptions continued to increase during the fourth quarter, due in part to the new 3G service bundles
- The number of broadband subscriptions increased by approximately 17,000 on the previous quarter.
- The financial position remained stable: the equity ratio at the end of December stood at 63 per cent (62) and net debt at EUR 377 million (293)

Key indicators were as follows:

Income statement EUR million	10-12/2006	10-12/2005	1-12/2006	1-12/2005
Revenue	401	343	1,518	1,337
EBITDA	118 ¹⁾	95 ²⁾	434 ³⁾	446 ⁴⁾
EBIT	70	38	225	233
Profit before taxes	69	33	212	212
Earnings per share, EUR	0.31	0.18	0.97	1.22
Capital expenditures	70	71	207	204

EBITDA excluding non-recurring items: ¹⁾ EUR 119m, ²⁾ EUR 89m, ³⁾ EUR 445m, ⁴⁾ EUR 346m

Figures describing the financial position and cash flow:

Financial position	31 Dec 2006	31 Dec 2005
Net debt	377	293
Equity ratio, %	63.1	61.7
Cash flow statement	1-12/2006	1-12/2005
Cash flow after investments	118	308

The Board of Directors will propose to the General Meeting that a dividend of EUR 0.50 per share plus an extra dividend of EUR 1.00 per share, which totals EUR 1.50 per share, be distributed for 2006. This corresponds to 152 per cent of the profit for the financial period. The Board of Directors also decided to apply to the General Meeting for authorisation to buy back 8 million treasury shares, which accounts for 5 per cent of total shares. The Group has specified the following medium-term capital structure objectives: net debt to EBITDA of 1.5-2 and gearing of 50-100 percent. The purpose of these proposals is to improve the

efficiency of capital structure significantly. The parent company's distributable proceeds at year-end amounted to EUR 574 million.

CEO Veli-Matti Mattila:

"The year 2006 was outstanding.

Elisa's success last year within both the broadband market and mobile communications was excellent. In Finland, we strengthened our leading position in the broadband market as the number of subscriptions increased by approximately one fifth. Success in mobile communications also furthered Elisa's success in the 3G service bundles market.

During the last quarter, the number of broadband subscriptions grew by approximately 17,000. We expanded our broadband offering by introducing, among other things, the Viihdekaista entertainment service that offers Canal Digital TV and movie services as well as video rentals.

The popularity of the 3G service bundles contributed significantly to the development of the wireless information society. Once service bundles were permitted in the beginning of April, the handset base started to renew rapidly. According to our estimate, Finns had approximately 350,000 3G service bundles by the end of the year. New handsets also brought about an increase in the use of new services.

Elisa's revenues grew 14% during the year and the result improved clearly. Thanks to all Elisa employees for their contribution to this successful result, for which a total bonus of EUR 6 million will be transferred to the personnel fund.

The significant difference between interconnection fees applied by different operators distorts competition on the mobile communication markets. The Finnish Communications Regulatory Authority's (FICORA) view of harmonising unequal interconnection fees is correct, and it is good that the authority has taken measures to this effect. There is a trend towards equal fees also within the EU.

By order of the Finnish Communications Regulatory Authority, the frequencies assigned to operators have been equally distributed as of the beginning of the year. This decision also supports harmonised interconnection fees. It would be just in terms of competition and fair to customers to migrate directly to equal fees and record this as a principle in legislation. "

ELISA CORPORATION

Vesa Sahivirta
Director, IR and Financial Communication

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Financial report 1 January to 31 December 2006

The financial report has been prepared in accordance with the IFRS recognition and measurement principles.

Market situation

The base of mobile communications terminals has evolved favourably in Finland with 3G handsets comprising a significant proportion of new terminals. Permitted since the beginning of April, the new 3G service bundles clearly intensified the service competition. The bundles, which offer new services, were highly popular. The number of Elisa mobile network subscriptions showed a positive development, and usage of subscriptions increased.

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.

Development of revenue, earnings and financial position

EUR million	2006	2005	2004
Revenue	1,518	1,337	1,356
EBITDA*	434	446	455
EBITDA, %*	28.6	33.4	33.6
EBIT*	225	233	242
EBIT, %*	14.8	17.4	17.8
Return on equity, %	12.1	15.9	19.2
Equity ratio, %	63.1	61.7	49.3

* Figures excluding non-recurring items:

EBITDA 2006 EUR 445 million, 2005 EUR 346 million and 2004 EUR 441 million.

EBITDA, % 2006 29.3%, 2005 25.9% and 2004 32.5%

EBIT, 2006 EUR 236 million, 2005 EUR 133 million, 2004 228 million

EBIT, % 2006 15.5%, 2005 9.9% and 2004 16.8%

Revenue development by segments:

EUR million	Financial statements	
	1-12/2006	1-12/2005
Mobile communications	930	740
Fixed network	665	671
Other businesses	0	38
Inter-segment sales	-77	-112
Total	1,518	1,337

Earnings development by segment:

EUR million	Financial statements		Excluding non-recurring items	
	1-12/2006	1-12/2005	1-12/2006*	1-12/2005**
Mobile communications				
EBITDA	259	220	263	190
EBITDA, %	28	30	28	26
EBIT	162	130	166	100
Fixed network				
EBITDA	181	160	187	156
EBITDA, %	27	24	28	23
EBIT	71	45	77	41
Other business and corporate functions				
EBITDA	-6	66	-6	0
EBIT	-7	58	-7	-8
Total				
EBITDA	434	446	445	346
EBITDA, %	29	33	33	26
EBIT	225	233	236	133

* Provision for reorganising operations, EUR -10 million

** Capital gain on the divestment of Yomi Software, EUR 4 million; compensations for damage in interconnection traffic, EUR 28 million; capital gain on real estate, EUR 15 million; capital gain on the disposal of Comptel shares and the related impact on earnings, EUR 40 million; IFRS adjustment relating to the transfer of pension liabilities, EUR 13 million; provision for reorganising operations, EUR -6 million; and capital gain on the sale of Estera, EUR 6 million.

The Group's revenue increased by 14 per cent. The growth was positively affected by increased 3G mobile terminal sales, increased use of mobile communications services, growth of the broadband business, as well as Elisa's acquisition of Saunalahti and the increase in traffic arising from Saunalahti subscriptions (Saunalahti was consolidated with Elisa's financial statements as of 1 November 2005).

The Group's EBITDA was EUR 434 million (446). EBITDA excluding non-recurring items was EUR 445 million (346), representing an increase of 29 per cent on the previous year. The improvement in EBITDA was affected by synergy benefits from the Saunalahti merger and business efficiency measures.

The Group's financial income and expenses totalled EUR -14 million (-22). The financial income also included the share of the associated companies' results, EUR 0.1 million (1.2). The financial items in the income statement for the fourth quarter of the year include a financial gain of EUR 2.6 million from the sale of bad debt receivables.

Income taxes in the income statement amounted to EUR -50 million (-34).

The Group's January-December result after taxes was EUR 161 million (178). The group's earnings per share (EPS) amounted to EUR 0.97 (1.22). At the end of 2006, the Group's equity per share was EUR 8.07 (8.06 at the end of 2005).

Changes in corporate structure

On 28 March 2006, Elisa deposited a security, as referred to in Chapter 14, Section 21 of the Companies Act, with regard to Saunalahti Group Oyj's shares that are to be redeemed. This increased Elisa's holding in Saunalahti to 100 per cent and ended the public quotation of Saunalahti shares.

In accordance with the terms of Elisa's Saunalahti deal as determined by the Finnish Competition Authority, Saunalahti sold the Saunaverkko network required for the implementation of broadband services and its customer contracts in the Tampere, Jyväskylä and Riihimäki regions. Saunalahti also sold the Saunaverkko network without customer contracts in the Helsinki region.

In June, Elisa offered to buy all the shares in Lounet Oy, paying EUR 1,310 per share certificate for 1,000 shares in Lounet Oy. In addition, the General Meeting of Lounet Oy held on 19 June 2006 decided to pay a dividend of EUR 0.09 per share for 2005. The total value of the bid was approximately EUR 14 million, of which EUR 9.2 million was realised. The offer began on 21 June 2006 and ended on 31 December 2006. Elisa's shareholding in Lounet Oy was 80.2 per cent at that time.

Tikka Communications Oy and Jyväskylätintä Oy merged with Elisa as of 1 July 2006.

In September, Elisa sold the entire stock of Elisa Mobiilsideetenused As to its Estonian subsidiary Elisa Andmesideteenused As. Elisa Mobiilsideetenused As merged into Elisa Andmesideteenused As at the end of 2006.

Elisa sold the television business of the local channel TV Jyväskylä that operated in Elisa's cable TV network in the Jyväskylä region to TV Jyväskylä Ky through an agreement signed on 8 September 2006.

Mobile communication business

	31.12.2006	31.12.2005
Total number of subscriptions (Finland and Estonia)	2,488,900	2,228,100
- Elisa's network operator in Finland	2,194,400	1,962,100
- Subscriptions in Estonia	294,500	266,000

	10-12/2006	10-12/2005	1-12/2006	1-12/2005
Revenue/subscription**(ARPU),e	30.8	30.4	30.2	32.5
Churn**, %	14.0	22.6	13.8	28.4
Usage, million minutes*	1,330	1,070	4,888	3,509
Usage, min/subscription/month**	213	180	203	172
SMS, million msg*	336	275	1,193	827
SMS, msg/subscription/month**	54	40	50	38
Value-added services/revenue, %	17	17	17	16

* Elisa's network operator in Finland (the 2005 figures partly include Saunalahti subscriptions)

** Elisa's service operator in Finland (the 2005 figures excluding Saunalahti)

Elisa's network operators in Finland increased the number of its subscriptions by some 230,000 subscriptions during the year. The increase was markedly due to lively demand for 3G subscriptions and an increase in prepaid subscriptions. The number of subscriptions at the end of 2006 was approximately 2,200,000. The fourth-quarter increase was approximately 30,000 subscriptions.

The call minutes per subscription of Elisa's own service operators rose by approximately 18 per cent and the number of SMS messages increased by approximately 32 per cent on the previous year. The call minutes per subscription only include outgoing traffic.

The call minutes of the network operator rose by 39 per cent and SMS messages by 44 per cent. The increased volume of traffic was due to additional traffic brought by Saunalahti, among other things.

Revenue per subscription (ARPU) decreased by approximately 7 per cent on the previous year. This was due to a fall in average prices per minute and a reduction in interconnection fees in June 2006. The increased usage per subscription failed to completely compensate for the decrease due to price erosion and interconnection fees.

In March, Elisa introduced a new pricing model for the use of wireless services, which is based on a monthly fee system similar to broadband subscriptions.

Elisa was the first operator in the Nordic region to open its HSDPA network, tripling the speeds of connections in the mobile phone network. The speed of the network is 1 Mbit/s. Elisa also launched its HSDPA network in Tallinn and Pärnu, Estonia in July.

Elisa's 3G network covers approximately 65 cities in Finland, the total coverage being approximately 40 per cent of the population.

As of 20 September, 2006, Elisa launched the most comprehensive mobile TV service in Finland for its 2G and 3G customers. The service provides access to eight different TV channels.

Elisa revised the international roaming pricing of its mobile calls and SMS messages as of 1 January 2007, harmonising the pricing of calls and SMS messages its customers make or receive abroad. In the new pricing model, calls made or received abroad are divided into different zones, each with two price categories. One price category is for calls on the preferred operator's network, and another for calls on the networks of other operators.

The Finnish Regulatory Authority has issued new decisions of significant market power affecting interconnection fees. Elisa's obligations remain unchanged in this regard. In accordance with the new decision, Saunalahti changed its mobile interconnection fee as of 1 June 2006, to 8.4 cents per minute (previously 11 cents per minute), which corresponds to Elisa's mobile interconnection fee. The change is based on Saunalahti's operations being part of Elisa's business operations. Furthermore, FICORA is currently investigating the regulatory compliance of declining traffic pricing.

In May, Elisa agreed on new mobile interconnection fees with TeliaSonera Finland. As of 1 January 2007, the mobile interconnection fee charged by Elisa will be 7.25 cents per

minute (previously 8.4 cents per minute). However, not all the negotiations between the operators have been concluded.

In December 2006, the Finnish Communications Regulatory Authority published its view on the development of interconnection fees between mobile operators. FICORA's view extends to 2009 and comprises annual minimums and maximums for interconnection fees. FICORA demands reductions in the price level and narrowing of price differences. Its intention is also to support commercial negotiations between businesses in order to reduce declining traffic prices. FICORA will decide on the maximum allowed price for declining traffic if the parties are unable to reach an agreement on interconnection fees.

The success of Elisa's subsidiary in Estonia continued. Revenue increased to EUR 102.9 million (88.1), EBITDA to EUR 32.6 million (27.9) and EBIT to EUR 22.5 million (18.5). The number of subscriptions stood at 294,500 (266,000) at the end of 2006.

Fixed network business

Number of subscriptions	31 Dec 2006	31 Dec 2005	Change, %
Broadband subscriptions	496,300	420,500	18
ISDN channels	76,200	128,700	-41
Cable TV subscriptions	226,000	214,100	6
Analogue and other subscriptions	521,100	578,000	-10
Subscriptions, total	1,319,600	1,341,800	-2

The demand for Elisa's broadband subscriptions continued briskly throughout 2006. The number of subscriptions showed an increase of 18 per cent on the previous year. The fourth-quarter increase in broadband was approximately 17,000 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.

Elisa continued its investments targeted at increasing the speeds of the fixed broadband network and enabling the company to offer new services.

Elisa launched a broadband bundle that includes a broadband subscription and a laptop computer.

Elisa decided to phase out its public phones by 30 September 2007.

Cisco Systems granted Elisa two awards during the year: in May, Elisa received the IP Communications Specialization certificate for its role as an expert partner in IP-based communications solutions, and in December a certificate for its expertise in wireless solutions. Elisa was also the first Finnish company to receive Cisco's Advanced Technology Partner (ATP) certificate, which Cisco grants to selected partners for their excellent performance in the sale, design, installation or maintenance of IP-based communications solutions, or for their prominent role in innovative projects.

Personnel

Elisa employed 4,086 people on average in 2006 (2005 average 4,989 people and 2004 average 5,590 people). Wages and salaries in 2006 totalled EUR 173 million (2005 EUR 194 million, 2004 EUR 212 million). At the end of 2006, the number of personnel was 3,592 (4,681).

Personnel by segments:

	31 Dec 2006	31 Dec 2005	31 Dec 2004
Mobile communications	1,329	1,629	1,477
Fixed network	2,224	3,001	3,015
Other business operations	-	-	814
Corporate functions	38	51	70
Total	3,592	4,681	5,376

Reorganisation of operations within Elisa continued in 2006. Elisa transferred 134 people from its telemarketing operations to Manpower Business Solutions Oy, and 119 people transferred from Elisa's order processing and invoicing to Barona Oy.

The number of personnel in Elisa's Business Customers unit decreased by 182, partly through voluntary resignation and partly as a consequence of statutory labour negotiations.

The sales of business operations associated with customer installations, maintenance and financial management entered into force on 1 September 2006. As a consequence of the transactions, 337 people transferred from Elisa to Relacom Finland Oy, and 32 people transferred to Pretax BSP OY.

On 1 January 2007, Elisa outsourced field operations associated with customer installations and maintenance in Central Finland, Northern Savo and Northern Karelia to Daxtum Oy, transferring 47 employees.

A total bonus of EUR 6 million will be transferred to the personnel fund.

In March, Elisa's Board of Directors decided on a new share-based incentive system for key personnel. The potential reward from the system is based on the overall returns on Elisa shares from 2006 to 2008 and will be paid in 2008 and 2010 partly in company shares and partly in cash.

Investments

EUR million	1-12/2006	1-12/2005	1-12/2004
Capital expenditures, of which	207	204	182
- mobile communication business	78	86	68
- GSM leasing liability buy-backs	2	4	20
- fixed network business	127	112	88
- others		2	6
Shares	10	415	61
- of which obtained through an exchange of shares		361	47
Total	218	619	243

The Group's depreciations were EUR 209 million (213).

Financial position

Elisa's financial position and liquidity remained stable. Cash flow after investments amounted to EUR 118 million (308).

In October, Standard & Poor's Ratings Services confirmed the credit rating of Elisa's long-term debt at the current level of BBB. The outlook for the credit rating changed from negative to stable. Elisa's short-term rating increased from A-3 to A-2.

Financial key indicators:

EUR million	31 Dec 2006	31 Dec 2005
Net debt	377	293
Gearing, %	28.7	21.7
Equity ratio, %	63.1	61.7
	1-12/2006	1-12/2005
Cash flow after investments	118	308

Valid financing arrangements:

EUR million	Maximum amount	In use on 31 Dec 2006
Committed credit line	170	0
Commercial paper programme 1)	150	0
EMTN programme 2)	1 000	316

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

Shares

At the end of the year, Elisa's total number of shares was 166,066,016 (166,066,016), all within one share series. The market capitalisation at the end of the year stood at EUR 3,360 million (2,596). The market capitalisation grew by 29% during the year.

In 2006, a total of 247 million (248) Elisa shares were traded on the Helsinki Stock Exchange for an aggregate of EUR 4,218 million (3,464). The exchange was 153 per cent (172) of the number of shares on the market. Shareholdings in the nominee register grew from 42 per cent to 47 per cent.

All 379,800 shares not transferred to the book entry system that were held in a joint book-entry account were sold on behalf of their owners on the Helsinki Stock Exchange in accordance with the Companies Act.

Elisa did not have any valid warrants at the end of 2006.

Treasury shares

Between 27 October and 4 December 2006, Elisa acquired 4,000,000 treasury shares through the Helsinki Stock Exchange at an average price of EUR 19.85. The aggregate acquisition price is approximately EUR 79.4 million. Following the acquisitions, the company holds 4,000,000 Elisa shares. Furthermore, the subsidiary Lounet Oy holds 125,000 Elisa shares (180,000 at the end of 2005).

At the end of the year the total number of Elisa shares owned by Group companies was 4,125,000 (180,000 at the end of 2005). The nominal value of the shares totalled approximately EUR 79.4 million, and their proportion of the share capital and voting rights was 2.48 per cent.

Research and development

The Group invested EUR 6 million in research and development in 2006 (EUR 8 million in 2005 and EUR 17 million in 2004), corresponding to 0.4 per cent of revenue (0.6 per cent in 2005 and 1.3 per cent in 2004). Due to structural changes, the figures are not comparable with previous years.

Focal points for research included the development of a service-oriented electronic market, digitalisation of customer operating environments and new operating patterns, mobile TV and community communications services, as well as ubiquitous computing (ubicom). Research was intensely networked with national and international industry players. Development operations were focused on new IP-based mobile communication and broadband network solutions, as well as new services aimed at businesses and consumers.

Elisa's General Meeting of Shareholders

Elisa's Annual General Meeting decided on 27 March 2006 to pay a dividend of EUR 0.70 per share for 2005. The number of the members of the Board of Directors was confirmed at five (5), and the following members were re-elected for the ensuing term, ending at the close of the next Annual General Meeting: Mika Ihamuotila, Pekka Ketonen, Lasse Kurkilahti, Matti Manner and Ossi Virolainen.

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 approved the Board of Directors' proposal authorising the Board of Directors to decide on increasing the company's share capital. The authorisation is valid for one year. A maximum aggregate of 33.2 million of the company's shares can be issued, and the company's share capital can be increased by a maximum of EUR 16,600,000 in total.

The Annual General Meeting approved the Board of Directors' proposal concerning the authorisation to acquire and assign treasury shares. The authorisation applies to a maximum of 16,000,000 treasury shares.

Significant legal issues

The court ruling dismissing the action for annulment of the decision to increase the share capital made at the former Oy Radiolinja Ab's General Meeting of Shareholders in spring 2000 has become final. The redemption price concerning 325 Radiolinja shares is still pending. The demands for increasing the redemption price are mainly based on the above mentioned action for annulment that was resolved in favour of Elisa. A court of arbitration set the redemption price for Radiolinja's shares at EUR 7,904.83 in 2001.

On 8 May 2006, a court of arbitration set the redemption price for Tikka Communications Oy's shares at EUR 1,940 per share. The total redemption price was approximately EUR 700,000.

On 16 May 2006, a court of arbitration set the redemption price for Saunalahti Group Oyj's shares at EUR 2.56 per share, which corresponds to a total redemption price of approximately EUR 9.8 million.

With regard to suspected securities market offences concerning Jippii Group in 2001, Elisa's subsidiary Saunalahti Group Oyj (formerly Jippii Group) has been issued a demand for a fine of EUR 800,000 and a forfeiture of approximately EUR 215,000.

The Finnish Competition Authority is conducting an investigation into Elisa concerning the pricing of broadband subscriptions in 2003–2006.

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 high, so the overall market for mobile subscriptions in Finland cannot grow significantly. 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 Group's core operations are covered by insurance against damage and interruptions caused by accidents. Accident risks also include litigations and claims.

Financial risks

There were no changes in Elisa's risk management policy in 2006. Financial risks are described in more detail in the company's financial statements.

In order to manage interest rate risk, the Group's borrowing and investments are diversified in fixed- and variable-rate instruments. Derivative instruments were not used in 2006.

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

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. The amount of the Group's liquid assets, committed credit limits and investments totalled EUR 192 million at the end of 2006 (EUR 383 million).

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.

Environmental issues

Elisa carries out high-quality and environmentally friendly telecommunications services. The aims of the company's confirmed environmental policy are as follows: to promote sustainable development on local, national and international levels as part of competitive business practice, to commit to protecting the environment affected by Elisa's operations, to take environmental, quality and safety considerations into account in its decision-making and management systems, and to comply with national and international environmental regulations.

Elisa evaluated suppliers and subcontractors also according to environmental criteria, and improved awareness of environmental issues among the personnel by openly and regularly providing information on their effects.

The principal projects in 2006 included: initiating the design of a standardised environmental management system, further development of the environmental load data reporting system, improving waste management and developing the production waste processes.

Elisa collaborates with organisations such as Vodafone, The European Telecommunications Network Operators' Association (ETNO) and Lassila&Tikanoja plc on environmental issues.

Events after the financial period

Elisa initiated the doubling of its 3G network speed. The new maximum speed of 2 megabits will initially serve business users in particular who need fast connections to enable mobile work.

Elisa and Barona Solutions Oy signed a letter of intent concerning the outsourcing of Elisa's operations related to order management and invoicing of corporate customers to Barona as of 1 February 2007. In connection with the transfer, a total of 187 employees transferred from Elisa to Barona.

Elisa launched the Elisa Assistant service. The software is intended for Elisa's broadband customers and will activate in case of any problems. Elisa Assistant will help in determining the settings for Internet services or finding Web page addresses.

The mobile call pricing model for Elisa's private customer subscriptions is changing. From 1 March 2007 an opening fee of EUR 0.049/call will be charged for mobile calls made in Finland. The minute rates for subscriptions remain unchanged.

Outlook for 2007

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

Elisa's revenue is expected to increase on the previous year. EBITDA and EBIT excluding non-recurring items are expected to improve on the previous year. This will be affected by factors such as growth in the 3G market and the improved market situation and efficiency measures. However, EBITDA and EBIT for the first six months are estimated to be slightly weaker compared with the previous six months in part due to changes caused by interconnection fees in the mobile communications business.

Capital expenditures during the year are estimated to total 11 to 13 per cent of the revenue, and cash flow will remain clearly positive.

Dividend proposal

The Board of Directors has decided on Elisa's profit distribution policy, according to which 40 to 60 per cent of the profit will be distributed for the financial period. Distribution of profit includes dividend payment and purchase of treasury shares. The Board of Directors proposes that a dividend of EUR 0.50 per share plus an extra dividend of EUR 1.00 per share, totalling EUR 1.50 per share, be distributed for 2006. The dividend payment corresponds to 152 per cent of the profit for the financial period.

BOARD OF DIRECTORS

Information in this release is based on the company's audited Financial Statements.
The Auditor's report has been given on 7 February 2007.

CONSOLIDATED INCOME STATEMENT

	10-12	10-12	1-12	1-12
EUR million	2006	2005	2006	2005
Revenue	400,7	343,0	1 518,4	1 337,3
Other operating income	2,0	12,4	8,7	113,9
Materials and services	-182,4	-146,7	-689,3	-565,9
Employee benefit expenses	-53,7	-58,8	-213,9	-220,5
Other operating expenses	-48,4	-55,4	-189,4	-218,7
EBITDA	118,2	94,5	434,5	446,1
Depreciation	-47,8	-56,8	-209,1	-213,2
EBIT	70,4	37,7	225,4	232,9
Share of associated companies' profit	0,1	0,0	0,1	1,2
Financial income and expenses	-1,4	-5,1	-13,7	-22,2
Profit before tax	69,1	32,6	211,8	211,9
Income taxes	-18,1	-4,6	-50,4	-34,1
Profit for the period	51,0	28,0	161,4	177,8
Attributable to:				
Equity holders of the parent	50,7	27,2	160,3	176,2
Minority interest	0,3	0,8	1,1	1,6
Profit for the period	51,0	28,0	161,4	177,8
Earnings per share (EUR)				
Basic	0,31	0,18	0,97	1,22
Diluted	0,31	0,18	0,97	1,22
Average number of outstanding shares (1000 shares)				
Basic	163 885	153 822	165 417	144 807
Diluted	163 885	153 822	165 417	144 807

REVENUE BY BUSINESS SEGMENTS

	10-12	10-12	1-12	1-12
EUR million	2006	2005	2006	2005
Mobile	252,8	197,3	929,9	739,9
Fixed Network	162,3	173,0	665,0	670,9
Other Companies		1,5	0,1	38,2
Unallocated				
Intra-segment sales elimination	-14,4	-28,8	-76,6	-111,7
Corporation total	400,7	343,0	1 518,4	1 337,3

EBITDA BY BUSINESS SEGMENTS

	10-12	10-12	1-12	1-12
EUR million	2006	2005	2006	2005
Mobile	76,4	51,8	259,0	220,1
Fixed Network	43,4	36,8	181,1	159,6
Other Companies		5,2		55,8
Unallocated	-1,6	0,7	-5,6	10,5
Corporation total	118,2	94,5	434,5	446,1

EBIT BY BUSINESS SEGMENTS

	10-12	10-12	1-12	1-12
EUR million	2006	2005	2006	2005
Mobile	53,8	27,1	161,7	129,9
Fixed Network	18,8	3,4	70,6	44,8
Other Companies		5,2		47,3
Unallocated	-2,2	2,0	-6,9	10,9
Corporation total	70,4	37,7	225,4	232,9

CONSOLIDATED BALANCE SHEET

EUR million	31.12. 2006	31.12. 2005
Non-current assets		
Property, plant and equipment	645,5	660,6
Goodwill	772,3	770,6
Other intangible assets	190,4	178,7
Investments in associated companies	0,4	0,4
Available-for-sale investments	48,4	44,2
Other receivables	4,8	10,6
Deferred tax receivable	33,7	42,5
	1 695,5	1 707,6
Current assets		
Inventories	38,4	20,3
Trade and other receivables	334,8	261,8
Cash and cash equivalents	22,2	212,7
	395,4	494,8
Total assets	2 090,9	2 202,4
Equity attributable to equity holders of the parent	1 307,6	1 337,3
Minority interest	4,7	12,4
Total equity	1 312,3	1 349,7
Non-current liabilities		
Deferred tax liabilities	36,3	40,6
Provisions	8,2	9,4
Interest-bearing debt	321,1	393,7
Other non-current liabilities	16,1	12,7
	381,7	456,4
Current liabilities		
Trade and other payables	316,2	280,5
Provisions	2,7	3,4
Interest-bearing debt	78,0	112,4
	396,9	396,3
Total equity and liabilities	2 090,9	2 202,4

STATEMENT OF CHANGES IN EQUITY

EUR million	Share						Total equity
	Share capital	issue premium	Treasury shares	Other reserves	Retained earnings	Minority interest	
Total equity at 1.1.2005	71,0	530,4	-3,1	34,5	250,8	31,0	914,5
Available for sale investments				34,7			34,7
Other changes					3,7		3,7
Items recognised directly in equity				34,7	3,7		38,4
Profit for the period					176,2	1,6	177,8
Total recognised income and expense for the period				34,7	179,9	1,6	216,2
Sales of subsidiaries						-15,8	-15,8
Investment in subsidiaries			-0,2			-0,2	-0,4
Dividends					-123,2	-4,2	-127,4
Issue of share capital	12,0			349,7			361,7
Purchase of treasury shares			0,8				0,8
Total equity at 31.12.2005	83,0	530,4	-2,5	418,9	307,5	12,4	1 349,7
Total equity at 1.1.2006	83,0	530,4	-2,5	418,9	307,5	12,4	1 349,7
Available for sale investments				3,4			3,4
Other changes				-0,2	-0,5		-0,7
Items recognised directly in equity				3,2	-0,5		2,7
Profit for the period					160,3	1,1	161,4
Total recognised income and expense for the period				3,2	159,8	1,1	164,1
Investment in subsidiaries			-0,2			-5,8	-6,0
Dividends					-116,2	-3,0	-119,2
Investment in treasury shares			-79,4				-79,4
Sales of treasury shares			0,8		0,1		0,9
Share based compensation					2,2		2,2
Total equity at 31.12.2006	83,0	530,4	-81,3	422,1	353,4	4,7	1 312,3

CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-12 2006	1-12 2005
Cash flow from operating activities		
Profit before tax	211,8	211,9
Depreciation	209,1	213,2
Other adjustments to profit before tax	8,3	-66,3
Change in working capital	-76,8	-23,7
Cash flow from operating activities	352,4	335,1
Received dividends and interests and interest paid	-17,5	-20,5
Taxes paid	-0,3	-5,1
Net cash flow from operating activities	334,6	309,5
Cash flow from investments		
Capital expenditure	-205,7	-194,9
Investments in shares and other investments	-25,4	-4,1
Proceeds from asset disposal	14,9	197,5
Net cash used in investment	-216,2	-1,5
Cash flow after investments	118,4	308,0
Cash flow from financing		
Change in interest-bearing receivables		0,8
Investment in treasury shares	-79,4	
Proceeds from treasury shares	1,0	0,8
Repayment of long-term debt	-122,4	-102,4
Change in short-term debt	25,0	-18,6
Repayment of financing leases	-9,5	-16,7
Dividends paid	-123,6	-122,0
Net cash used in financing	-308,9	-258,1
Change in cash and cash equivalents	-190,5	49,9
Cash and cash equivalents at beginning of period	212,7	162,8
Cash and cash equivalents at end of period	22,2	212,7

LIABILITIES

EUR million	31.12. 2006	31.12. 2005
Mortgages, pledges and guarantees		
Mortgages		
For own and group companies		18,7
Pledges given		
Pledges given as surety	0,7	0,9
Guarantees given		
For others	0,5	3,1
Mortgages, pledges and guarantees total	1,2	22,6
Leasing contracts and other commitments		
Leasing commitments	12,9	14,3
Repurchase commitments	0,4	0,7
Real estate leases	67,8	63,3
Lease liabilities total	81,1	78,3
Other commitments		
Lease-leaseback agreement (QTE facility)		
Termination risk	18,6	23,5
Total value of the arrangement	154,1	171,5
Other commitments	0,0	0,6

KEY FIGURES

EUR million	10-12 2006	10-12 2005	1-12 2006	1-12 2005
Shareholders' equity/share, EUR			8,07	8,06
Net debt			376,9	293,5
Gearing			28,7 %	21,7 %
Equity ratio			63,1 %	61,7 %
Return on investment (ROI)			13,2 %	14,7 %
Gross investments in fixed assets	69,8	71,3	207,4	204,4
of which finance lease investments	0,7	0,3	1,7	9,5
Gross investments as % of revenue	17,4 %	20,8 %	13,7 %	15,3 %
Investments in shares,	2,1	374,7	10,3	414,8
of which paid in equity issue		361,2		361,2
Average number of personnel			4 086	4 989

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)	$\frac{\text{Profit before taxes + interest costs and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities (average)}} \times 100$
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	$\frac{\text{Profit for the period attributable to equity holders of parent}}{\text{Average number of outstanding shares}}$