2015

FINANCIAL STATEMENTS

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The report of the Board of Directors 2015

The Financial report has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Market situation

The competitive environment has been intense during the last year, typically having some campaigning and quite long discount periods in campaigns. The smartphone market grew and the usage of data services continued to evolve favourably. Approximately 92 per cent of the mobile handsets sold in 2015 were smartphones.

Another factor contributing to mobile market growth has been the increased network coverage of new 4G speeds. The competition in the fixed broadband market has been fierce in multi-dwelling units. The number and usage of traditional fixed network subscriptions is decreasing.

The markets for new visual communications (videoconferencing), IT outsourcing and IPTV entertainment services have continued to develop favourably. The demand for other new consumer online services is also growing.

Revenue, earnings and financial position

REVENUE AND EARNINGS

EUR million	2015	2014	2013
Revenue	1,569	1,535	1,547
EBITDA	532	520	491
EBITDA excl. non-recurring items	536	520	508
EBITDA-%	33.9	33.8	31.7
EBITDA-% excl. non-recurring items	34.1	33.8	32.8
EBIT	312	305	281
EBIT excl. non-recurring items	322	305	298
EBIT-%	19.9	19.9	18.1
EBIT-% excl. non-recurring items	20.5	19.9	19.3
Return on equity, %	27.0	25.6	22.9

Revenue increased by 2 per cent. Growth in the mobile service business and equipment sales in both Finland and Estonia, as well as new services in the Consumer Customers segment affected revenue positively. Lower mobile interconnection rates, Corporate Customers' visual communication services, and the decrease in usage and subscriptions of traditional fixed telecom services and operator sales in both segments affected revenue negatively.

Reported EBITDA includes non-recurring item of EUR 3 million, which relates to personnel reductions. EBITDA excluding non-recurring items increased by 3 per cent mainly due to revenue growth and productivity improvement measures. EBIT excluding non-recurring items increased by 5 per cent. Depreciation includes a EUR 6 million goodwill impairment write-down relating to Sulake Corporation.

Net financial income and expenses were EUR -24 million (-27), mainly due to lower interest rates and net debt. Income taxes in the income statement decreased to EUR -47 million (-55). Taxes include a positive change in deferred tax assets of EUR 6 million relating to Sulake Corporation. Elisa's net profit was EUR 244 million (223). The Group's earnings per share amounted to EUR 1.52, excluding non-recurring items EUR 1.54 (1.41).

FINANCIAL POSITION

EUR million	End 2015	End 2014	End 2013
Net debt	962	1,001	971
Net debt / EBITDA [1)	1.8	1.9	2.0
Gearing ratio, %	103.9	114	112.6
Equity ratio, %	41.4	39.4	37.3

EUR million	2015	2014	2013
Cash flow after investments	253	185	84

1) (interest-bearing debt – financial assets) / (4 previous quarters' EBITDA exclusive of non-recurring items)

Cash flow after investments was EUR 253 million, excluding acquisition EUR 266 million (185, excluding acquisitions 224). Cash flow excluding acquisitions grew, mainly due to increased EBITDA, improved net working capital change and lower net financial costs.

The financial and liquidity positions are good. Net debt decreased to EUR 962 million as a result of growth in cash flow and fewer share acquisitions compared to 2014. Cash and undrawn committed loans and credit lines totalled EUR 479 million at the end of 2015.

Changes in corporate structure

Elisa made a tender offer to all shareholders of Anvia at a price of EUR 2,000 per share from 15 April 2015 to 26 June 2015. Elisa's holding in Anvia increased to 32.5 per cent calculated without the disputed transaction of Anvia's treasury shares.

Consumer Customers business

EUR million	2015	2014
Revenue	983	954
EBITDA	348	327
EBITDA excl. non-recurring items	349	327
EBITDA-%	35.4	34.3
EBITDA-% excl. non-recurring items	35.5	34.3
EBIT	221	204
EBIT excl. non-recurring items	229	204
CAPEX	111	105

Revenue increased by 3 per cent. Mobile services, equipment sales and growth in new services contributed positively to revenue. The decrease in usage and subscriptions of traditional fixed telecom services and operator sales affected revenue negatively, as did the lower mobile interconnection rates.

Reported EBITDA includes a non-recurring item of EUR 1 million, which relates to personnel reductions. EBITDA excluding non-recurring items increased by 7 per cent, mainly due to revenue growth and productivity improvement measures.

Corporate Customers business

EUR million	2015	2014
Revenue	586	581
EBITDA	185	193
EBITDA excl. non-recurring items	187	193
EBITDA-%	31.5	33.2
EBITDA-% excl. non-recurring items	31.9	33.2
EBIT	91	101
EBIT excl. non-recurring items	93	101
CAPEX	85	87

Revenue increased by 1 per cent. Growth in mobile services, equipment sales and IT services contributed positively to revenue. Lower mobile interconnection rates, a decrease in visual communication services as well as a decrease in usage and subscriptions of traditional fixed telecom services and operator sales affected revenue negatively.

Reported EBITDA includes non-recurring items of EUR 2 million, which relates to personnel reductions. EBITDA excluding non-recurring items decreased by 3 per cent, mainly due to personnel increases and lower profitability in the visual communication business.

Personnel

In 2015, the average number of personnel at Elisa was 4,146 (4,138). Employee expenses increased to EUR 266 million (248), mainly due to changes in collective labour agreements and performance-based bonuses. Personnel at the end of 2015 amounted to 4,083 (4,089). Personnel by segment at the end of the period:

	End 2015	End 2014
Consumer Customers	2,290	2,338
Corporate Customers	1,793	1,751
Total	4,083	4,089

Investments

EUR million	2015	2014
Capital expenditure, of which	196	191
Consumer Customers	111	105
Corporate Customers	85	87
Shares	18	43
Total	213	235

In 2015, the main capital expenditures related to the capacity and coverage increase of the 4G networks, as well as to other network and IT investments. Investments in shares in 2015 relate to the ownership increase in Anvia.

Financing arrangements and ratings

VALID FINANCING ARRANGEMENTS

EUR million	Maximum amount	In use on 31 Dec 2015
Committed credit lines	300	0
EIB loan commitment	150	0
Commercial paper programme 1)	250	171
EMTN programme 2)	1,000	600

1) Domestic commercial paper program, not committed

2) Euro Medium Term Note program, not committed

LONG-TERM CREDIT RATINGS

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

The Group's cash and undrawn committed loans and credit lines totalled EUR 479 million (341) on 31 December 2015.

Standard & Poors upgraded Elisa's rating to 'BBB+' and affirmed the outlook as stable on 18 March 2015.

On 6 October 2015, Elisa signed a EUR 150 million loan agreement with the European Investment Bank. The loan can be drawn within 12 months from signing and its maturity is seven years.

Shares

Share trading volumes and closing prices are based on trades made on the Nasdaq Helsinki.

Trading of shares	2015	2014
Shares traded, millions	113.3	112.7
Volume, EUR million	3,214.4	2,359.4
% of shares	67.7	67.4

Shares and market values	End 2015	End 2014
Total number of shares	167,335,073	167,335,073
Treasury shares	7,851,006	7,986,043
Outstanding shares	159,484,067	159,349,030
Closing price, EUR	34.79	22.61
Market capitalisation, EUR million	5,822	3,783
Treasury shares, %	4.69	4.77

Elisa shares are also traded in alternative marketplaces. According to the Fidessa Fragmentation Index, the trading volumes in these markets during 2015 were 153 per cent (112) of that of the Nasdaq Helsinki. The total trading volume in all marketplaces represents approximately 171 per cent (143) of outstanding shares.

Number of shares	Total number of shares	Treasury shares	Outstanding shares
Shares at 31 Dec 2014	167,335,073	7,986,043	159,349,030
Performance Share Plan 4.2.2015 1)		-133,197	133,197
Restricted Share Plan 5.11.2015 1)		-1,840	1,840
Shares at 31 Dec 2015	167,335,073	7,851,006	159,484,067

1) Stock exchange bulletins 5 February 2015 and 5 November 2015

Research and development

The majority of the service development occurs during the ordinary course of business and is accounted for as a normal operating expense. Elisa invested EUR 15 million (13) in research and development, of which EUR 13 million was capitalised in 2015 (EUR 11 million in 2014 and EUR 8 million in 2013), corresponding to 0.9 per cent of revenue (0.8 per cent in 2014 and 0.6 per cent in 2013).

Annual General Meeting

On 26 March 2015, Elisa’s Annual General Meeting decided to pay a dividend of EUR 1.32 per share based on the 2014 financial statements. The dividend was paid to shareholders on 8 April 2015.

The Annual General Meeting adopted the financial statements for 2014. The members of the Board of Directors and the CEO were discharged from liability for 2014.

The number of the members of the Board of Directors was confirmed at six. Mr Raimo Lind, Mr Petteri Koponen, Ms Leena Niemistö, Ms Seija Turunen, Mr Jaakko Uotila and Mr Mika

Vehviläinen were re-elected as members of the Board of Directors. Mr Raimo Lind was elected as the Chairman of the Board and Mr Mika Vehviläinen as the Deputy Chairman.

Mr Raimo Lind (Chair), Ms Leena Niemistö and Mr Mika Vehviläinen were appointed to the Compensation & Nomination Committee. Ms Seija Turunen (Chair), Mr Petteri Koponen and Mr Jaakko Uotila were appointed to the Audit Committee.

KPMG Oy Ab, authorised public accountants, was appointed the company’s auditor. Mr Esa Kailiala, APA, is the responsible auditor.

Board of Directors’ authorisations

The Annual General Meeting decided on to authorise the Board of Directors to resolve to repurchase or accept as pledge the company’s own shares. The repurchase may be directed. The amount of shares under this authorisation is 5 million shares at maximum. The authorisation is effective until 30 June 2016.

The Annual General Meeting decided to authorise the Board of Directors to pass a resolution concerning the share issue, the right of assignment of treasury shares and/or the granting of special rights entitling to shares. A maximum aggregate of 15 million of the company’s shares can be issued under the authorization. The authorisation is effective until 30 June 2016.

Elisa Shareholders’ Nomination Board

As of 4 September 2015, the composition of Elisa's Shareholders' Nomination Board is as follows:

- Mr Kari Järvinen, Chief Executive Officer, nominated by Solidium Oy
- Mr Reima Rytsölä, Chief Investment Officer, nominated by Varma Mutual Pension Insurance Company
- Mr Timo Ritakallio, Chief Executive Officer, nominated by Ilmarinen Mutual Pension Insurance Company
- Mr Ted Roberts, Head of Finnish Equities, nominated by Nordea Funds
- Mr Raimo Lind, Chairman of the Board of Elisa

The Nomination Board elected Mr Kari Järvinen as the chair.

The shareholders' Nomination Board was established in 2012 by Annual General Meeting. Its duty is to prepare proposals for the election and remuneration of the members of the Board of Directors of Elisa for the Annual General Meeting.

Significant legal and regulatory issues

The paper invoice case initiated by the Consumer Ombudsman is still pending in the Supreme Court. The Consumer Ombudsman is asking that paper invoices for mobile subscriptions should be free of charge.

Elisa and Anvia are in dispute over the ownership arrangement of Anvia's treasury shares and their use at the General Meeting on 20 May 2015 and 19 August 2015. Elisa has requested that the aforementioned arrangement be confirmed to be invalid. Companies owned by Anvia, in turn, have brought an action for annulment in order to amend or annul the decisions made at the General Meeting. The consideration of the matters in the court instances is ongoing.

In April 2015, the Finnish Communications Regulatory Authority (FICORA) released the decisions on price levels of copper and fibre access lines. According to the decisions, Elisa and other major Finnish fixed-line operators must apply monthly maximum rental prices of EUR 10.70 in copper access lines and EUR 75.50 in fibre access lines. Elisa and some other fixed-line operators have appealed against the decision to the Supreme Administrative Court. On 6 July 2015, the Supreme Administrative Court has issued interim decisions, in which it suspended the implementation of the FICORA decisions until the appeals are resolved in the Supreme Administrative Court or until otherwise ordered.

On 8 April 2015, according to the Finnish Competition Act, the Finnish Competition and Consumer Authority (FCCA) approved the transaction in which Elisa gains control over Anvia.

On 13 March 2015, Helsinki District Court dismissed Visual Data Oy's claim demanding EUR 3.5 million damages from Elisa and several other telecommunication companies under the Competition Act (relates to publishing of subscribers' contact information). Visual Data has lodged an appeal.

In August 2015, FICORA issued a decision on the maximum interconnection fees for Finnish mobile operators. This decision is valid for three years. All Finnish mobile operators have an equal interconnection fee. From 1 December 2015, the interconnection fee reduced to 1.25 cents per minute. The MTR price reduction lowers both Elisa's revenue and costs, and thus has no material impact on profitability. Operators have appealed the decision to the Supreme Administrative Court. The Supreme Administrative Court has issued an interim decision not to suspend, so far, the implementation of the FICORA decision.

The new EU regulation regarding roaming and net neutrality has been officially approved and will come into force on 30 April 2016. Retail roaming charges will end in June 2017 provided that the new wholesale regulation is in force. Several substantial issues (e.g. fair use limits and wholesale regulation) are still open and were left to be decided later with separate regulation. Therefore, the final effects on Elisa remain open.

During the transitional period, starting from April 2016 and ending in June 2017, operators may charge an additional charge to domestic prices for all roaming use. The additional charge may not be higher than the current regulated wholesale roaming prices. Consequently, retail roaming prices will decrease and this is expected to have a slightly negative impact on Elisa's result.

Substantial risks and uncertainties associated with Elisa's operations

Risk management is part of Elisa's internal control system. It aims to ensure that risks affecting the company's business are identified, influenced and monitored. The company classifies risks into strategic, operational, hazard 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 businesses are monitored and regulated by several public authorities. This regulation also affects the price level of some products and services offered by Elisa. Regulation may also require investments which have long payback times.

The final effects of the new EU regulation regarding roaming and net neutrality are still open, and therefore it might have a financial impact on Elisa’s mobile business.

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, and growth in subscriptions is thus limited. Furthermore, the volume of phone traffic on Elisa’s fixed network has decreased during the last few years. These factors may limit opportunities for growth.

Hazard risks

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

Financial risks

In order to manage the interest rate risk, the Group’s loans and investments are diversified into fixed- and variable-rate instruments. Interest rate swaps can be used to manage the interest rate risk.

As most of Elisa's operations and cash flow are denominated in euros, the exchange rate risk is minor.

The objective of liquidity risk management is to ensure the Group’s financing in all circumstances. Elisa has cash reserves, committed credit facilities and a sustainable cash flow to cover its foreseeable financing needs.

Liquid assets are invested within confirmed limits in financially solid banks, domestic companies and institutions. Credit risk concentrations in accounts receivable are minor as the customer base is broad.

A detailed description of financial risk management can be found in Note 34 to the consolidated financial statements.

Corporate responsibility

Elisa’s key role in society is to enhance sustainable digitalisation by continuously improving the reliability, safety and availability of services and mitigating their climate impacts. Elisa’s focus is on customer satisfaction and, in environmental responsibility, on climate responsibility and energy efficiency, which can be influenced significantly through Elisa’s services and actions.

Customer demand for environmentally friendly ICT and online services continued to increase in 2015. Increasing usage enabled a further reduction in our customers carbon dioxide footprint of a total of 32,313 $tCO2$ (30,971), showing a 4 per cent reduction.

Elisa’s own carbon footprint continued to decline, and the footprint of mobile data is now zero. Elisa has purchased renewable energy with guarantees of origin since 2013. In 2015, expanded purchases covered all of electricity usage in Finland and Estonia. Energy efficiency in Elisa's data centres continued to improve, showing savings of 6,075 tCO_2 (5,029). Elisa saved 914 tCO_2 (823) through e-billing.

Elisa reports on its carbon footprint every year in the international CDP survey. In the CDP Nordic Climate Change 2015 report, Elisa's climate reporting received a perfect score of 100 out of 100 and Elisa made the Climate Disclosure Leadership 2015 (CDLI) index. The average score for Nordic companies was 84. Elisa's climate report for investors and global markets has received the highest ratings of Nordic enterprises and best of telecom companies.

Elisa is a pioneer in changing working culture and promoting flexible work using different kinds of virtual tools to support work and replace travelling. In 2015 employees teleworked on average 75 (70) days and participated in 211,014 (202,771) virtual meetings. Personnel survey reached an all-time high over a twelve-year period.

Elisa will publish its third online responsibility report as part of the Annual Report 2015. The responsibility report incorporates the GRI index.

Corporate Governance Statement

Elisa will publish a separate Corporate Governance Statement during week 10 (beginning 7 March 2016) on the company website at www.elisa.com.

Events after the financial period

The Shareholders' Nomination Board of Elisa Corporation proposes to the Annual General Meeting of 31 March 2016 that the number of members of the Board of Directors be seven. The Nomination Board proposes that Mr Raimo Lind, Mr Petteri Koponen, Ms Leena Niemistö, Ms Seija Turunen, Mr Jaakko Uotila and Mr Mika Vehviläinen be re-elected as members of the Board. The Nomination Board further proposes that Ms Clarisse Berggårdh be elected as a new member of the board.

Outlook and guidance for 2016

The macroeconomic environment in Finland is still expected to be weak in 2016. Competition in the Finnish telecommunications market also remains challenging.

Full-year revenue is estimated to be at the same level as in 2015. Mobile data, ICT and new online services are expected to increase revenue. Full-year EBITDA, excluding non-recurring items, is anticipated to be at the same level as in 2015. Full-year capital expenditure is expected to be a maximum of 12 per cent of revenue. Elisa's financial position and liquidity are good.

Elisa is continuing its productivity improvement measures, for example by streamlining the product portfolio and IT systems and operations. Additionally, Elisa is continuing to increase customer service and sales efficiency, as well as to reduce general administrative costs.

Elisa's transformation into a provider of exciting, new and relevant services for its customers is continuing. Long-term growth and profitability improvement will derive from mobile data market growth, as well as new online and ICT services.

Profit distribution

According to Elisa's distribution policy, profit distribution is 80–100 per cent of the previous fiscal year's net profit. In addition, any possible excess capital can be distributed to shareholders. When making the distribution proposal or decision, the Board of Directors will take into consideration the company's financial position, future financial needs and financial targets. Profit distribution includes dividend payment, capital repayment and purchase of treasury shares.

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.40 per share. The dividend payment corresponds to 92 per cent of the financial period's net profit.

Shareholders who are listed in the company's register of shareholders maintained by Euroclear Finland Ltd on 4 April 2016 are entitled to funds distributed by the General Meeting. The Board of Directors proposes that the payment date be 12 April 2016. The profit for the period will be added to retained earnings.

The Board of Directors also decided to propose to the General Meeting that the Board of Directors be authorised to acquire a maximum of 5 million treasury shares, which corresponds to 3 per cent of the total shares.

Consolidated income statement

EUR million	Note	2015	2014
Revenue	1, 4	1,569.5	1,535.2
Other operating income	5	4.8	8.2
Materials and services	6	-609.0	-606.1
Employee expenses	7, 27	-266.3	-247.7
Other operating expenses	8	-166.5	-170.0
EBITDA	1	532.5	519.7
Depreciation, amortisation and impairment	1, 10	-220.4	-214.7
EBIT	1	312.1	305.0
Financial income	11	3.6	4.7
Financial expenses	11	-27.4	-31.9
Share of associated companies' profit		2.3	-0.1
Profit before tax		290.6	277.7
Income taxes	12	-47.1	-54.7
Net profit		243.5	222.9
Attributable to:			
Equity holders of the parent		243.1	224.9
Non-controlling interests		0.4	-1.9
		243.5	222.9
Earnings per share (EUR/share) calculated from the profit attributable to equity holders of the parent:			
Basic	13	1.52	1.41
Diluted	13	1.52	1.41
Average number of outstanding shares (1,000 shares):			
Basic	13	159,470	159,349
Diluted	13	159,470	159,349

Consolidated statement of comprehensive income

EUR million	Note	2015	2014
Profit for the period		243.5	222.9
Other comprehensive income, net of tax			
Items which may be reclassified subsequently to profit or loss:			
Financial assets available-for-sale	19	12.0	7.3
Cash flow hedge		-0.9	-0.1
Translation differences		0.0	0.2
		11.1	7.3
Items which are not reclassified subsequently to profit or loss:			
Remeasurements of the net defined benefit liability	28	1.8	-3.6
Total comprehensive income		256.5	226.7
Total comprehensive income attributable to:			
Equity holders of the parent		256.1	228.6
Non-controlling interests		0.4	-1.9
		256.5	226.7

Consolidated statement of financial position

EUR million	Note	31 Dec. 2015	31 Dec. 2014
ASSETS			
Non-current assets			
Property, plant and equipment	14	677.4	692.0
Goodwill	15	830.1	831.5
Other intangible assets	15	134.8	137.0
Investments in associated companies	16, 35	59.5	48.8
Financial assets available-for-sale	17-19	30.3	20.4
Deferred tax assets	21	23.3	13.5
Trade and other receivables	17, 18, 20, 25	73.7	72.4
		1,829.1	1,815.5
Current assets			
Inventories	22	54.8	53.2
Trade and other receivables	23	333.4	330.4
Tax receivables		0.2	2.9
Cash and cash equivalents	24	29.1	41.3
		417.5	427.8
TOTAL ASSETS	1	2,246.6	2,243.4
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		83.0	83.0
Treasury shares		-145.5	-148.2
Contingency reserve		3.4	3.4
Fair value reserve		13.3	0.4
Other funds		381.0	381.0
Reserve for invested non-restricted equity		90.9	90.9
Retained earnings		499.3	467.5
Equity attributable to equity holders of the parent	26, 27	925.4	878.0
Non-controlling interests		0.5	0.6
TOTAL SHAREHOLDERS' EQUITY		925.9	878.6
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	21	22.7	21.0
Pension obligations	28	15.6	18.2
Provisions	29	3.4	3.1
Financial liabilities	30	686.0	818.0
Trade payables and other liabilities	31	23.9	28.2
		751.6	888.5
Current liabilities			
Trade and other payables	31	255.5	246.0
Tax liabilities		2.9	1.7
Provisions	29	5.4	3.8
Financial liabilities	30	305.2	224.9
		569.1	476.3
TOTAL LIABILITIES		1,320.7	1,364.8
TOTAL EQUITY AND LIABILITIES		2,246.6	2,243.4

Consolidated statement of cash flows

EUR million	Note	2015	2014
Cash flow from operating activities			
Profit before tax		290.6	277.7
Adjustments			
Depreciation, amortisation and impairment	10	220.4	214.7
Financial income (-) and expenses (+)		23.8	27.2
Gains (-) and losses (+) on the disposal of fixed assets		-2.9	-5.7
Increase (+) / decrease (-) in provisions in the income statement		2.0	-8.2
Other adjustments		-0.2	1.2
		243.0	229.2
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables		-1.6	-4.8
Increase (-) / decrease (+) in inventories		-5.6	-1.6
Increase (+) / decrease (-) in trade and other payables		6.9	-14.1
		-0.4	-20.5
Dividends received		2.9	0.7
Interest received		2.4	10.0
Interest paid		-23.8	-34.9
Taxes paid		-52.0	-50.1
Net cash flow from operations		462.8	412.1
Cash flow from investing activities			
Acquisitions of subsidiaries and businesses		-2.9	
Acquisitions of associates		-11.1	-37.9
Contingent consideration of subsidiaries		1.3	-0.8
Capital expenditure		-199.8	-197.8
Proceeds from disposal of subsidiaries			-0.4
Proceeds from sale of financial assets available-for-sale		1.5	0.5
Proceeds from disposal of tangible and intangible assets		1.1	9.1
Repayments of loans receivable		0.1	0.3
Net cash flow used in investing activities		-209.8	-227.0
Cash flow before financing activities		253.0	185.0
Cash flow from financing activities			
Proceeds from long-term borrowings		0.2	0.1
Repayment of long-term borrowings		-10.7	-172.7
Increase (+) / decrease (-) in short-term borrowings		-39.5	108.1
Repayment of finance lease liabilities		-4.8	-4.6
Acquisition of non-controlling interests			-5.6
Dividends paid		-210.3	-206.7
Net cash used in financing activities		-265.2	-281.5
Change in cash and cash equivalents		-12.2	-96.4
Cash and cash equivalents at the beginning of the period		41.3	137.8
Cash and cash equivalents at the end of the period	24	29.1	41.3

Consolidated statement of changes in shareholders' equity

EUR million	Equity attributable to equity holders of the parent							
EUR million	Share capital	Treasury shares	Other reserves	Reserve for invested non-restricted equity	Retained earnings	Total	Non-controlling interests	Total share-holders equity
Shareholders' equity at 1 Jan. 2014	83.0	-148.2	381.2	90.9	453.4	860.3	1.9	862.2
Profit for the period					224.9	224.9	-1.9	222.9
Translation differences					0.2	0.2		0.2
Remeasurements of the net defined benefit liability			-3.6			-3.6		-3.6
Financial assets available-for-sale			7.3			7.3		7.3
Cash flow hedge			-0.1			-0.1		-0.1
Total comprehensive income			3.5		225.1	228.6	-1.9	226.7
Dividends					-207.2	-207.2	-0.3	-207.5
Share-based compensation					2.3	2.3		2.3
Acquisition of non-controlling interests					-6.3	-6.3	1.0	-5.3
Other changes					0.4	0.4		0.4
Shareholders' equity at 31 Dec. 2014	83.0	-148.2	384.8	90.9	467.5	878.0	0.6	878.6
Profit for the period					243.1	243.1	0.4	243.5
Translation differences					0.0	0.0		0.0
Remeasurements of the net defined benefit liability			1.8			1.8		1.8
Financial assets available-for-sale			12.0			12.0		12.0
Cash flow hedge			-0.9			-0.9		-0.9
Total comprehensive income			12.9		243.1	256.1	0.4	256.5
Dividends					-210.5	-210.5	-0.5	-211.0
Share-based compensation		2.7			1.5	4.2		4.2
Other changes					-2.3	-2.3		-2.3
Shareholders' equity at 31 Dec. 2015	83.0	-145.5	397.7	90.9	499.3	925.5	0.5	925.9

Notes to the consolidated financial statements

Basic information on the Group

Elisa Corporation (“Elisa” or “the Group”) engages in telecommunications activities and provides ICT and online services in Finland and in selected international market areas. The parent company of the Group is Elisa Corporation (“the parent”) with domicile in Helsinki, and its registered address is Ratavartijankatu 5. The shares of the parent company, Elisa Corporation, have been listed on the NASDAQ OMX Helsinki since 1999.

On 28 January 2016 Elisa's Board of Directors has accepted this financial statement to be published. A copy of the consolidated financial statements is available from Elisa’s head office at Ratavartijankatu 5, Helsinki, or on the company’s website corporate.elisa.com.

Basis of presentation of financial statements

Elisa’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) including adherence with IAS and IFRS standards and SIC and IFRIC interpretations valid as at 31 December 2015. In the Finnish Accounting Act and the provisions issued pursuant to it, the International Financial Reporting Standards refer to standards and interpretations that have been approved for application in the EU according to the procedures provided for in EU regulation (EC) No. 1606/2002 (“IFRS”). The notes to the consolidated financial statements are also compliant with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets available-for-sale, financial assets and liabilities recognised at fair value through profit or loss, share-based payments and derivatives. The financial statements are presented in EUR million and the figures are rounded to one decimal place.

The preparation of consolidated financial statements in conformity with IFRS requires the application of judgment by the Group management in making estimates and decisions. Information on decisions requiring management judgment on the application of appropriate accounting principles that have a material impact on the consolidated financial statements are presented in the Accounting principles under ”The accounting policies that require management’s judgments and sources of estimation uncertainty”.

Applied new and revised standards and interpretations

The Annual Improvements of IFRS standards adopted as of 1 January 2015 did not have an impact on the consolidated financial statement.

Consolidated accounting principles

Combination principles

Subsidiaries

The consolidated financial statements include the parent company, Elisa Corporation, and those subsidiaries in which the Group has control. The control is obtained when the Group is exposed, or has the right, to variable returns through its power over the entity.

Subsidiaries are consolidated from the date the Group obtains control and the divested companies until the loss of control. The acquisition method is used in the accounting for the elimination of internal ownership. All intra-group transactions, gain on the sale of inventories and fixed assets, intra-group receivables, payables and dividends are eliminated.

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for equity transactions. As at the date when control is lost, any investment retained in the former subsidiary is recognised at fair value and the difference is recorded through profit or loss. Identifiable assets acquired and assumed liabilities are measured at their fair value as of the acquisition date. Changes in the contingent consideration and acquisition-related expenses are recognised as an expense in the income statement. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss. A gain resulting from a bargain purchase is recognised in profit or loss.

Non-controlling interests are measured either at the amount which equals the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The method to be used is selected on a case-by-case basis. Changes in non-controlling interests are recognised in retained earnings.

Profit for the period attributable to the equity holders of the parent and non-controlling interests is presented separately in the consolidated income statement. Non-controlling interests are presented separately from the equity of the owners of the parent in the consolidated statement of financial position. Losses exceeding the share of ownership are allocated to non-controlling interests.

Associates

Associated companies are entities over which the Group exercises significant influence. Significant influence is presumed to exist when the Group owns over 20 per cent of the voting rights of the company or when the Group otherwise exercises significant influence but does not exercise control. Associated companies are consolidated in accordance with the equity method. If the Group's share of losses of an associate exceeds its interest in the associate, the investment is recognised on the balance sheet at zero value and the group discontinues recognising its share of further losses unless the Group has other obligations for the associated company. Associated companies are consolidated from the date the company becomes an associate and divested companies are consolidated until the date of disposal.

Joint Arrangements

Joint arrangements are arrangements over which the Group exercises joint control with one or more parties. A joint arrangement is either a joint operation or a joint venture. A joint venture is a joint arrangement where the Group has rights to the net assets of the arrangement. A joint operation is a joint arrangement where the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The only joint arrangement owned by the Group is a joint operation which is consolidated using the proportional consolidation method.

Conversion of items denominated in a foreign currency

The consolidated financial statements have been presented in euro, which is the functional and presentation currency of the parent company.

Transactions in foreign currencies

Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing at the dates of transactions. Monetary items have been translated into the functional currency using the rates of exchange as at the year-end and non-monetary items using the rates of exchange at the dates of transactions, excluding items measured at fair value, which have been translated using the rates of exchange on the date of valuation. Gains and losses arising from the translation are recognised in profit or loss. Foreign exchange gains and losses from operations are included within the corresponding items above EBIT. Foreign exchange gains and losses from loans denominated in a foreign currency are included within financial income and expenses.

The translation of foreign Group companies' financial statements

The income statements of foreign Group companies are translated into euro using the average rate of exchange of the financial year and the statements of financial position using the rates of exchange as at the year-end. Differences resulting from the translation of the result for the period at a different rate on the income statement and on the statement of financial position are recognised in other comprehensive income as translation differences within consolidated shareholders' equity.

Revenue recognition principles

Revenue includes normal sales income from business operations deducted by taxes related to sales and discounts granted. Sales are recognised once the service has been rendered to the customer or once the significant risks and rewards related to the ownership of the goods have been transferred to the buyer. Service revenue is recognised when it is probable that economic benefit will flow to the Group and when the income and costs associated with the transaction can be measured reliably. Revenue and expenses related to long-term projects are recognised on the basis of the percentage of completion when the final outcome of the project can be estimated reliably. The percentage of completion is determined as a proportion of hours worked to the estimated total number of hours of work. When it is likely that total costs to complete the project will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group revenue consists mainly of income from voice and data traffic, periodic fees, opening fees and maintenance fees, as well as income from equipment sales. Sales are recognised as revenue once the service has been rendered either on the basis of realised traffic volumes or the validity of a contract. Opening fees are recognised at the time of connection. Revenues from prepaid mobile phone cards are recognised over the period of realised use of the cards. Service fees invoiced from a customer on behalf of a third-party content service provider are not recognised as revenue.

A service contract may include the delivery or rendering of a product and a service or access right (service bundle). The share of revenue attributable to the product is recognised separately from the service revenue.

Long-term service contracts covering a wide range of communications services for corporate customers are recognised over the term of the contract. Customers are usually not entitled to redeem the equipment at the end of the service period.

Customers belonging to loyalty programmes are entitled to certain discounts on services and products provided by the Group. Discounts earned by customers are recognised as reduction of revenue. The Group does not currently have any valid loyalty programmes.

EBIT

Earnings before interest and taxes (”EBIT”) stands for revenue and other operating income deducted by operating expenses (materials and services adjusted by change in inventories, employee expenses and other operating expenses), depreciation and amortisation.

Current taxes and deferred taxes

The tax expense in the income statement comprises current tax and deferred tax. Income taxes for the financial year are calculated from taxable profit with reference to a valid tax rate and are adjusted by possible previous years’ taxes.

Deferred taxes are calculated from all temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Principal temporary differences arise from tax losses carried forward, depreciation difference and fair value measurements in business combinations. Deferred tax is not recognised on goodwill impairment that is not deductible for tax purposes. Deferred tax is not recognised on non-distributable profits of subsidiaries as far as there is no profit distribution decision in the foreseeable future. No deferred tax is recognised on valuation differences of shares for which gain on sale would be tax-deductible.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax liabilities are recognized in the balance sheet in total.

Interest and dividends

Interest income is recognised using the effective interest method, and dividend income is recognised when the right to receive payment is established.

Intangible Assets

Goodwill

Goodwill arising from business combinations prior to 2004, is accounted for in accordance with the previous financial statements regulations and that book value is the assumed IFRS acquisition cost. Business combinations incurring between 1 January 2004 and 31 December 2009 have been accounted for in accordance with IFRS 3 (2004). Goodwill arising from business combinations incurring after 1 January 2010 represents the excess of the consideration transferred over the Group’s interest in the net fair value of the identifiable net assets acquired and the amount of non-controlling interest and in a business combination achieved in stages, the acquisition-date fair value of the equity interest.

Goodwill is not amortised. Goodwill is tested for impairment annually, or more frequently if events or circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill is allocated to the cash-generating units (CGU's) including Consumer Customers and Corporate Customers. Goodwill is carried at its cost less any accumulated impairment losses.

Research and development

Research costs are recorded as an expense in the income statement. Development expenses are recognised on the statement of financial position from the date the product is technically feasible, it can be utilised commercially and future economic benefit is expected from the product. Otherwise development costs are recorded as an expense. Development costs initially recognised as expenses are not capitalised at a later date.

Other intangible assets

An intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent costs related to intangible assets are capitalised only if the future economic benefits that will flow to the Group exceed the level of performance originally assessed. In other cases, the costs are recognised as an expense as incurred.

In connection with business combinations, intangible assets (such as customer base and brand) are measured at fair value. Other intangible assets are measured at original acquisition cost and amortised on a straight-line basis over their estimated useful life.

Amortisation periods for intangible assets:

Customer base	4–5 years
Brand	10 years
Development expenses	3 years
IT software	5 years
Other intangible assets	5–10 years

Property, plant and equipment

Property, plant and equipment are recognised in the statement of financial position at the original cost. Property, plant and equipment are stated at cost less accumulated depreciation and impairments. Depreciation is recorded on a straight-line basis over the useful lives. The residual value and the useful life of an asset is reviewed at the year-end and adjusted as necessary.

Subsequent costs, such as renewals and major renovation projects, are capitalised when it is probable that future economic benefits will flow to the Group. Ordinary repair, service and maintenance costs are recognised as an expense during the financial period in which they are incurred.

Expected useful lives of property, plant and equipment:

Buildings and constructions	25–40 years
Machinery and equipment in buildings	10–25 years
Telecommunications network (line, backbone, area, subscription, cable TV)	8–15 years
Exchanges and concentrators (fixed and mobile core)	6–10 years
Equipment for the network and exchanges	3–8 years
Telecommunication terminals	1–4 years
Other machinery and equipment	3–5 years

Land areas are not depreciated.

Government grants

Government grants related to the acquisition of property, plant and equipment, are recorded as a reduction of the carrying value of property, plant and equipment. The grants are recognised in income as lower depreciation charges over the useful life of the asset.

Government grants associated with development projects are recognised as other operating income when the related costs are recognised as expenses. Government grants associated with capitalised development costs are recorded as a reduction of cost.

Financial assets and liabilities

Financial assets

The Group classifies its financial assets as financial assets at fair value through profit or loss, loans and receivables and financial assets available-for-sale. The classification of financial assets takes place at initial recognition and depends on the purpose for which the financial assets were acquired. The purchases and sales of financial assets are recognised on the settlement date. Financial assets are derecognised once the contractual rights to the cash flows from the financial asset expires or once it has transferred substantially all the risks and rewards of ownership of the financial asset outside the Group.

Financial assets recognised at fair value through profit or loss are included in current assets. This category includes money market funds and commercial paper. Investments in money market funds consist of funds that make investments in high-quality euro-denominated fixed income securities issued by enterprises and public corporations operating in the European Economic Area. Commercial paper consists of debt securities issued by Finnish companies with a good credit rating. Both realised and unrealised gains and losses from changes in fair value are recognised in profit or loss during the financial period in which they incur.

Derivatives are recognised at fair value as financial assets or liabilities on the date of acquisition and are subsequently remeasured at their fair value. The recognition of changes in the fair value of derivatives depends on the use of the derivative contract. Outstanding derivatives that do not qualify for hedge accounting are recognised at fair value and the changes in fair value are immediately recognised within the financial items in the income statement. The fair value of derivatives is expected to approximate the quoted market price or, if this is not available, fair value is estimated using commonly used valuation methods.

Elisa has started hedge electricity purchases by derivatives during 2014. Derivative contracts are treated as cash flow hedges. The effective portion of derivatives that qualify for hedge accounting is recognised in the revaluation reserve of equity. The gains and losses in equity accumulated from the hedging instrument are recognised in the income statement when the hedged item affects the profit or loss. The ineffective portion is recognised in the income statement within other operative income or expenses. The change in the revaluation reserve recognised in equity is presented in the statement of comprehensive income under Cash flow hedge. Hedge accounting is discontinued when the hedging instrument expires or is sold or the contract is terminated or exercised. Any cumulative gains or losses existing in equity at that time remains in equity until the predicted transaction has occurred.

Loans and receivables are valued at amortised cost and are included either in current financial assets, or in non-current financial assets if they fall due within more than 12 months. In addition to loan receivables, this category includes trade receivables and other receivables. Trade receivables are recognised at the original invoiced amount. The Group recognises an impairment loss on trade receivables if the payment is delayed by more than 90 days or if a sales receivable is considered as finally lost. To the extent that trade receivables are sold, the impairment loss is reduced.

Financial assets available-for-sale are included in non-current assets. Equity investments, excluding investments in associated companies and mutual real estate companies, are classified as financial assets available-for-sale and are generally measured at fair value. Values of securities that cannot be measured reliably are reported at cost less impairment. Fair values of financial assets available-for-sale are measured either on the basis of the value of comparable companies, the discounted cash flow method or by using quoted market rates. Changes in the fair value of equity investments are recognized within other comprehensive income. When the equity investment is sold, accumulated changes in fair value are released from shareholders' equity and recognised in profit or loss.

Items measured at fair value are categorized using the three-level value hierarchy. Level 1 includes instruments with quoted prices in active markets. Listed shares owned by the Group are categorised at level 1. Level 2 includes instruments with observable prices based on market data. The Group's Interest rate and currency swap and electricity derivatives are categorised at level 2. Level 3 includes instruments with prices that are not based on verifiable market data but instead on the company's internal information, for example. The contingent consideration relating to business combinations are categorised at level 3. See Note 17.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, short-term bank deposits and other short-term highly liquid investments with maturity less than three months.

Financial liabilities

Financial liabilities are initially recognised at fair value equaling the net proceeds received. Financial liabilities are subsequently measured at amortised cost by using the effective interest method. Transaction costs are included within the cost of financial liabilities. Financial liabilities are recorded within non-current and current liabilities and they may be non-interest or interest-bearing.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that an asset is impaired. If such evidence exists, the recoverable amount of the asset is assessed. Regardless of any existence of impairment indications, the recoverable amount of goodwill and intangible assets under construction are also annually assessed. The Group does not have any intangible assets with an indefinite useful life. The need for impairment is assessed at the level of cash-generating units.

The recoverable amount of the asset is its fair value less costs of disposal or its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset item or a cash-generating unit. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognised immediately in the income statement. If an impairment loss is allocated to a cash-generating unit, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit on a pro rata basis. An impairment loss is reversed if there are indications that a change in circumstances has taken place and the asset's recoverable amount has changed since the impairment loss was recognised. However, the reversal of an impairment loss will never exceed the carrying amount of the asset had no impairment loss been recognised. An impairment loss recognised for goodwill is never reversed under any circumstances.

Inventories

Inventories are stated at the cost of an acquisition or at the net realisable value if lower that the cost. The cost is determined using a weighted average price.

Treasury shares

Elisa shares owned by the parent company (treasury shares) are reported as deduction from equity.

Provisions and contingent liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are possible obligations that arise from past events and their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities also include present obligations that arise from past events but it is not probable that an outflow of resources will be required to settle the obligations or the amount of the obligations cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the statement of financial position. Contingent liabilities are presented in the notes.

Employee benefits

Pension obligations

Pensions are classified as either defined contribution or defined benefit plans. In a defined contribution plan, the Group has no legal or constructive obligation to pay further contributions if the fund is unable to pay all employees the benefits relating to employee service. The premiums for defined contribution pension plans are recognised as expenses during the financial year in which they incur. A defined benefit plan is a pension plan that is not a defined contribution plan.

Groups' defined benefit obligation has been calculated separately from each plan by using the Projected Unit Credit Method. Pension expenses calculated by authorised actuaries are recognised in profit or loss over the employees' working lives. The rate used to discount the present value of the defined benefit obligation is determined by reference to market yields on high quality corporate bonds and if it is not available, the market yields on government bonds are used. The maturity of the corporate bonds and government bonds are substantially consistent with the maturity of the pension obligation. The present value of defined benefit obligation is reduced by the fair value of the plan assets at the end of the reporting period. The net defined benefit pension liability is recognised on the statement of financial position.

Current service cost and net interest of the net defined benefit liability are recorded in employee expenses in the income statement. The remeasurements of the net defined benefit liability, for example actuarial gains and losses and the return on plan assets, are recognised in other comprehensive income during the financial period in which they incur.

Performance-based bonus scheme and personnel fund

All employees are included in a performance, incentive or commission -based bonus scheme. The Group also has a personnel fund. The costs for the performance-based bonus scheme and personnel fund are recognised on accrual basis and the costs are based on the best available estimate of realised amounts.

Share-based incentives

The aim of the Group's share-based incentive plans is the long-term commitment of top management to the improvement of the company's value. The amount of the possible award to be paid is tied to the accomplishment of the related targets. Share-based incentive plans are measured at fair value at the date of grant and are charged to the income statement as follows: the cash portion of the reward is allocated until the end of the month preceding the month of the actual payment and the share portion of the reward is allocated over the restriction period. The proportion settled in shares is recognised in equity, while the proportion settled in cash is recognised as a liability. If the assumption regarding the realised number of shares changes, an adjustment is recorded through profit and loss. The fair value of the portion settled in cash shall be reassessed at the end of each financial period until the end of the month preceding the month during which the reward is paid. Transfer restrictions related to the scheme are not taken into account in fair valuation or expense recognition. The plans do not involve any other non-market based terms and conditions.

Leases

The group as a lessee

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term.

Leases of tangible assets, in which the Group has substantially all the risks and rewards of the ownership, are classified as finance leases. Assets acquired on finance leases are recognised in the statement of financial position at the beginning of the lease period at the lower of fair value of the leased asset or the present value of future minimum lease payments. Assets acquired under finance leases are depreciated over the useful life of the asset or if shorter, the lease period. Minimum lease payments are apportioned between financial expenses and the reduction of the outstanding liability over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance lease liabilities are recognised in interest-bearing liabilities. The Group has primarily leased telecommunications networks and facilities, servers and work stations, videoconference equipments and infrastructure under finance leases.

The group as a lessor

The Group acts as a lessor in two different types of lease arrangements that are accounted for operating leases. Rental income from telecom premises and carrier services are recognised as revenue over the lease period. Rental income from apartment leases is recorded in other operating income over the lease period.

The Group acts as a lessor in lease arrangements for video conferencing equipment that are accounted for as a finance lease. At the time of sale of the equipment, the proceeds are recorded as revenue and a receivable at a present value. Rental income is recorded as financial income and as a reduction of receivable over the lease period reflecting a constant periodic rate of return on the net investment.

The accounting policies that require management's judgements and sources of estimation uncertainty

The preparation of financial statements requires the application of judgment in making estimates and assumptions. Actual results may differ from the estimates and assumptions made. In addition, the application of the accounting principles also requires the application of judgment. The estimates are based on the management's best view at the end of the financial period. Any changes in estimates and assumptions are recognised in the financial year during which the estimate or assumption is adjusted as well as in all subsequent periods.

Impairment testing

Goodwill and intangible assets under construction are tested for impairment annually or more frequently if events or circumstances indicate a potential impairment. The recoverable amount of cash-generating units is determined by calculations based on value in use, the preparation of which requires estimates and assumptions. The main uncertainties are associated with the estimated level of revenue and profitability and the discount rate. Any changes may lead to the recognition of impairment losses. The carrying value of goodwill is EUR 830.1 million at 31 December 2015. See Note 15.

Share-based incentive plans

The expense recognition for the share-based incentive plans is based on an estimate of the fulfillment of the share incentive plan criteria and the development of Elisa share price. The fulfillment of the share incentive plan criteria and the development of the share price might deviate from the estimates. Share-based compensation expenses were EUR 6.7 million in 2015 and the liability relating to share-based incentive plans as at 31 December 2015 was EUR 10.8 million. See Note 27.

Income and expenses

The measurement and allocation of income and expenses to the appropriate financial period is partially based on estimates from past experience.

Deferred tax assets

Particularly as at the end of each financial period, the Group assesses the probability of subsidiaries generating taxable income against which unused tax losses can be utilised. The appropriateness for recognising other deferred tax assets is also determined as at the end of each financial period. Changes in the estimates may lead to the recognition of significant tax expenses. As at 31 December 2015, the Group has EUR 23.3 million deferred tax receivables.

Application of new and revised accounting pronouncements under IFRS

On 1 January 2018, the Group will adopt the following new standards, providing these are approved by the EU by the planned date of adoption.

- IFRS 15 Revenue from Contracts with Customers. The standard includes a 5-stepped contract based model to revenue recognition. Revenue can be recognised at a point of time or over time depending on when the customer obtains control of the asset. The change is not expected to have a material impact on the Groups financial statements.
- IFRS 9 Financial Instruments. In accordance with the standard, financial assets are measured at fair value unless certain conditions require measurement at amortised cost. The measurement models have also been simplified. The standard will change hedge accounting and offer a new credit loss –based way on assessing impairments. The change does not have a significant impact on the Groups financial statements.

On 1 January 2019, the Group will adopt the following new standard, providing it is approved by the EU by the planned date of adoption.

- IFRS 16 Leases. In respect of lessor the situation will remain largely unchanged. In respect of lessee all leases except short-term less than a 12-month contracts and contracts with low value will be recognised on balance sheet. The change will move off-balance sheet liabilities to the balance sheet and thus increase the amount of lease property and debt. The change does have a material impact on the Groups financial statements.

1. OPERATING SEGMENTS

The Group's reportable segments are based on the internal reporting provided to management. Elisa's internal organizational and management structure is based on a customer-oriented operating model. The Group's reportable operating segments are Consumer Customers and Corporate Customers.

The Consumer Customers segment provides consumers and households with telecommunications services, such as voice and data services. The Corporate Customers segment provides to the corporate and community customers voice and data services, ICT solutions and contact center services.

The segments are controlled by the segment-specific performance reporting that includes external revenue, EBITDA, EBIT and investments. Financial items, share of associated companies' profit and income taxes are not allocated to operating segments. The costs of production and support functions are allocated to operating segments on the matching principle. Operations in Estonia are divided into the Consumer Customers and Corporate Customers operating segments on the basis of customer accounts.

Segment assets consist of intangible and tangible assets, inventories, trade and other non-interest bearing receivables. Deferred taxes, investments in associated companies, financial assets available-for-sale, interest-bearing receivables, financial items and income tax receivables are not included in segment assets. Management reporting does not include segment liabilities.

The accounting principles of the segments are the same as those used in the preparation of the financial statements.

The reported geographical areas are Finland, Rest of Europe and Other countries. Revenues are presented on the basis of the customer location. Assets are presented on the basis of location.

Operating Segments

2015

EUR million	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	983.2	586.3		1,569.5
EBITDA	347.7	184.8		532.5
Depreciation, amortisation and impairment	-126.3	-94.2		-220.4
EBIT	221.5	90.6		312.1
Financial income			3.6	3.6
Financial expenses			-27.4	-27.4
Share of associated companies' profit			2.3	2.3
Profit before tax				290.6
Investments	110.6	85.2		195.8
Assets	1,271.6	832.1	143.0	2,246.6

2014

EUR million	Consumer Customers	Corporate Customers	Unallocated items	Group total
Revenue	954.1	581.1		1,535.2
EBITDA	326.9	192.8		519.7
Depreciation, amortisation and impairment	-122.7	-92.0		-214.7
EBIT	204.2	100.7		305.0
Financial income			4.7	4.7
Financial expense			-31.9	-31.9
Share of associated companies' profit			-0.1	-0.1
Profit before tax				277.7
Investments	104.9	86.6		191.5
Assets	1,248.2	868.1	127.1	2,243.4

Product and service information

2015

EUR million	Mobile Communications	Fixed Network and other	Group total
Revenue	988.4	581.1	1,569.5

2014

EUR million	Mobile Communications	Fixed Network and other	Group total
Revenue	939.6	595.6	1,535.2

Geographical information

2015

EUR million	Finland	Rest of Europe	Other countries	Eliminations	Group total
Revenue	1,437.7	133.9	5.1	-7.2	1,569.5
Assets	2,164.5	80.7	1.4		2,246.6

2014

EUR million	Finland	Rest of Europe	Other countries	Eliminations	Group total
Revenue	1,413.6	126.1	8.9	-13.3	1,535.2
Assets	2,166.2	76.7	0.4		2,243.4

2. ACQUISITIONS

Acquisitions in 2015

Acquisition of Banana Fingers Ltd

Elisa acquired all shares of Banana Fingers Ltd, which is a part of EpicTV business. The purchase price was EUR 3.3 million including a contingent consideration of EUR 1.4 million. The business combination resulted in goodwill of EUR 2.9 million. The goodwill resulted from the acquisition of e-commerce know-how and a business concept and faster access to the sports equipment e-commerce market for consumer customers. Goodwill is not tax deductible.

Banana Fingers is consolidated from 1 January 2015 onwards.

There were no pre-existing relationships between the Group and the acquired company at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired **EUR million**	**Carrying amount**
Inventories	0.3
Cash and cash equivalents	0.3
Trade payables and other current liabilities	-0.2
	0.4

Effects of acquisition on cash flow **EUR million**	
Purchase price paid in cash	-1.9
Cash and cash equivalents of the acquired entity	0.3
	-1.6

Acquisition of Datawell Oy’s MDM (Master Data Management) business

On 31 August 2015 Elisa Appelsiini acquired Datawell Oy's MDM business. The purchase price was EUR 2.0 million. The business combination resulted in goodwill of EUR 0.8 million. The acquisition strengthens the supply of Elisa's digital helthcare services and supports the development of new services. Goodwill is not tax deductible.

There were no pre-existing relationships between the Group and the acquired business at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired **EUR million**	**Carrying amount**
Contract base	1.5
Current assets	0.1
Deferred tax liabilities	-0.3
Accruals and other liabilities	-0.1
	1.2

Effects of acquisition on cash flow **EUR million**	
Purchase price paid in cash	-2.0

Acquisition of Fonum Oy

On 7 September 2015 Elisa acquired all shares of Fonum Oy. The purchase price was EUR 0.6 million. The business combination resulted in EUR 0.4 million goodwill relating to market access in the mobile phone service and repair business. Goodwill is not tax deductible.

Fonum is consolidated from 1 September 2015 onwards.

There were no pre-existing relationships between the Group and the acquired company at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired **EUR million**	**Carrying amount**
Intangible assets	0.1
Property, plant and equipment	0.0
Inventories	0.1
Trade and other receivables	0.0
Cash and cash equivalents	0.1
Accruals and other liabilities	-0.2
	0.2

Effects of acquisition on cash flow **EUR million**	
Purchase price paid in cash	-0.6
Cash and cash equivalents of the acquired entity	0.1
	-0.5

Acquisition of Livezhat business

On 31 October 2015 Elisa acquired ZEF Oy's Livezhat service business. The purchase price was EUR 0.5 million. The business combination resulted in EUR 0.3 million goodwill relating to the improvement of corporate customers range of services. Goodwill is not tax deductible.

There were no pre-existing relationships between the Group and the acquired business at the time of the acquisition that should be taken into account in the consolidation of the business operations.

Analysis of net assets acquired **EUR million**	**Carrying amount**
Customer base	0.2
Deferred tax liabilities	0.0
	0.2

Effects of acquisition on cash flow **EUR million**	
Purchase price paid in cash	-0.5

Acquisitions in 2014

There were not any acquisitions during 2014.

3. DISPOSALS

Disposals in 2015

There were no disposals during 2015.

Disposals in 2014

Disposal of BCC Finland Oy

Elisa divested the fully owned BCC Finland Oy on 8 April 2014. The sales price was EUR 0.0 million. The divestment resulted in a loss of EUR 1.2 million recorded within Financial expenses in the Consolidated income statement and it removed a total of EUR 0.8 million goodwill from the Group. The impact of the result incurred during the period of the ownership by the Group has been taken into account in the loss.

The Group has consolidated the result of BCC Finland Oy until 31 March 2014.

Net assets of the sold entity **EUR million**	**Carrying amount**
Property, plant and equipment	0.1
Inventories	0.3
Trade and other current receivables	0.9
Cash and cash equivalents	0.1
Financial liabilities	-0.6
Trade payables and other current liabilities	-1.2
	-0.3

Effects of disposal on cash flow **EUR million**	
Sales price received in cash	0.0
Cash and cash equivalents of the sold entity	-0.1
	-0.1

4. REVENUE

EUR million	**2015**	**2014**
Rendering of services	1,354.6	1,338.3
Equipment sales	214.9	196.9
	1,569.5	1,535.2

5. OTHER OPERATING INCOME

EUR million	**2015**	**2014**
Gain on disposals of property, plant and equipment	2.9	5.8
Government grants	0.1	0.0
Other items(1	1.8	2.4
	4.8	8.2

1) Other items include rental income from real estate and other income items not associated with ordinary operating activities.

6. MATERIALS AND SERVICES

EUR million	2015	2014
Purchases of materials, supplies and goods	363.8	353.2
Change in inventories	2.1	5.3
External services	243.0	247.6
	609.0	606.1

7. EMPLOYEE EXPENSES

EUR million	2015	2014
Salaries and wages	210.4	195.7
Share-based compensation expenses	6.7	6.5
Pension expenses – defined contribution plans	35.6	31.9
Pension expenses – defined benefit plans	0.5	0.6
Other statutory employee costs	13.1	13.0
	266.3	247.7
Average number of personnel	4,146	4,138

A more detailed analysis of defined benefit pension plans is included in Note 28.

Management remuneration

EUR million	2015	2014
Managing Directors	2.3	1.7
Members and deputy members of Boards of Directors	0.5	0.6

Managing Directors' pension commitments

The retirement age of the Group companies’ Managing Directors is 60–63 years.

Employment benefits for key management

Key management consists of Elisa's Board of Directors, the CEO and the Executive Board.

Benefits paid

EUR million	2015	2014
Board of Directors	0.5	0.6
CEO	0.8	0.6
Executive Board	2.3	2.0
Share-based compensation expenses [1]	2.6	
	6.2	3.2

1) Paid share-based compensations in 2015 were EUR 0.7 (0.0) million to the CEO and EUR 1.9 (0.0) million to the Executive Board members.

Annual expenses

EUR million	2015	2014
Remunerations and other short-term employee benefits	3.6	3.2
Post-employment benefits	0.2	0.3
Share-based benefits (2	2.6	2.3
	6.4	5.8

2) The share-based compensation expenses in 2015 are EUR 6.7 (6.5) million, of which EUR 0.8 (0.6) million is allocated to the CEO and 1.9 (1.8) to the Executive Board. The terms and conditions of share-based incentive plans are described under Note 27.

Management remuneration is descibed under parent company's Note 4.

The period of notice for the CEO is six months from the Group's side and three months from the CEO's side. Should the contract be terminated by the Group, the Chief Executive Officer is entitled to receive a severance payment equalling the total salary of 24 months deducted by the notice period salary. The period of notice for other members of the Executive Board is six months from the Group's side. In addition to the notice period salary the members of the Executive Board are entitled to receive a severance payment equalling the total salary of nine months.

The executive agreement with the Group CEO expires at the age of 60. The CEO's pension arrangement is a cash based plan. The pension benefit includes vested rights. The company is liable for the pension at the age of 60 and 61 and the related accumulated liability EUR 0.7 million is included in pension obligations on the balance sheet. Pension will accrue annually at the rate of 5.1 per cent of the annual income under TyEL (Employees Pensions Act). Starting at the age of 62, the pension will accrue at the rate of 20.7 per cent of the annual income under TyEL in the management's group cash based supplementary pension insurance.

The executive agreements of the members of the Executive Board, appointed before year 2013, expire at the age of 62, when they have right to retire. The contractual right has been covered with a cash based supplementary pension insurance including vested rights.

Share-based compensation granted to the management

In 2015, the award paid under the 2012–2014 plan equals the value of 26,131 shares for the CEO and 82,965 shares for the Executive Board.

The maximum award granted for the CEO under the 2013–2015 plan equals the value of 80,000 shares and for the rest of the Executive Board 258,000 shares. The award will be paid after the publication of 2015 financial statements.

The maximum award granted for the CEO under the 2014–2016 plan equals the value of 83,000 shares and for the rest of the Executive Board 268,000 shares. The award will be paid after the publication of 2016 financial statements.

The maximum award granted for the CEO under the 2015–2017 plan equals the value of 55,000 shares and for the rest of the Executive Board 175,000 shares. The award will be paid after the publication of 2017 financial statements.

In 2015, the award paid for the CEO under the committing share-based compensation plan 2014–2015 equals the value of 4,000 shares. The maximum award granted for the CEO under the committing share-based compensation plan 2014–2016 equals the value of 4,000 shares. Award will be paid at the end of the vesting period in 2016.

Elisa shares held by the key management

The members of Elisa's Board of Directors, the CEO, the members of the Executive Board and their family members held a total of 265,461 shares and votes, corresponding to 0,16 per cent of all shares and votes.

Employee bonus and incentive schemes

Performance-based bonus scheme

All employees are included in performance, incentive or commission-based bonus scheme. Rewards are based on financial and operational metrics of Elisa and its units. Targets are set and the maximum amount of reward is confirmed semi-annually. Some of the Group's key personnel were within the share-based compensation plan in 2015.

Personnel fund

The objective of the personnel fund is to secure the commitment of the personnel to Elisa’s long-term objectives and to reinforce their interest in the company’s financial success and its metrics.

The evaluation tool for the performance-based bonus system is the earnings per share (EPS) and revenue increase of new services. The Board of Directors makes annual decisions on the performance-based bonus scheme and defines the values that determine the reward amount.

The members of the personnel fund include the employees of Elisa except for the Group's personnel that is included within the scope of either the share incentive plan or the stock option plan. EUR 2.0 (0.5) million was recorded in the personnel fund in 2015.

Share-based incentive plan

On 11 December 2014 Elisa's Board of Directors decided on a share-based incentive plan for key personnel for 2015–2019. On 19 December 2011 Elisa's Board of Directors decided on two share-based incentive plans for key personnel for 2012–2018. The plans are described under Note 27.

8. AUDITOR FEES

EUR million	2015	2014
Auditing	0.3	0.3
Tax advisory services	0.1	0.1
Education services	0.0	0.1
Other services	0.2	0.1
	0.6	0.6

9. RESEARCH AND DEVELOPMENT COSTS

EUR million	2015	2014
Research and development costs recognised as expenses	1.6	2.0
Capitalised development costs	13.2	11.0
	14.8	13.0

Focus areas for research and development activities in 2015 included development of IT-services and cyber security services as well as development of customer management and invoicing systems.

10. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR million	2015	2014
Depreciation of tangible assets		
Buildings and constructions		
Owned buildings and constructions	11.0	10.7
Buildings and constructions on finance lease	0.4	0.4
Telecom devices, machines and equipment		
Owned telecom devices, machines and equipment	155.3	155.3
Assets on finance lease	3.2	3.4
Other tangible assets	0.1	0.3
	170.0	170.1
Amortisation of intangible assets		
Goodwill	6.0	
Customer base	1.2	3.2
Other intangible assets	43.2	41.4
	50.4	44.6
	220.4	214.7

EUR 7.0 (1.9) million asset impairments were recognised, from which EUR 6.0 (0.0) million relating to goodwill.

11. FINANCIAL INCOME AND EXPENSE

EUR million	2015	2014
Financial income		
Dividend income from financial assets available-for-sale	0.5	0.7
Interest and financial income from loans and other receivables	2.3	2.3
Interest income from derivatives		1.2
Other financial income	0.8	0.5
Gains/losses of financial assets at fair value through profit or loss, derivatives not in hedge accounting		-0.1
	3.6	4.7
Financial expense		
Interest expenses on financial liabilities measured at amortised cost	-24.0	-26.6
Other financial expenses on financial liabilities measured at amortised cost	-1.6	-1.1
Interest expenses on derivatives		-1.1
Loss on disposal of investments	-0.8	-1.6
Other interest expenses	-0.3	-0.1
Impairment of financial assets available-for-sale	0.0	-0.1
Other financial expenses	-0.7	-1.4
	-27.4	-31.9

Foreign exchange rate gains and losses included in EBIT are not material.

12. INCOME TAXES

EUR million	2015	2014
Taxes for the period	-55.9	-53.7
Taxes for previous periods	0.2	-0.2
Deferred taxes	8.7	-0.8
	-47.1	-54.7

Income taxes recognised directly in comprehensive income:

	2015			2014		
EUR million	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Remeasurements of the net defined benefit liability	2.3	-0.5	1.8	-4.5	0.9	-3.6
Cash flow hedge	-1.1	0.2	-0.9	-0.2	0.0	-0.1
	1.2	-0.2	0.9	-4.7	0.9	-3.8

The other comprehensive income items consist of changes in the fair value of financial assets available-for-sale and translation differences. Other comprehensive income items do not include taxes. The change in fair value do not include taxes because the Group's ownership of the company exceeds 10 per cent.

Reconciliation of the tax expense in the income statement and taxes calculated at the Group's domestic statutory tax rate 20 (20):

EUR million	2015	2014
Profit before tax	290.6	277.7
Tax according to the domestic tax rate	-58.1	-55.5
Tax effects of the following:		
Tax-free income	0.1	0.2
Non-deductible expenses	-1.7	-1.0
Tax effects of foreign subsidiaries	4.1	3.5
Tax losses for which no deferred tax was recognised	1.4	
Utilisation of previously unrecognised tax losses	6.1	
Taxes for previous periods	0.2	-0.2
Other items	0.8	-1.6
Taxes in the income statement	-47.1	-54.7
Effective tax rate, %	16.2	19.7

13. EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the parent by the weighted average number of shares outstanding during the financial year.

	2015	2014
Profit for the period attributable to the equity holders of the parent (EUR million)	243.1	224.9
Weighted average number of shares during the financial year (1,000 pcs)	159,470	159,349
Undiluted earnings per share (EUR/share)	1.52	1.41

The calculation of earnings per share adjusted for dilution takes the diluting effect of the conversion of all potential ordinary shares into account in the weighted average number of shares.

	2015	2014
Profit for the period for the purpose of calculating EPS adjusted for dilution (EUR million)	243.1	224.9
Weighted average number of shares during the financial year (1,000 pcs)	159,470	159,349
Impact of stock options (1,000 pcs)		
Weighted average number of shares for the purpose of calculating EPS adjusted for dilution (1,000 pcs)	159,470	159,349
Earnings per share adjusted for dilution (EUR/share)	1.52	1.41

14. PROPERTY, PLANT AND EQUIPMENT

2015

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Tangible assets under construction	Total
Acquisition cost at 1 Jan. 2015	7.7	242.7	2,950.4	35.7	20.5	3,257.1
Business acquisitions			0.0			0.0
Additions	0.2	8.4	124.6	0.0	22.5	155.6
Disposals	0.0	0.0	-25.5			-25.6
Reclassifications	0.0	2.3	17.3		-19.9	-0.3
Translation differences		0.0	0.0		0.0	0.0
Acquisition cost at 31 Dec. 2015	7.9	253.4	3,066.8	35.7	23.0	3,386.8
Accumulated depreciation and impairment at 1 Jan. 2015		117.4	2,412.9	34.9		2,565.1
Depreciation and impairment		11.4	158.5	0.1		170.0
Accumulated depreciation on disposals and reclassifications		0.0	-25.6			-25.7
Translation differences			0.0			0.0
Accumulated depreciation and impairment at 31 Dec. 2015		128.8	2,545.7	34.9		2,709.4
Book value at 1 Jan. 2015	7.7	125.3	537.5	0.9	20.5	692.0
Book value at 31 Dec. 2015	7.9	124.6	521.1	0.8	23.0	677.4

2014

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Tangible assets under construction	Total
Acquisition cost at 1 Jan. 2014	8.0	245.8	2,814.0	35.7	21.9	3,125.4
Additions	0.2	5.4	128.6	0.0	18.5	152.7
Disposals	-0.5	-13.8	-11.6			-26.0
Business disposals			-0.1			-0.1
Reclassifications	0.1	5.3	19.4	0.0	-19.8	5.0
Translation differences	0.0		0.1	0.1		0.2
Acquisition cost at 31 Dec. 2014	7.7	242.7	2,950.4	35.7	20.5	3,257.1
Accumulated depreciation and impairment at 1 Jan. 2014		118.3	2,259.0	34.6		2,411.8
Depreciation and impairment		11.2	158.6	0.3		170.0
Accumulated depreciation on disposals and reclassifications		-12.0	-4.9			-16.9
Translation differences			0.2	0.0		0.2
Accumulated depreciation and impairment at 31 Dec. 2014		117.4	2,412.9	34.9		2,565.1
Book value at 1 Jan. 2014	8.0	127.5	555.1	1.1	21.9	713.6
Book value at 31 Dec. 2014	7.7	125.3	537.5	0.9	20.5	692.0

Commitments to purchase property, plant and equipment and intangible assets at 31 December 2015 were EUR 46.1 (52.7) million.

Additions in 2015 include EUR 1.8 (1.0) million property, plant and equipment leased under finance lease agreements.

Property, plant and equipment include assets leased under finance lease agreements as follows:

2015

EUR million	Buildings and constructions	Machinery and equipment	Total
Acquisition cost	17.4	113.6	131.0
Accumulated depreciation	5.3	105.3	110.6
Book value at 31 Dec. 2015	12.1	8.3	20.4

2014

EUR million	Buildings and constructions	Machinery and equipment	Total
Acquisition cost	17.4	111.7	129.1
Accumulated depreciation	4.9	102.1	107.0
Book value at 31 Dec. 2014	12.5	9.7	22.2

15. INTANGIBLE ASSETS

2015

EUR million	Goodwill	Customer base	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan. 2015	831.5	87.7	493.2	15.7	1,428.1
Business acquisitions	4.6	1.7	0.1		6.4
Additions			23.9	16.3	40.2
Disposals			-0.3	0.0	-0.3
Reclassifications			7.1	-7.2	-0.1
Translation differences			0.0		0.0
Acquisition cost at 31 Dec. 2015	836.1	89.4	524.0	24.8	1,474.4
Accumulated amortisation and impairment at 1 Jan. 2015		84.2	375.4		459.6
Amortisation and impairment	6.0	1.2	43.1	0.1	50.4
Accumulated amortisation on disposal			-0.6		-0.6
Translation differences			0.0		0.0
Accumulated amortisation and impairment at 31 Dec. 2015	6.0	85.4	417.9	0.1	509.5
Book value at 1 Jan. 2015	831.5	3.5	117.8	15.7	968.5
Book value at 31 Dec. 2015	830.1	4.0	106.1 (1	24.7	964.9

2014

EUR million	Goodwill	Customer base	Other intangible assets	Intangible assets under construction	Total
Acquisition cost at 1 Jan. 2014	832.4	87.7	424.8	45.9	1,390.8
Additions			28.2	10.6	38.8
Business disposals	-0.9		0.0		-0.9
Disposals			-0.2		-0.2
Reclassifications			40.3	-40.8	-0.5
Translation differences			0.1		0.1
Acquisition cost at 31 Dec. 2014	831.5	87.7	493.2	15.7	1,428.1
Accumulated amortisation and impairment at 1 Jan. 2014		81.0	334.1		415.1
Amortisation and impairment		3.2	41.4		44.6
Accumulated amortisation on disposal			-0.2		-0.2
Translation differences			0.2		0.2
Accumulated amortisation and impairment at 31 Dec. 2014		84.2	375.4		459.6
Book value at 1 Jan. 2014	832.4	6.7	90.7	45.9	975.7
Book value at 31 Dec. 2014	831.5	3.5	117.8 (1	15.7	968.5

1) Includes IT software for a book value of EUR 55.5 (57.9) million and brand for a book value of EUR 0.0 (3.6) million.

Goodwill impairment testing

Goodwill is allocated to the Group's cash generating units as follows:

EUR million	2015	2014
Consumer Customers	500.3	502.8
Corporate Customers	329.8	328.7
	830.1	831.5

The reported operating segments based on the Elisa organisational and management structure are Consumer Customers and Corporate Customers.

The Group does not have any other intangible assets with an indefinite useful life.

Recognised impairment losses:

In addition to the annual impairment test, a separate impairment test was done to Sulake Corporation Oy's Habbo Hotel business in the Consumer Customer unit as a part of a valuation of strategical alternatives. Based on the impairment test EUR 6.0 million impairment of goodwill was recognised.

Sulake Corporation Oy was acquired in 2013 and the business combination resulted in goodwill of EUR 15.0 million. After the recognition of the impairment writedown the remaining goodwill is EUR 9.0 million.

The main cause to the impairment was a lower than expected future revenue.

Because of the recognition of the impairment writedown the recoverable amount of Habbo Hotel business is it's book value. Therefore any unfavorable change of variables would cause in more impairment writedown.

Impairment testing:

In annual impairment tests the recoverable amount of the segments is determined based on the value in use, which is calculated on the basis of projected discounted cash flows (DCF model). The cash flows projections are based on plans approved by the management covering a five-year period. The projections are mostly consistent with information from external sources and reflect actual development. The discount rate used is 6.36 per cent. Cash flows after five years have been projected by estimating the change in future cash flows as zero. As a result of the performed impairment tests, there is no need for impairment of the segments' goodwill. Use of the DCF model requires forecasts and assumptions concerning market growth, prices, volume development, investment needs and general interest rate. The major sensitivities in the performance are associated with the forecast revenue and profitability levels.

Sensitivity analysis

Projection parameters applied	Consumer Customers 2015	Corporate Customers 2015	Consumer Customers 2014	Corporate Customers 2014
Amount in excess of CGU carrying value, EUR million	2,811 [2]	1,238	2,781	1,139
EBITDA margin on average,% [1]	36.8	32.9	35.8	32.8
Horizon growth,%	0.0	0.0	0.0	0.0
Pre-tax discount rate, %	6.4	6.4	6.7	6.7

1) On average during a five-year projection period

2) After the goodwill writedown, relating to Habbo Hotel business, the amount with which the Consumer Customers units bookvalue is exceeded is EUR 2 817 million.

Change in projection parameters that makes the fair value equal to book value	Consumer Customers 2015	Corporate Customers 2015	Consumer Customers 2014	Corporate Customers 2014
EBITDA margin on average,%	-18.1 [3]	-12.1	-18.1	-11.6
Horizon growth,%	-37.9 [3]	-19.5	-46.0	-18.0
Pre-tax discount rate, %	17.6 [3]	12.3	18.9	11.6

3) After the writedown of the goodwill relating to the Habbo Hotel business the change in EBITDA margin should be approximately -18.1%, the change in horizon growth -38.6% and the change in pre-tax discount rate 17.7%

16. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2015	2014
At the beginning of period	48.8	2.4
Share of periods profit	2.3	-0.1
Dividends received	-2.4	0.0
Additions	11.0	19.6
Disposals	-0.2	
Reclassification		26.9
At the end of period	59.5	48.8

Elisa's holdings in associates are presented under Note 35.

During the comparison period, Elisa increased its ownership in Anvia Oyj from 4 per cent to 24 per cent. As a result the shares which had been previously classified as available-for-sale have been classified as associated company shares since 1 October 2014.

Super Head End Finland Oy has been liquidated on 26 October 2015.

17. FINANCIAL ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE

EUR million	2015	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value (1	-0.7		-0.7	
Financial assets available-for-sale (2	26.2	26.2		
Other liabilities (3	-1.8			-1.8
	23.7	26.2	-0.7	-1.8

EUR million	2014	Level 1	Level 2	Level 3
Financial assets/liabilities recognised at fair value (1	-0.4		-0.4	
Financial assets available-for-sale (2	14.2	14.2		
Other liabilities (3	-1.2			-1.2
	12.5	14.2	-0.4	-1.2

1) Interest rate and currency swap and electricity derivatives. Fair values are quoted market prices or if those are not available, the value is determined by using common valuation methods.

2) Listed shares. Fair value is determined by the transactions made in active markets.

3) The contingent consideration relating to business combinations.

Level 1 includes instruments with quoted prices in active markets. Level 2 includes instruments with observable prices based on market data. Level 3 includes instruments with prices that are not based on verifiable market data but instead on the company's internal information, for example.

Level 3 reconciliation

Other liabilities

EUR million	2015	2014
Balance at the beginning	1.2	2.0
Increase of contingent consideration	1.6	
Payment of contingent consideration	-1.0	-0.8
Balance at the end	1.8	1.2

Level 3 includes contingent considerations relating to business combinations. Changes in the fair value of contingent considerations are recognised in other operating expenses.

According to management estimation, if the information which defines the fair value of level 3 financial instruments is changed to a possible alternative hypothesis, it would not outstandingly change the fair values of level 3 items at fair values considering the small amount of liabilities.

18. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2015

EUR million	Financial assets available-for-sale	Loans and receivables	Financial assets/ liabilities recognised at fair value through profit or loss (1	Financial liabilities measured at amortised cost	Book value	Fair value	Note
Non-current financial assets							
Financial assets available-for-sale	30.3				30.3	30.3	19
Trade and other receivables		73.7			73.7	73.7	20
Current financial assets							
Trade and other receivables		333.4			333.4	333.4	23
	30.3	407.1			437.4	437.4	
Non-current financial liabilities							
Financial liabilities				686.0	686.0	731.8	30
Trade payables and other liabilities (2			0.7	17.8	18.5	18.5	31
Current financial liabilities							
Financial liabilities				305.2	305.2	305.2	30
Trade and other payables (2				251.6	251.6	251.6	31
			0.7	1,260.5	1,261.2	1,307.1	

1) Assets classified as such at initial recognition

2) Excluding advances received

2014

EUR million	Financial assets available-for-sale	Loans and receivables	Financial assets/ liabilities recognised at fair value through profit or loss (1	Financial liabilities measured at amortised cost	Book value	Fair value	Note
Non-current financial assets							
Financial assets available-for-sale	20.4				20.4	20.4	19
Trade and other receivables		72.4			72.4	72.4	20
Current financial assets							
Trade and other receivables		330.4			330.4	330.4	23
	20.4	402.7			423.1	423.1	
Non-current financial liabilities							
Financial liabilities				818.0	818.0	875.1	30
Trade payables and other liabilities (2			0.4	22.2	22.6	22.6	31
Current financial liabilities							
Financial liabilities				224.9	224.9	224.9	30
Trade and other payables (2				239.7	239.7	239.7	31
			0.4	1,304.7	1,305.1	1,362.2	

1) Assets classified as such at initial recognition

2) Excluding advances received

The fair values of each financial asset and liability item are presented in more detail under the specified note number.

19. FINANCIAL ASSETS AVAILABLE-FOR-SALE

EUR million	2015	2014
Publicly listed shares	26.2	14.2
Unlisted shares	4.1	6.2
	30.3	20.4

The most significant unlisted equity investments

EUR Million	2015	2014
Datawell Oy(1		2.1
		2.1

The publicly listed shares are recognised in fair value. The unlisted equity investments are recognised at acquisition cost less possible impairment because the fair value of the equity investments cannot be determined reliably.

Changes in the fair value of listed shares EUR 12.0 (7.3) million have been recognised in other comprehensive income.

1) Elisa acquired Datawell Oy's MDM (Master Data management) business and it's rights in 2015. At the same time Elisa sold it's ownership (18.9%) in Datawell Oy.

20. NON-CURRENT RECEIVABLES

EUR million	2015	2014
Loan receivables	0.1	0.1
Receivables from associates	0.6	
Trade receivables	55.7	51.2
Finance lease receivables	6.1	12.6
Prepayments and accrued income	9.6	8.0
Other non-current receivables	1.6	0.4
	73.7	72.4

The effective interest rate on receivables (current and non-current) was 0.00 (0.00) per cent.

Gross finance lease receivables –maturity of minimum lease payment receivables

EUR million	2015	2014
Not later than one year	9.1	11.2
Later than one year not later than five years	6.1	12.6
Later than five years	0.2	
Gross investment in finance leases	15.4	23.8
Unearned finance income	-0.6	-0.9
Present value of finance lease receivables	14.9	22.9

Maturity of present value of future minimun lease payment receivables

EUR million	2015	2014
Not later than one year	8.7	10.3
Later than one year not later than five years	5.9	12.6
Later than five years	0.2	
	14.9	22.9

Elisa acts as a lessor in finance lease arrangements concerning videoconference equipment. Lease periods vary from one to ten years and conditions vary in terms of index clauses.

21. DEFERRED TAX ASSETS AND LIABILITIES

The change in deferred tax assets and liabilities during 2015

Deferred tax assets

EUR million	1 Jan. 2015	Recognised in income statement	Recognised in consolidated statement of comprehensive income	31 Dec. 2015
Provisions	1.4	0.5		1.8
Tax losses carry-forward		6.1		6.1
Finance lease agreements	0.9	3.3		4.2
Internal margins	3.8	-0.3		3.5
Share-based incentive plans	1.3	0.8		2.2
Pension obligations	4.1		-0.5	3.7
Other temporary differences	2.1	-0.3	0.2	2.0
	13.5	10.0	-0.2	23.3

Deferred tax liabilities

EUR million	1 Jan. 2015	Recognised in income statement	Business combinations	31 Dec. 2015
Fair value measurement of tangible and intangible assets in business combinations	1.6	-1.0	0.4	1.0
Accumulated depreciation differences	16.9	0.7		17.6
Other temporary differences	2.5	1.7		4.1
	21.0	1.4	0.4	22.7

Deferred income tax assets are recognised for tax loss carry-forward to the extent that realisation of the related tax benefit through future profits is probable. Deferred tax assets were EUR 6,1 million (0,0) at 31 December 2015 and these relate to losses carry-forward which expire in 2017–2024.

The Group had EUR 22.3 (50.6) million of unused tax losses at 31 December 2015, for which no tax assets has been recognised. These losses expire in 2016–2024.

No tax liability has been recognised for the untaxed retained earnings EUR 185.5 million of the Estonian subsidiary as no profit distribution decision or plans for profit distribution exist for the time being.

Deferred tax liabilities and assets are not offset.

The change in deferred tax assets and liabilities during 2014

Deferred tax assets

EUR million	1 Jan. 2014	Recognised in income statement	Recognised in consolidated statement of comprehensive income	31 Dec. 2014
Provisions	2.8	-1.5		1.4
Finance lease agreements	0.9	-0.1		0.9
Internal margins	4.1	-0.3		3.8
Share-based incentive plans	0.9	0.5		1.3
Fair value measurement of tangible and intangible assets in business combinations	0.1	-0.1		0.0
Pension obligations	3.2		0.9	4.1
Other temporary differences	1.4	0.6	0.0	2.1
	13.5	-0.9	0.9	13.5

Deferred tax liabilities

EUR million	1 Jan. 2014	Recognised in income statement	31 Dec. 2014
Fair value measurement of tangible and intangible assets in business combinations	3.1	-1.4	1.6
Accumulated depreciation differences	14.5	2.4	16.9
Other temporary differences	3.4	-1.0	2.5
	21.0	0.0	21.0

22. INVENTORIES

EUR million	2015	2014
Materials and supplies	9.9	12.0
Work in progress	0.0	
Finished goods	44.9	41.1
	54.8	53.2

An impairment of EUR 4.5 (5.3) million on inventories was recognised during the period.

23. TRADE AND OTHER RECEIVABLES

EUR million	2015	2014
Trade receivables	302.0	290.3
Allowances for doubtful accounts	-5.7	-5.6
Finance lease receivables	8.7	10.3
Prepayments and accrued income	22.3	24.2
Loan receivables	1.6	0.3
Receivables from associated companies	0.2	0.1
Other receivables	4.3	10.7
	333.4	330.4

Prepayments and accrued income include interest receivables and accruals from operating activities.

Trade receivables by age

EUR million	2015	2014
Not due	263.0	235.6
Overdue		
Less than 30 days	24.8	43.4
31-60 days	4.7	3.1
61-90 days	2.3	1.0
More than 90 days	1.6	1.7
	296.3	284.8

The book value of trade receivables approximates their fair value. The credit risk on trade receivables is described in Note 34. The maximum credit risk is the value of trade receivables on the closing of the accounts, EUR 296.3 million.

24. CASH AND CASH EQUIVALENTS

EUR million	2015	2014
Cash assets	29.1	41.3
	29.1	41.3

25. DERIVATIVE INSTRUMENTS

Nominal values of derivatives

	2015			2014		
	Period of validity			Period of validity		
EUR million	Less than 1 year	1–5 years	Over 5 years	Less than 1 year	1–5 years	Over 5 years
Interest rate and currency swap	1.5			1.5	1.5	
Electricity derivatives	0.9	4.7		1.5	5.9	

Fair values of derivatives

	2015			2014		
EUR million	Positive fair value	Negative fair value	Total	Positive fair value	Negative fair value	Total
Interest rate and currency swap		-0.1	-0.1		-0.2	-0.2
Electricity derivatives		-0.6	-0.6		-0.3	-0.3

Determination of fair value

The fair value of derivative instruments is determined using market prices quoted on a functional market, the cash flow discounting method or option pricing models.

Elisa's derivative instruments are categorized at the fair value hierarchy level 2. See Note 17.

26. EQUITY

Share capital and treasury shares

EUR million	Number of shares (thousands)	Share capital	Treasury shares
1 Jan. 2014	167,335	83.0	-148.2
31 Dec. 2014	167,335	83.0	-148.2
Disposal of treasury shares			2.7
31 Dec. 2015	167,335	83.0	-145.5

The company's paid-in share capital registered in the Trade Register was EUR 83,033,008 (83,033,008) at the end of the period.

According to its Articles of Assocation, Elisa Corporation only has one series of shares, each share entitling to one vote. In accordance with the Articles of Association, the maximum number of shares is 1,000 (1,000) million shares. All issued shares have been paid. Shares do not have a nominal value.

Treasury shares include the acquisition cost of treasury shares held by the Group.

Treasury shares	Shares pcs	Accounting counter-value EUR	Holding, % of shares and votes
Treasury shares held by the Group/Elisa Corporation at 1 Jan. 2014	7,986,043	3,962,734	4.77
Treasury shares held by the Group/Elisa Corporation at 31 Dec. 2014	7,986,043	3,962,734	4.77
Disposal of treasury shares	-135,037		
Treasury shares held by the Group/Elisa Corporation at 31 Dec. 2015	7,851,006	3,895,732	4.69

OTHER RESERVES

EUR million	Contingency reserve	Fair value reserve	Other reserves	Reserve for invested non-restricted equity	Total
1 Jan. 2014	3.4	-3.2	381.0	90.9	472.1
Financial assets available-for-sale		7.3			7.3
Remeasurements of the net defined benefit liability		-3.6			-3.6
Cash flow hedge		-0.1			-0.1
31 Dec. 2014	3.4	0.4	381.0	90.9	475.7
Financial assets available-for-sale		12.0			12.0
Remeasurements of the net defined benefit liability		1.8			1.8
Cash flow hedge		-0.9			-0.9
31 Dec. 2015	3.4	13.3	381.0	90.9	488.6

The EUR 3.4 million contingency reserve includes the amount transferred from the distributable equity under the Articles of Association or by a decision by the General Meeting. The fair value reserve of EUR 13.3 million includes changes in the fair value of the financial assets available-for-sale, the remeasurements of the net defined benefit liability and the effective portion of the change in the fair value of derivatives designated as cash flow hedges. The other reserves of EUR 381.0 million were formed through the use of an equity issue in acquisitions.

The reserve for invested non-restricted equity includes the proportion of share subscription prices not recognised as share capital in accordance with share issue terms.

27. SHARE-BASED PAYMENTS

Share-based incentive plan 2015–2019

On 11 December 2014, Elisa's Board of Directors decided on the implementation of share-based incentive plan.

The performance-based incentive plan has three performance periods, calendar years 2015–2017, 2016–2018 and 2017–2019. The Board of Directors will decide on the Plan’s performance criteria and required performance levels for each criterion at the beginning of a performance period.

The earnings criteria for the 2016–2018 plan are based on earnings per share (EPS), on the new business revenue and on other essential goals. The number of key personnel participating in the 2016–2018 plan is 162 and the award equals the maximum value of 438,350 Elisa shares. After the end of vesting period, the award is paid as a combination of company shares and cash after the completion of financial statements. If the contract of employment is terminated before the payment of the award, no award shall be paid.

The earnings criteria for the 2015–2017 plan are based on earnings per share (EPS), on the new business revenue and on other essential goals. The number of key personnel participating in the 2015–2017 plan is 153 and the award equals the maximum value of 617,000 Elisa shares. After the end of vesting period, the award is paid as a combination of company shares and cash after the completion of financial statements. If the contract of employment is terminated before the payment of the award, no award shall be paid.

Amount of share incentives and terms and assumptions in the fair value calculation	**2016 plan**	**2015 plan**
Maximum number of awards granted	438,350	617,000
Grant date	31.12.2015	31.12.2014
Fair value of share at the date of grant, EUR (1	30.83	18.71
Share price at the date of grant, EUR	34.79	22.61
Estimated realisation of share price after vesting and restriction period 2)	36.69	22.34
Vesting period starts	1.1.2016	1.1.2015
Vesting period ends	31.12.2018	31.12.2017
Estimated realisation of earnings criteria at the beginning of vesting period, %	50	50
Estimated realisation of earnings criteria at the closing date, %		50
Number of participants in the plan at the closing date	162	153

1) The fair value of the share is the grant date share price less estimated dividend. Estimated dividend used in the calculation equals the previous period dividend.

2) The estimated realisation of share price is calculated using the CAP model (Capital Asset Pricing Model). The basic variables in the model are interest rate level, general risk premium and the so-called beta risk on the Elisa share. The assumed dividend is the previous period dividend.

Share-based incentive plan 2012–2014

The second performance-based share incentive plan has three vesting periods: calendar years 2012–2014, 2013–2015 and 2014–2016. The maximum award of the plan equals the value of 3,315,000 Elisa shares. The Board of Directors decides the earnings criteria and the targets separately for each plan in the beginning of the vesting period. After the end of each vesting period, the award is paid as a combination of company shares and cash within one month following the completion of financial statements. If the contract of employment is terminated before the payment of the award, no award shall be paid.

The earnings criteria for the 2012–2014 plan were based on revenue growth of new business operations and earnings per share. The total award amounted to EUR 6.6 million, of which EUR 3.4 million was paid in cash. In accordance with the decision of the Board of Directors, Elisa transferred 133,197 shares to 136 persons covered by the incentive scheme on 4 February 2015, of which 38,103 shares were transferred to members of the Management Board and 12,002 shares were transferred to the CEO.

The earnings criteria for the 2013–2015 plan are based on revenue growth of new business operations and earnings per share. The number of key personnel participating in the 2013–2015 plan is 139 and the award equals the maximum value of 983,500 Elisa shares.

The earnings criteria for the 2014–2016 plan are based on revenue growth of new business operations and earnings per share. The number of key personnel participating in the 2014–2016 plan is 144 and the maximum award equals the value of 996,500 Elisa shares.

Amount of share incentives and terms and assumptions in the fair value calculation	**2014 plan**	**2013 plan**	**2012 plan**
Maximum number of awards granted	996,500	983,500	983,000
Grant date	31.12.2013	31.12.2012	31.12.2011
Fair value of share at the date of grant, EUR [1]	15.36	12.83	12.23
Share price at the date of grant, EUR	19.26	16.73	16.13
Estimated realisation of share price after vesting and restriction period [2]	19.54	16.24	16.16
Vesting period starts	1.1.2014	1.1.2013	1.1.2012
Vesting and restriction period ends	31.12.2016	31.12.2015	31.12.2014
Estimated realisation of earnings criteria at the beginning of vesting period, %	50	50	72
Estimated realisation of earnings criteria at the closing date, %	31	28	
Realisation of earnings criteria, %			29
Distributed number			133,197
Share price, EUR			23.34
Distributed number of shares out of the maximum number of share awards granted, %			14
Number of participants in the plan at the closing date	144	139	136

1) The fair value of the share is the grant date share price less estimated dividend. Estimated dividend used in the calculation equals the previous period dividend.

2) The estimated realisation of share price is calculated using the CAP model (Capital Asset Pricing Model). The basic variables in the model are interest rate level, general risk premium and the so-called beta risk on the Elisa share. The assumed dividend is the previous period dividend.

Share-based incentive plan 2012–2018

The third share incentive plan covers calendar years 2012–2018. The awards granted under the plan have a restriction period of 1–3 years. The pontential award is based on the validity of the key persons contract of employment. The maximum amount of awards paid under the plan equals the value of 500,000 Elisa shares.

Amount of share incentives and terms and assumptions in the fair value calculation	**2014–2016 plan**	**2014–2015 plan**
Maximum number of awards granted	4,000	4,000
Grant date	11.12.2014	11.12.2014
Fair value of share at the date of restriction period, EUR [1]	19.29	20.59
Share price at the date of restriction period, EUR	21.89	21.89
Estimated realisation of share price after restriction period [2]	21.76	21.70
Restriction period starts	4.11.2014	4.11.2014
Restriction period ends	4.11.2016	4.11.2015
Estimated realisation of earnings criteria at the beginning of vesting period, %	100	100
Estimated realisation of earnings criteria at the closing date, %	100	
Realisation of earnings criteria, %		100
Distributed number		1,840
Share price, EUR		34.49
Distributed number out of the maximum number of share awards granted, %		46
Number of participants in the plan	1	1

1) The fair value of the share is the share price at the point of restriction less estimated dividend. Estimated dividend used in the calculation equals the previous period dividend.

2) The estimated realisation of share price is calculated using the CAP model (Capital Asset Pricing Model). The basic variables in the model are interest rate level, general risk premium and the so-called beta risk on the Elisa share. The assumed dividend is the previous period dividend.

Expenses recognised for share incentive plans was EUR 6.7 (6.5) million in 2015.

28. PENSION OBLIGATIONS

Pension schemes for Elisa's personnel in Finland are arranged through pension insurance companies for statutory pension insurance (TyEL) and through life insurance company for supplementary pension cover. The Finnish TyEL system is a defined contribution plan. Some supplementary pension plans and pension plans under the responsibility of Elisa have been classified as defined benefit plans. The plans are mainly funded by yearly payments to insurance companies based on actuarial calculation. Local tax and other laws are applied to the pension plans. Only Elisa Corporation has defined benefit plans.

The pension plans of foreign subsidiaries are defined contribution plans.

The net defined benefit obligation recognised in the statement of financial position is determined as follows:

EUR million	2015	2014
Present value of unfunded obligations	-2.1	-2.2
Present value of funded obligations	-68.0	-73.9
Fair value of plan assets	54.5	57.9
Net liability (-) / receivable (+) in the statement of financial position	-15.6	-18.2

Pension expenses recognised in the statement of comprehensive income:

EUR million	2015	2014
Expense recognised in profit or loss		
Service cost	0.3	0.2
Net interest	0.4	0.4
Settlements	-0.1	0.0
	0.5	0.6
Remeasurements	-2.3	4.6
Tax effect of the remeasurements	0.5	-0.9
	-1.8	3.6

Reconciliation of the net defined benefit obligations in the statement of financial position:

EUR million	2015	2014
Net defined benefit obligation at the beginning of the period	18.2	13.8
Pension expenses recognised in the statement of comprehensive income	0.5	0.6
Remeasurements	-2.3	4.6
Contributions paid by employer	-0.8	-0.8
Net defined benefit obligation at the end of period	15.6	18.2

Changes in the present value of the obligation:

EUR million	2015	2014
Obligation at the beginning of the period	-76.0	-69.0
Current service cost	-0.3	-0.2
Interest expenses	-1.6	-2.0
Remeasurements		
Actuarial gain (+) or loss (-) arising from changes in demographic assumptions	1.4	
Actuarial gain (+) or loss (-) arising from changes in economical assumptions	1.5	-8.4
Gain (+) or loss (-) arising from experience adjustments	-0.7	-1.1
Benefits paid	5.1	4.7
Settlements	0.4	0.0
Obligation at the end of period	-70.1	-76.0

Changes in the fair value of plan assets:

EUR million	2015	2014
Fair value of plan assets at the beginning of the period	57.9	55.2
Interest incomes	1.2	1.6
Remeasurements, gain (+) or loss (-)	0.1	5.0
Benefits paid	-5.1	-4.7
Contributions paid by employer	0.8	0.8
Settlements	-0.3	0.0
Fair value of plan assets at the end of period	54.5	57.9

The principal actuarial assumptions used:	2015	2014
Discount rate, %	2.00	2.10
Future salary increase, %	2.70	3.30
Future pension increase, %	1.70	2.00

Sensitivity analysis of net defined benefit obligation:

	Effect on the net defined benefit obligation, EUR million	
Change in actuarial assumptions	2015	2014
Discount rate + 0.5 %	-1.3	-1.5
Future salary increase +0.5 %	0.0	0.0
Future pension increase +0.5 %	4.1	5.0
Expected mortality +1 year	0.8	1.1

When calculating a change in one assumption of the sensitivity analysis, the other assumptions are assumed to remain unchanged. In practice, this is not likely to happen and some changes in the assumptions may correlate with each other. The figures in the sensitivity analysis have been calculated by using the same method which is applied when calculating defined benefit obligation.

Defined benefit obligations expose the Group to various risks. Decreases in the gain of corporate bonds, higher inflation and higher expected retirement may predispose the Group to the growth of defined benefit obligation. On the other hand, since the fair value of assets is calculated using the same discount rate which is used while calculating the obligation, the change in the discount rate will affect only the net defined benefit obligation. Similarly, rise in life expectancy will increase the assets and affect the net defined benefit obligation.

Weighted average duration of the obligation is 14.6 (15.9) years.

The Group expects to contribute EUR 0.8 (0.4) million to defined benefit pension plans in 2016.

The assets of the defined benefit obligations are a 100 per cent acceptable insurances.

29. PROVISIONS

EUR million	Termination benefits	Other	Total
1 Jan. 2014	12.8	2.3	15.1
Increases in provisions	2.9	1.0	3.9
Reversals of unused provisions	-2.2	-0.6	-2.9
Utilised provisions	-9.1	-0.2	-9.2
31 Dec. 2014	4.4	2.5	6.8
Increases in provisions	5.6		5.6
Reversals of unused provisions	-0.3		-0.3
Utilised provisions	-3.0	-0.4	-3.4
31 Dec. 2015	6.8	2.1	8.9

EUR million	2015	2014
Long-term provisions	3.4	3.1
Short-term provisions	5.4	3.8
	8.9	6.8

Termination benefits

As a part of the Group's rationalisation Elisa has carried out statutory employee negotiations leading to personnel reductions in 2015. The restructuring provision includes provisions for both unemployment pensions and other expenses due to redundancies. The provisions associated with redundancies will be realised in 2016, and the provision associated with unemployment pensions will be realised in 2016-2018.

Other provisions

Other provisions include environmental provisions made for telephone poles and sold properties.

30. FINANCIAL LIABILITIES

EUR million	2015 Balance sheet values	2015 Fair values	2014 Balance sheet values	2014 Fair values
Non-current				
Bonds	592.5	638.4	590.5	647.6
Bank loans	68.5	68.5	199.4	199.4
Loans from pension funds	1.0	1.0	1.0	1.0
Capital loans	0.1	0.1	0.1	0.1
Finance lease liabilities	23.9	23.9	26.9	26.9
	686.0	731.8	818.0	875.1
Current				
Bank loans	130.7	130.7	10.3	10.3
Finance lease liabilities	3.9	3.9	4.5	4.5
Commercial paper	170.5	170.5	210.0	210.0
	305.2	305.2	224.9	224.9
	991.1	1,037.0	1,042.8	1,099.9

Interest bearing liabilities include a total of EUR 27.8 (31.5) million of secured liabilities (finance lease liabilities). In substance the finance lease liabilities are secured liabilities, since rights to the leased property will revert to the lessor if payments are neglected.

All financial liabilities are denominated in euros. Financial liabilities are measured at amortised cost. The fair values of financial liabilities are based on quoted market prices or have been calculated by discounting the related cash flow by the market rate of interest on the balance sheet date.

The average maturity of non-current liabilities was 4.2 (4.7) years and the effective average rate of interest was 2.3 (2.4) per cent.

Contract-based cash flows on the repayment of financial liabilities and costs

2015 EUR million	2016	2017	2018	2019	2020	2020-	Total
Bonds	15.0	15.0	15.0	315.0	8.3	308.3	676.5
Financial costs	15.0	15.0	15.0	15.0	8.3	8.3	76.5
Repayments				300.0		300.0	600.0
Bank loans	133.7	9.9	59.7	0.0	0.0		203.3
Financial costs	3.0	0.6	0.6	0.0	0.0		4.2
Repayments	130.6	9.3	59.1	0.0	0.0		199.1
Committed credit limits	0.1						0.1
Repayments	0.1						0.1
Commercial paper	170.5						170.5
Financial costs	0.4						0.4
Repayments	170.1						170.1
Loans from pension funds	0.0	0.1	0.1	0.1	0.1	0.7	1.2
Financial costs	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Repayments		0.1	0.1	0.1	0.1	0.6	1.0
Capital loans						0.1	0.1
Repayments						0.1	0.1
Finance lease liabilities	6.1	4.4	3.1	3.1	3.1	51.7	71.5
Financial costs	2.1	2.0	1.6	1.7	1.6	34.7	43.7
Repayments	3.9	2.4	1.5	1.4	1.5	17.1	27.8
Electricity derivatives	0.0	0.2	0.2	0.2			0.6
Financial costs	0.0	0.2	0.2	0.2			0.6
Interest rate and currency swap	0.0						0.0
Trade payables	123.8						123.8
Financial costs	20.6	17.8	17.3	17.0	9.9	43.0	125.6
Repayments	428.6	11.8	60.8	301.5	1.6	317.7	1,122.0
Total	449.2	29.6	78.1	318.5	11.5	360.8	1,247.7

2014 EUR million	2015	2016	2017	2018	2019	2020-	Total
Bonds	15.0	15.0	15.0	15.0	315.0	316.5	691.5
Financial costs	15.0	15.0	15.0	15.0	15.0	16.5	91.5
Repayments	0.0	0.0	0.0	0.0	300.0	300.0	600.0
Bank loans	14.4	134.5	9.9	59.8	0.0		218.5
Financial costs	4.1	3.2	0.8	0.7	0.0		8.8
Repayments	10.2	131.2	9.1	59.1	0.0		209.7
Committed credit limits	0.1						0.1
Financial costs	0.0						0.0
Repayments	0.1						0.1
Commercial paper	210.0						210.0
Financial costs	0.7						0.7
Repayments	209.3						209.3
Loans from pension funds	0.0	0.1	0.1	0.1	0.1	0.7	1.2
Financial costs	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Repayments	0.0	0.1	0.1	0.1	0.1	0.6	1.0
Capital loans						0.1	0.1
Repayments						0.1	0.1
Finance lease liabilities	6.9	5.7	4.0	2.9	3.1	54.8	77.4
Financial costs	2.3	2.1	2.0	1.6	1.7	36.3	46.0
Repayments	4.5	3.6	2.0	1.3	1.4	18.6	31.5
Electricity derivatives	0.1	0.1	0.1	0.0	0.0		0.3
Financial costs	0.1	0.1	0.1	0.0	0.0		0.3
Interest rate and currency swap	0.0	0.0					0.0
Trade payables	115.4						115.4
Financial costs	22.2	20.5	17.8	17.3	16.8	52.9	147.5
Repayments	339.6	134.9	11.3	60.5	301.5	319.3	1,167.1
Total	361.8	155.4	29.1	77.8	318.3	372.2	1,314.5

Future financial costs on variable-rate financial liabilities and interest rate and currency swap has been calculated at the interest rate prevailing on the period end date.

Bonds

In the framework of its bond programme, the parent company has issued the following bonds:

	31 Dec. 2015					
	Fair value EUR million	Balance sheet value EUR million	Nominal value EUR million	Nominal interest rate-%	Effective interest-%	Maturity date
EMTN programme 2001 / EUR 1,000 million						
I/2012	315.8	293.3	300.0	2.250	2.403	4.10.2019
I/2013	322.6	299.1	300.0	2.750	2.785	22.1.2021
	638.4	592.5	600.0			

The fair value of bonds is based on market quotes.

Gross finance lease liabilities –maturity of minimum lease payments

EUR million	2015	2014
Not later than one year	6.1	6.9
Later than one year not later than five years	14.0	15.9
Later than five years	51.5	54.6
	71.5	77.4
Future financial charges	-43.7	-46.0
Present value of finance lease liabilities	27.8	31.5

Maturity of present value of finance lease liabilities

EUR million	2015	2014
Not later than one year	3.9	4.5
Later than one year not later than five years	6.8	8.4
Later than five years	17.1	18.6
	27.8	31.5

The Group leases telecom facilities, mobile and optic fibre networks, servers and work stations as well as videoconference equipment and infrastructure under finance lease arrangements. The conditions vary in terms of purchase options/redemption clauses, index clauses and lease periods.

31. TRADE PAYABLES AND OTHER LIABILITIES

EUR million	2015	2014
Non-current		
Advances received	5.4	5.6
Derivative instruments	0.7	0.4
Other liabilities (1	17.8	22.2
	23.9	28.2
Current		
Trade payables	123.8	115.4
Advances received	3.9	6.3
Accrued employee-related expenses	54.8	49.2
Other accruals	15.9	16.1
Other liabilities	57.1	59.0
	255.5	246.0
	279.4	274.3

1) Includes non-current liabilities of EUR 6.7 (13.3) million related to the 800 MHz spectrum license.

Derivatives are classified under Financial assets/liabilities recognised at fair value through profit or loss.
Other non-current liabilities are classified under Financial liabilities.

The current value of trade payables and other liabilities is a reasonable estimate of their fair value. The time of payment for the Group's trade payables correspond to conventional corporate terms of payment. Other accruals include interest expense and other regular expense accruals.

32. OPERATING LEASES

Group as a lessee

The future minimum lease payments under non-cancellable operating leases:

EUR million	2015	2014
Not later than one year	29.0	28.1
Later than one year not later than five years	42.3	27.9
Later than five years	28.0	6.5
	99.4	62.5

Elisa's operating leases include mainly business premises and locations, telecom facilities and cars. The lease periods range from one month to more than 50 years for telecom facilities.

A total of EUR 55.8 (57.1) million was paid as lease expenses on the basis of other lease contracts and recognised through profit or loss in 2015.

Group as a lessor

The future minimum lease payments under non-cancellable operating leases:

EUR million	2015	2014
Not later than one year	2.7	2.5
Later than one year not later than five years	0.4	0.0
	3.2	2.5

Elisa acts as a lessor for conventional lease contracts of real estates and lease contracts for telecom premises and equipment space. The lease contract periods are mainly short and their duration is 1–6 months.

33. COLLATERAL, COMMITMENTS AND OTHER LIABILITIES

EUR million	2015	2014
On behalf of own commitments		
Mortgages	2.3	1.5
Pledged securities	0.1	0.1
Deposits	0.7	0.9
Guarantees	1.1	1.1
On behalf of others		
Guarantees[1]	0.5	0.6
Other		0.0
	4.8	4.3
Other contractual obligations		
Repurchase obligations	0.1	0.0
Letter of credit	0.1	0.1
Capital loan's unrecognised interest payable	0.0	0.0

1) Elisa has guaranteed small short-term loans of less than EUR 20,000 for personnel. The maximum amount of the guarantee limit was EUR 0.5 (0.5) million on 31 December 2015.

Real estate investments

Real estate investments VAT refund liability is EUR 31.7 (33.9) million at 31 December 2015.

34. FINANCIAL RISK MANAGEMENT

Elisa Corporation's centralised financing function is responsible for exchange rate, interest rate, liquidity, and refinancing risks for the entire Group. The principles of financing policy, such as funding and investment principles, are annually discussed and ratified by the Committee for Auditing of the Board of Directors. Funding risks are monitored as a part of the regular business monitoring procedure.

Market risks

Interest rate risk

Elisa is exposed to interest rate risk mainly through its financial liabilities. In order to manage interest rate risk, the Group's borrowing and investments are diversified in fixed- and variable-rate instruments. Derivative financial instruments may also be used in managing interest rate risk. The aim is to hedge the negative effects caused by changes in the interest rate level. Hedge accounting is not applied to the derivatives.

Timing of interest rate changes for interest-bearing financial liabilities (EUR million), 31 Dec. 2015, at nominal value

Time of interest rate change	less than 1 year	1 to 5 years period	Over 5 years period	Total
Variable-rate financing instruments				
Commercial paper loans	170.5			170.5
Bank loans	78.8			78.8
Finance lease liabilities	3.9			3.9
Fixed-rate financing instruments				
Bonds		300.0	300.0	600.0
Bank loans	120.0			120.0
Loans from pension funds	1.0			1.0
Capital loans	0.1			0.1
Finance lease liabilities		6.8	17.1	23.9
	374.3	306.8	317.1	998.2

The Group's interest-bearing financial assets as at 31 December 2015 consist of commercial papers and bank deposits amouted to EUR 0.0 million and cash in bank amounted to EUR 29.1 million.

The sensitivity analysis includes financial liabilities at the balance sheet date. The change in the interest rate level is assumed to be one percentage point. The interest rate position is assumed to include interest-bearing financial liabilities and receivables as well as interest rate swaps on the balance sheet date assuming that all contracts would be valid and stay unchanged for the entire year.

	2015		2014	
EUR million	Income statement	Shareholders' equity	Income statement	Shareholders' equity
Change in interest rate level +/- 1%	+/- 2,5		+/- 3,0	

Exchange rate risk

Most of Elisa Group's cash flows are denominated in euro, which means that the company's exposure to exchange rate risk (economic risk and transaction risk) is minor. Exchange rate risks associated with business arise from international interconnection traffic and, to a minor extent, acquisitions. The most important currencies are the International Monetary Fund's Special Drawing Rights (SDR), the US dollar (USD), the British pound (GBP), the Russian ruble (RUB) and the Swedish Krona (SEK), the impact of other currencies is not material. No exchange rate hedging was used during the period. The company's financial liabilities do not involve exchange rate risk.

The translation difference exposure for foreign subsidiaries included in consolidated equity is minor. The translation difference exposure has not been hedged during the period.

Foreign exchange exposure 31 December 2015

EUR million	Trade receivables	Trade payables
SDR	0.4	0.8
USD	0.6	2.0
GBP	0.8	0.3
RUB	0.2	
SEK	0.3	0.0

Foreign exchange exposure 31 December 2014

EUR million	Trade receivables	Trade payables
SDR	2.3	2.9
USD	0.2	1.3
GBP	1.7	0.0
RUB	0.3	
SEK	0.4	0.0

A change of twenty percentage points in SDR would impact consolidated profit before tax by EUR +/- 0.1 (+/- 0.1) million, in USD EUR +/- 0.3 (+/- 0.2) million, in GBP EUR +/- 0.1 (+/- 0.3) million, in RUB EUR +/- 0.0 (+/- 0.1) million and in SEK EUR +/- 0.1 (+/-0.1) million.

Liquidity risk

The objective of liquidity risk management is to ensure the Group's financing in all circumstances. The company's most important financing arrangement is an EMTN programme of EUR 1,000 million, under which bonds have been issued for EUR 600.0 million. The company also has a EUR 250 million commercial paper programme and committed revolving credit facility of EUR 300 million. Both the EUR 170 million revolving credit facility valid until 3 June 2018 and the EUR 130 million revolving credit facility valid until 11 June 2019 were undrawn as of 31 December 2015. The margin of the limits is determined by the Groups' credit rating. On 6 October 2015, Elisa signed a EUR 150 million loan agreement that can be drawn within 12 months from signing without commitment fee. Loan has fixed margin. The total interest will be based on the market interest rate at the time when the loan is drawn.

As part of ensuring its financing, Elisa has acquired international credit ratings. Moody's Investor Services have rated Elisa's long-term commitments as Baa2 (outlook stable). Standard & Poor's has rated the company's long-term commitments as BBB+ (outlook stable) and short-term commitments as A-2.

Cash in hand and at banks, and unused committed limits

EUR million	2015	2014
Cash and bank	29.1	41.3
Credit limits	450.0	300.0
	479.1	341.3

Cash and bank as well as unused committed credit limits deducted by commercial papers issued by Elisa amounted to EUR 308.6 (131.3) million on 31 December 2015.

Contract-based cash flows for financial liabilities are presented under Note 30.

Credit risk

Financial instruments contain an element of risk of the respective parties failing to fulfil their obligations. Liquid assets are invested within confirmed limits to investment targets with a good credit rating. Investments and the limits specified for them are reviewed annually, or more often if necessary. Derivative contracts are only signed with Finnish and foreign banks with good credit ratings.

The business units are liable for credit risk associated with accounts receivable. The units have credit policies prepared in writing that are mainly consistent with uniform principles. The credit ratings of new customers are reviewed from external sources always when selling products or services invoiced in arrears. In case of additional sales to existing customers, creditworthiness is reviewed on the basis of the company's own accounts. The Group may also collect advance or guarantee payments in accordance with its credit policy.

Credit risk concentrations in accounts receivable are minor as the Group's customer base is wide; the 10 largest customers represent approximately 5 per cent of customer invoicing. EUR 5.7 (5.6) million of uncertain receivables have been deducted from consolidated accounts receivable. The Group's previous experience in the collection of trade receivables corresponds to the recognised impairment. Furthermore the Group sells the trade receivables of defined customer groups that are overdue by an average of 136 days. Based on these facts, the management is confident that the Group's trade receivables do not involve any substantial credit risk. The maximum credit risk as at 31 December 2015 is the value of trade receivables EUR 296.3 million. The age distribution of trade receivables is described in Note 23.

Commodity risks and their sensitivity analysis

Elisa has started hedge electricity purchases by derivatives during comparison period 2014. The electricity price risk is assessed at a five-year period. Hedge accounting is applied to contracts hedging future purchases. The effective portion of derivatives that qualify for hedge accounting is recognised in the revaluation reserve of equity and the ineffective portion is recognised in the income statement within other operative income or expenses. The change in the revaluation reserve recognised in equity is presented in the statement of comprehensive income under Cash flow hedge.

At the end of the year, the ineffective portion of hedge accounting was EUR 0.4 (0.1) million. The 1–12 month hedging rate was 62.9 (50.5) %, the 13–24 month rate was 43.2 (12.7) %, the 25–36 month rate was 24.7 (18.9) %, the 37–48 month rate was 18.5 (18.9) % and the 49–60 month rate was 0 (18.9) %.

If the market price of electricity derivatives changes by +/- 10 % from the balance sheet date 31 December 2015, it would contribute EUR +/- 0.0 (0.4) million to the 2016 income statement and EUR +/- 0.6 (0.3) million to equity. The impact has been calculated before tax.

Other price risk

Elisa's financial assets available-for-sale consist mostly of publicly listed shares in Comptel Corporation. The sensitivity analysis includes shares at the balance sheet date. The analysis assumes a change of twenty percentage points in the share price.

	2015		2014	
EUR million	**Income statement**	**Shareholders' equity**	**Income statement**	**Shareholders' equity**
Change in Comptel share price +/- 20%		+/- 5,2		+/-2,8

Notes on the capital structure

Elisa's capital consists of equity and liabilities. To develop its business, Elisa may carry out expansion investments and acquisitions that may be financed through equity or through liabilities directly or indirectly.

The target for the company's equity ratio is over 35 per cent and net debt / EBITDA 1.5 to 2.0. The net debt / EBITDA indicator is calculated exclusive of non-recurring items.

The company's distribution of profit to shareholders consists of dividends, capital repayment and purchase of treasury shares. Effective profit distribution is 80 per cent to 100 per cent of profit for the period. Furthermore, additional profit distribution to the shareholders may occur. When proposing or deciding on the distribution, the Board takes into account the company's financial position, future financing needs, and the set financial objectives.

Capital structure and key indicators

EUR million	2015	2014
Interest-bearing net debt	962.0	1,001.5
Total equity	925.9	878.6
Total capital	1,887.9	1,880.1
Gearing ratio, %	103.9	114.0
Net debt / EBITDA	1.8	1.9
Equity ratio, %	41.4	39.4

Available sources of financing

With regard to equity financing, the company's objective is to maintain sufficient flexibility for the Board of Directors to issue shares. The Annual General Meeting decides the amount of the share issue authorisation. In 2015 the authorisation has been used in executing share based incentive plans.

Shareholders' equity	2015	2014
Treasury shares, 1,000	7,851	7,986
Share issue authorisation, 1,000	14,865	15,000
Share price	34.79	22.61
Total, EUR million	517.2	339.2

With regard to liability financing, the company maintains loan programmes and credit arrangements that allow quick issuance. The arrangements are committed and non-committed, and allow issuances for different maturities.

Debt capital	2015	2014
Commercial paper programme (non-committed) (1	79.5	40.0
Revolving credits (committed) (2	300.0	300.0
Bank loans unused (committed) (3	150.0	
EMTN programme (non-committed) (4	400.0	400.0
Total, EUR million	929.5	740.0
Total equity and debt capital	1,446.7	1,079.2

1) The commercial paper programme amounts to EUR 250 million, of which EUR 170.5 million was in use at 31 December 2015.

2) Elisa has two committed revolving credit facilities to a total of EUR 300 million. Both facilities were unused at 31 December 2015.

3) On 6 October 2015, Elisa signed a EUR 150 million loan agreement with the European Investment bank. The loan can be drawn within 12 months from signing without commitment fee. The whole loan was unused on 31 December 2015

4) Elisa has an European Medium Term Note programme (EMTN) to a total of EUR 1,000 million. EUR 600.0 million was in use at 31 December 2015. The program was updated on 2 June 2015 and it is valid for one year as of the update.

35. RELATED PARTY TRANSACTIONS

The Group's related parties consist of the parent company, subsidiaries, associates and joint ventures, as well as Elisa's Board of Directors, the CEO and the Executive Board.

The Elisa Group structure is as follows 31 December 2015:

The parent company of the Group is Elisa Corporation.

Subsidiaries	Domicile	Group's ownership,%
Arediv Oy	Oulu	100
Elisa Appelsiini Oy	Helsinki	100
Elisa Eesti As	Tallinn	100
Elisa Hong Kong Limited	Hong Kong	100
Elisa Rahoitus Oy	Helsinki	100
Elisa Videra Ltd	Oulu	100
Elisa Videra Spain S.L	Madrid	100
Elisa Videra UK Ltd.	London	100
One Conference Ab	Solna	100
Videra Norge As	Oslo	100
Enia Oy	Helsinki	100
Epic TV SAS	Chamonix Mont Blanc	100
Fiaset Oy	Helsinki	100
Fonetic Oy	Jyväskylä	100
Fonum Oy	Helsinki	100
Gisforest Oy	Kajaani	100
Helsingin Netti Media Oy	Helsinki	100
JMS Group Oy	Helsinki	100
Karelsat Oy	Joensuu	100
Kiinteistö Oy Raision Luolasto	Espoo	100
Kiinteistö Oy Rinnetorppa	Kuusamo	80
Kiinteistö Oy Tapiolan Luolasto	Espoo	100
Kotkan Tietoruutu Oy	Kotka	100
Kympnet Oy	Kotka	100
Kymtel Oy	Kotka	100
LNS Kommunikation AB	Stockholm	100
Planetmedia Oy	Kotka	100
Preminet Oy	Helsinki	100
OOO LNR	St. Petersburg	100
Videra LLC	St. Petersburg	100
Sulake Corporation Oy	Helsinki	100
Banana Fingers Limited	London	100
Sulake Suomi Oy	Helsinki	100
Sulake Danmark ApS	Copenhagen	100
Sulake UK Ltd	London	100
Habbo Hotel S.L (Spain)	Madrid	100
Sulake Brasil	Sao Paolo	100
Sulake Inc	Los Angeles	100
Tampereen Tietoverkko Oy	Tampere	63
Tansec Oy	Kotka	100
Telcont Oy	Kotka	100
Joint ventures		
Kiinteistö Oy Brahenkartano	Turku	60

Associates		
Anvia Plc	Seinäjoki	30
FNE-Finland Oy	Kontiolahti	46
Kiinteistö Oy Helsingin Sentnerinkuja 6	Helsinki	50
Kiinteistö Oy Herrainmäen Luolasto	Tampere	50
Kiinteistö Oy Kiihtelysvaaran Oravanpyörä	Joensuu	25
Kiinteistö Oy Lauttasaarentie 19	Helsinki	42
Kiinteistö Oy Riihimäen Maisterinkatu 9	Riihimäki	35
Kiinteistö Oy Runeberginkatu 43	Helsinki	30
Kiinteistö Oy Stenbäckinkatu 5	Helsinki	40
Softera Oy	Helsinki	34
Suomen Numerot NUMPAC Oy	Helsinki	33

Significant changes in ownership of subsidiaries are presented in Notes 2. and 3. and changes in ownership of associates in Note 16.

Other changes in the Group structure are described below.

The subsidiary of Sulake, Sulake Norge AS has been liquidated on 23 July 2015. The liquidation does not affect the consolidated financial statements.

Joint arrangements

Kiinteistö Oy Brahenkartano owns and manages a building and a site in Turku. Elisa is entitled to manage office and telecom facilities with the shares owned.

60 per cent of the joint operations assets, liabilities, income and expenses are consolidated to the Group's financial statements with the proportionate method.

Associates

Associated companies are consolidated in accordance with the equity method of accounting.

On 31 December 2015 the Group has one significant associated company, Anvia Plc. Anvia Plc became Elisas associated company on 9 October 2014 and is consolidated since 1 October 2014. Anvia Plc is a regional fixed line operator. The Group owns 30 (24) per cent of all shares of Anvia Plc on 31 December 2015.

The table shows the associated companies consolidated amount of profit according to the Group's accounting principles.

Financial information of a material associate

Anvia Plc

EUR million	2015	2014
Revenue	130.7	25.9
Profit for the period	7.4	0.0
The Group's share of profit	2.2	0.0
Non-current assets	117.5	91.4
Current assets	54.7	46.1
Non-current liabilities	25.4	10.9
Current liabilities	34.0	15.0
Provisions	0.2	0.3
Net assets	112.7	111.2
The Group's share of net assets	33.9	27.0
Goodwill	25.9	19.6
Dividends received	-2.3	
Carrying amount of the Group's interest	57.5	46.6

Aggregated financial information of non-material associates

EUR million	2015	2014
The Group's share of profit	0.1	-0.1
The carrying amount of the Group's interest in the associates	1.9	2.2

The Group's share of the associates and changes during 2015. See Note 16.

The transactions carried out with related parties:

EUR million

2015	Sales	Purchases	Receivables
Associates and joint arrangements	0.4	2.7	0.8
2014			
Associates and joint arrangements	0.3	2.6	0.1

Employee benefits to key management are presented under Note 7 and contingent liabilities on behalf of associated companies under Note 33.

36. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the balance sheet date.

Key indicators

KEY INDICATORS DESCRIBING THE GROUP'S FINANCIAL DEVELOPMENT

	2015	2014	2013	2012	2011
INCOME STATEMENT					
Revenue, EUR million	1,569	1,535	1,547	1,553	1,530
Change of revenue,%	2.2	-0.8	-0.4	1.5	4.6
EBITDA (EUR million)	532	520	491	501	506
EBITDA as % of revenue	33.9	33.8	31.7	32.3	33.1
EBIT, EUR million	312	305	281	299	295
EBIT as % of revenue	19.9	19.9	18.1	19.2	19.3
Profit before tax, EUR million	291	278	255	269	265
Profit before tax as % of revenue	18.5	18.1	16.5	17.3	17.3
Return on equity (ROE),%	27.0	25.6	22.9	24.7	24.1
Return on investment (ROI),%	16.5	15.7	15.3	17.4	17.9
Research and development costs, EUR million	15	13	10	9	5
Research and development costs as % of revenue	0.9	0.8	0.6	0.6	0.3
BALANCE SHEET					
Gearing ratio,%	103.9	114.0	112.6	99.3	93.8
Current ratio	0.7	0.9	1.0	1.0	0.8
Equity ratio,%	41.4	39.4	37.3	42.3	42.3
Non-interest bearing liabilities, EUR million	330	322	353	285	312
Interest bearing net debt	962.0	1,001.5	971.2	838.6	788.0
Balance sheet total, EUR million	2,247	2,243	2,324	2,009	1,999
INVESTMENTS IN SHARES					
Investments in shares and business combinations, EUR million	18	43	150		0
CAPITAL EXPENDITURES					
Investments, EUR million	196	191	240	193	197
Investments as % of revenue	12.5	12.5	15.5	12.5	12.9
PERSONNEL					
Average number of employees during the period	4,146	4,138	4,320	3,973	3,757
Revenue/employee, EUR 1,000	379	371	358	391	407

The order book is not shown because such information is immaterial owing to the nature of the company's business.

FORMULAE FOR FINANCIAL SUMMARY INDICATORS

EBITDA	EBIT + depreciation, amortisation and impairment	
EBIT	Profit for the period + income taxes + financial income and expence + share of associated companies' profit	
Return on equity (ROE),%	Profit for the period / Total shareholders' equity (on average during the year)	x 100
Return on investment (ROI),%	Profit before taxes + interest and other financial expenses / Total equity + interest bearing liabilities (on average during the year)	x 100
Gearing ratio,%	Interest-bearing liabilities – Cash and cash equivalents and financial assets at fair value through profit or loss / Total shareholders’ equity	x 100
Current ratio	Current assets / Current liabilities – advance payments received	
Equity ratio,%	Total shareholders’ equity / Balance sheet total – advance payments received	x 100

PER-SHARE INDICATORS[1]

	2015	2014	2013	2012	2011
Share capital, EUR	83,033,008	83,033,008	83,033,008	83,033,008	83,033,008
Number of shares at year-end	159,484,067	159,349,030	159,349,030	156,879,666	156,227,740
Average number of shares	159,469,737	159,349,030	157,269,132	156,548,402	155,878,493
Number of shares at year-end, diluted	159,484,067	159,349,030	159,349,030	157,016,312	156,528,070
Average number of shares, diluted	159,469,737	159,349,030	157,269,132	156,685,047	156,178,823
Market capitalisation, EUR million [2]	5,822	3,783	3,223	2,797	2,688
Earnings per share (EPS), EUR	1.52	1.41	1.25	1.33	1.29
Dividend per share, EUR	1.40 [5]	1.32	1.30	1.30	1.30
Payout ratio,%	91.8	93.5	104.0	97.5	100.6
Equity per share, EUR	5.80	5.51	5.41	5.37	5.36
P/E ratio	22.8	16.0	14.8	12.6	12.5
Effective dividend yield,% [2]	4.0	5.8	6.7	7.8	8.1
Share performance in NASDAQ OMX Helsinki					
Mean price, EUR	28.37	20.93	16.15	16.61	15.41
Closing price at year-end, EUR	34.79	22.61	19.26	16.73	16.13
Lowest price, EUR	22.10	18.19	13.37	14.84	12.70
Highest price, EUR	35.99	24.04	19.49	17.97	17.00
Trading of shares in NASDAQ OMX Helsinki [3]					
Total trading volume, 1,000 shares	113,312	112,729	128,100	116,534	121,878
Percentage of shares traded [4]	68	67	77	70	73

1) The numbers of shares are presented without treasury shares held by Elisa Group. Treasury shares have been accounted for in the calculation of the indicators.

2) Calculated on the basis of the closing price on the last trading day of the year.

3) Elisa share is also traded in alternative marketplaces. According to the Fidessa Fragmentation report, the trading volumes in these markets in 2015 were approximately 153 (112) per cent of NASDAQ OMX Helsinki.

4) Calculated in proportion to the average number of shares for the period.

5) The Board of Directors proposes a dividend payment of EUR 1.40 per share.

FORMULAE FOR PER-SHARE INDICATORS

Earnings per share (EPS)	$\frac{\text{Profit for the period attributable to the equity holders of the parent}}{\text{Average number of shares during the period adjusted for issues}}$	
Dividend per share [1]	$\frac{\text{Dividend adjusted for issues}}{\text{Number of shares at the balance sheet date adjusted for issues}}$	
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Share price at the balance sheet date adjusted for issues}}$	x 100
Payout ratio, % [1]	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Equity per share	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares at the balance sheet date adjusted for issues}}$	
P/E ratio (Price/Earnings)	$\frac{\text{Share price on the balance sheet date}}{\text{Earnings per share}}$	

1) The calculation formulas apply also to the capital repayment indicators.

Income statement, parent company, FAS

EUR million	Note	2015	2014
Revenue	1	1,368.3	1,306.7
Change in inventories			0.0
Other operating income	2	7.3	10.4
Materials and services	3	-548.2	-553.5
Personnel expenses	4	-188.4	-165.7
Depreciation and amortisation	5	-216.2	-204.0
Other operating expenses		-144.9	-144.0
Operating profit		278.0	249.8
Financial income and expenses	7	-23.2	-29.2
Profit before extraordinary items		254.9	220.6
Extraordinary items	8	-5.7	40.9
Profit after extraordinary items		249.2	261.6
Appropriations	9	-3.9	-13.5
Income taxes	10	-55.4	-49.8
Profit for the period		190.0	198.3

Balance sheet, parent company, FAS

EUR million	Note	31 Dec. 2015	31 Dec. 2014
ASSETS			
Fixed assets			
Intangible assets	11	421.5	448.6
Tangible assets	11	611.5	625.2
Investments	12	340.2	328.3
		1,373.2	1,402.2
Current assets			
Inventories	13	41.9	38.7
Non-current receivables	14	119.4	129.7
Current receivables	15	323.5	309.2
Cash and bank		9.3	29.0
		494.2	506.6
TOTAL ASSETS		1,867.4	1,908.7
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity	16		
Share capital		83.0	83.0
Treasury shares		-145.4	-148.1
Contingency reserve		3.4	3.4
Reserve for invested non-restricted equity		77.8	77.8
Retained earnings		211.0	225.5
Profit for the period		190.0	198.3
		419.9	440.1
Accumulated appropriations		80.1	76.2
Provisions for liabilities and charges	17	7.9	6.7
Liabilities			
Non-current liabilities	18	762.0	900.4
Current liabilities	19	597.5	485.3
		1,359.5	1,385.8
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,867.4	1,908.7

Cash flow statement, parent company, FAS

EUR million	2015	2014
Cash flow from operating activities		
Profit before extraordinary items	254.9	220.6
Adjustments:		
Depreciation and amortisation	216.2	204.0
Other income and expenses with no payment relation	1.9	5.2
Financial income (-) and expense (+)	22.2	25.1
Gains (-) and losses (+) on the disposal of fixed assets	-2.8	-6.3
Gains (-) and losses (+) on the disposal of investments	1.0	4.1
Change in provisions in the income statement	1.3	-8.0
Cash flow before change in working capital	494.6	444.7
Increase (+) / decrease (-) in working capital	-22.6	-27.2
Cash flow before financial items and taxes	472.0	417.5
Dividends received	1.8	1.1
Interest received	3.0	9.1
Interest paid	-24.5	-33.7
Income taxes paid	-51.4	-52.0
Net cash flow from operating activities	400.9	342.0
Cash flow from investing activities		
Capital expenditure	-182.6	-174.5
Proceeds from disposal of tangible and intangible assets	1.5	10.6
Investments in shares and other financial assets	0.2	-21.3
Proceeds from disposal of shares and other financial assets	5.5	0.5
Loans granted	-19.6	-48.1
Repayment of loan receivables	7.0	1.1
Net cash flow used in investing activities	-188.0	-231.6
Cash flow after investing activities	212.9	110.4
Cash flow from financing activities		
Repayment of long-term borrowings	-10.6	-172.4
Change in short-term borrowings	-24.2	124.0
Group contributions received (+) / paid (-)	12.1	22.4
Dividends paid	-209.8	-206.4
Net cash flow used in financing activities	-232.6	-232.4
Change in cash and cash equivalents	-19.6	-122.0
Cash and cash equivalents at the beginning of the period	29.0	125.7
Cash and cash equivalents received through business combinations and mergers		25.3
Cash and cash equivalents at the end of the period	9.3	29.0

Notes to the financial statements of the parent company

Accounting principles

Elisa Corporation's financial statements have been prepared in accordance with the accounting principles based on Finnish accounting legislation.

Comparability with previous year figures

The following should be considered when comparing current period with previous period figures:

merger profits of EUR 28.9 million are included within extraordinary items and merger losses of EUR 1.4 million are recognised as goodwill in 2014

Items denominated in foreign currencies

Transactions denominated in a foreign currency are recorded at the rates of exchange prevailing at the dates of transactions. As at the year-end assets and liabilities denominated in a foreign currency are valued at the average rate quoted by the European Central Bank as at year-end.

Fixed assets

The carrying value of intangible and tangible assets is stated at cost less accumulated depreciation, amortisation and impairments.

Internally generated fixed assets are measured at variable costs.

The difference between depreciation according to plan and total depreciation presented is under appropriations in the parent company's income statement and the accumulated depreciation difference is presented under accumulated appropriations in the shareholders' equity and liabilities in the balance sheet. Depreciation according to plan is recognised on a straight-line basis over the useful lives from the original acquisition cost.

The useful lives according to plan for the different asset groups are:

Intangible rights	3–5 years
Goodwill	5-20 years
Other expenditure with long-term effects	5–10 years
Buildings and constructions	25–40 years
Machinery and equipment in buildings	10–25 years
Telephone exchanges	6–10 years
Cable network	8–15 years
Telecommunication terminals	1–4 years
Other machines and equipment	3–5 years

Inventories

Inventories are stated at the lowest of variable costs, acquisition price or the likely disposal, or repurchase price. Cost is determined using a weighted average price.

Marketable securities

Investments in money market funds are recognized at the repurchase price. Investments in certificates of deposit and commercial paper are recognised at the acquisition cost, as the difference between the repurchase price and cost of acquisition is not significant.

Revenue recognition principles

Sales are recognised as income at the time of transfer and income from services is recognised once the services have been rendered.

Interconnection fees that are invoiced from the customer and paid as such to other telephone companies are presented as a deduction item under sales income (Finnish Accounting Standards Board 1995/1325).

The profit from the sales of business operations, shares and fixed assets, subsidies received and rental income from premises are presented under other operating income.

Research and development

Research costs are charged to expense on the income statement. Product development expenses are recognised in the balance sheet from the date the product is technically feasible, it can be utilised commercially and future financial benefit is expected from the product. In other cases, development costs are recorded as an expense. Development costs previously recognised as expenses are not capitalised later.

Government grants for product development projects and the like are recognised under other operating income when the product development costs are recognised as annual expenses. If a government grant is associated with capitalised product development costs, the grant reduces the capitalised acquisition cost.

Future expenses and losses

Probable future expenses and losses related to the current or a prior financial period without a corresponding income are recognised in the income statement. Such items are recognised in the balance sheet under provisions if a reliable estimate of the amount or timing of the obligation cannot be made. Otherwise the obligation is recognised within accruals.

Extraordinary income and expenses

Extraordinary items include gains and losses related to Group contributions and merger profit. Merger losses are recognised either as extraordinary expenses in the income statement or as goodwill in the balance sheet.

Income taxes

Income taxes for the financial year are recognised in the income statement. No deferred tax liabilities and receivables have been recognised in the financial statements.

1. REVENUE

EUR million	2015	2014
Sales	1,439.9	1,388.2
Interconnection fees and other adjustments	-71.6	-81.5
	1,368.3	1,306.7
Geographical distribution		
Finland	1,340.9	1,275.0
Rest of Europe	24.3	27.9
Other countries	3.2	3.8
	1,368.3	1,306.7

2. OTHER OPERATING INCOME

EUR million	2015	2014
Gain on disposal of fixed assets	2.8	5.3
Others[1]	4.5	5.1
	7.3	10.4

1) Other operating income items mainly include rental income of real estate, management fee income charged from subsidiaries and miscellaneus other operating income.

3. MATERIALS AND SERVICES

EUR million	2015	2014
Materials, supplies and goods		
Purchases	200.7	165.4
Change in inventories	-3.7	3.4
	197.0	168.8
External services	351.1	384.7
	548.2	553.5

4. PERSONNEL EXPENSES

EUR million	2015	2014
Salaries and wages	154.1	135.4
Pension costs	28.0	24.7
Other statutory employee costs	6.3	5.6
	188.4	165.7
Personnel on average	2,606	2,602

CEO remuneration, EUR	2015	2014
Fixed salary	536,640.00	534,420.00
Performance-based bonus	261,340.00	62,940.24
Fringe benefits	19,130.04	21,521.78
Share-based payments [1]	732,815.43	
	1,549,925.47	618,882.02

1) Elisa Corporation changed the measurement period of the share-based incentive plan to three years in 2012. Accordingly, there were no payments under the plan in 2014. The maximum award allocated for the CEO under the share-based compensation plans equals the value of 248,131 shares. See Note 7 in the consolidated financial statements.

In accordance with employees pensions act and on the basis of CEO remuneration, EUR 151,000 (175,000) in pension costs has been recognised in profit or loss. The executive agreement with the Group CEO expires at the age of 60 and he is entitled to retirement according to the agreement. See Note 7 in the consolidated financial statements.

The Board of Directors' remuneration, EUR	2015	2014
Petteri Koponen	68,000.00	51,500.00
Ari Lehtoranta		20,500.00
Raimo Lind	115,000.00	118,000.00
Leena Niemistö	67,000.00	69,000.00
Eira Palin-Lehtinen	18,500.00	82,000.00
Mika Salmi		16,500.00
Jaakko Uotila	68,000.00	69,500.00
Seija Turunen	77,000.00	51,500.00
Mika Vehviläinen	79,000.00	78,500.00
	492,500.00	557,000.00

The following compensation determined by the Annual General Meeting was paid to the Members of the Board: monthly remuneration fee for the Chairman EUR 9,000 per month: monthly remuneration fee for the Deputy Chairman and chairman of the Committee for Auditing EUR 6,000 per month, monthly remuneration fee for the Members EUR 5,000 per month, and meeting remuneration fee EUR 500/meeting/participant. The monthly remuneration fees (deducted by tax) are used to purchase Elisa shares every quarter end. The shares purchased before 2014 are subject to a transfer restriction of four years during the term of Board service. The restriction is lifted when Board membership ends.

5. DEPRECIATION AND AMORTISATION

EUR million	2015	2014
Amortisation of intangible assets	63.4	64.8
Depreciation of tangible assets	152.8	139.1
	216.2	204.0

Specification of depreciation by balance sheet items is included in Note 11.

6. AUDITOR FEES

EUR million	2015	2014
Auditing	0.2	0.2
Tax advisory services	0.1	0.1
Education services	0.0	0.1
Other services	0.2	0.1
	0.5	0.5

7. FINANCIAL INCOME AND EXPENSES

EUR million	2015	2014
Interest income and other financial income		
Dividends received		
from Group companies	0.9	0.6
from Associates	0.4	0.0
from others	0.5	0.5
	1.8	1.1
Other interest and financial income		
from Group companies	1.3	1.0
from others	1.4	2.9
	2.6	3.9
	4.4	5.0
Interest costs and other financial expenses		
to Group companies	-3.1	-2.5
to others	-24.3	-30.4
Impairments	-0.2	-1.3
	-27.6	-34.2
	-23.2	-29.2

8. EXTRAORDINARY ITEMS

EUR million	2015	2014
Extraordinary income		
Group contributions received	10.4	20.1
Merger profit [1]		28.9
Extraordinary expenses		
Group contributions given	-16.1	-8.0
	-5.7	40.9

1) The mergers of Ecosite Oy, KYMP Oy and Viske Oy on 31 December 2014.

9. APPROPRIATIONS

EUR million	2015	2014
Change in depreciation difference	-3.9	-13.5

10. INCOME TAXES

EUR million	2015	2014
Regular business	-56.6	-47.3
Extraordinary items	1.1	-2.4
Previous period taxes	0.1	-0.1
	-55.4	-49.8

11. INTANGIBLE AND TANGIBLE ASSETS

Intangible Assets

2015

EUR million	Development costs	Intangible rights	Goodwill	Other intangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2015	22.2	69.6	809.4	349.8	11.9	1,263.0
Additions	2.2	4.9	0.5	14.5	13.1	35.2
Disposals				0.0	-0.1	-0.1
Reclassifications	0.7	-1.5		4.6	-2.6	1.1
Acquisition cost at 31 Dec. 2015	25.1	73.0	809.9	368.8	22.4	1,299.2
Accumulated amortisation at 1 Jan. 2015	17.4	28.3	474.4	294.2		814.3
Amortisation for the period	3.5	5.8	34.3	19.6		63.3
Accumulated amortisation at 31 Dec. 2015	20.9	34.2	508.8	313.8		877.6
Book value at 31 Dec. 2015	4.2	38.8	301.1	55.0	22.4	421.5

Tangible assets

2015

EUR million	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2015	6.6	164.5	2,813.4	35.1	19.2	3,038.9
Additions	0.0	5.8	117.7	0.0	17.2	140.8
Disposals	0.0	0.0	-11.3			-11.3
Reclassifications	0.0	1.2	12.7		-15.0	-1.1
Acquisition cost at 31 Dec. 2015	6.6	171.5	2,932.6	35.1	21.4	3,167.2
Accumulated depreciation at 1 Jan. 2015		82.2	2,297.3	34.3		2,413.7
Accumulated depreciation of disposals and reclassifications		0.0	-10.8			-10.8
Depreciation for the period		8.5	144.3	0.1		152.8
Accumulated depreciation at 31 Dec. 2015		90.6	2,430.8	34.3		2,555.7
Book value at 31 Dec. 2015	6.6	80.9	501.9	0.8	21.4	611.5

Intangible Assets

2014

EUR million	Development costs	Intangible rights	Goodwill	Other intangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2014	19.6	31.7	796.4	325.2	42.9	1,215.9
Transferred in merger	0.0		9.6	4.8		14.4
Additions	3.6	5.4	3.4	15.3	7.2	34.9
Disposals	-3.3			0.0	-0.1	-3.4
Reclassifications	2.3	32.5		4.6	-38.1	1.3
Acquisition cost at 31 Dec. 2014	22.2	69.6	809.4	349.8	11.9	1,263.0
Accumulated amortisation at 1 Jan. 2014	12.0	23.0	431.4	270.6		737.0
Transferred in merger	0.0		9.4	4.3		13.7
Amortisation for the period	5.3	5.4	33.6	19.2		63.6
Accumulated amortisation at 31 Dec. 2014	17.4	28.3	474.4	294.2		814.3
Book value at 31 Dec. 2014	4.8	41.3	334.9	55.6	11.9	448.6

Tangible assets

2014

EUR million	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Under construction	Total
Acquisition cost at 1 Jan. 2014	5.8	91.6	2,564.8	34.7	19.0	2,715.8
Transferred in merger	1.4	80.1	138.6	0.4		220.4
Additions	0.0	3.2	116.5	0.0	15.2	134.9
Disposals	-0.5	-13.5	-17.0			-31.0
Reclassifications	0.0	3.2	10.5	0.0	-15.0	-1.3
Acquisition cost at 31 Dec. 2014	6.6	164.5	2,813.4	35.1	19.2	3,038.9
Accumulated depreciation at 1 Jan. 2014		50.2	2,073.1	33.8		2,157.1
Transferred in merger		39.3	106.5	0.2		146.0
Accumulated depreciation of disposals and reclassifications		-11.8	-16.8			-28.6
Depreciation for the period		4.4	134.4	0.2		139.1
Accumulated depreciation at 31 Dec. 2014		82.2	2,297.3	34.3		2,413.7
Book value at 31 Dec. 2014	6.6	82.3	516.2	0.9	19.2	625.2

12. INVESTMENTS

2015 EUR million	Shares Group companies	Shares Associated companies	Shares Other companies	Receivables Group companies	Total
Acquisition cost at 1 Jan. 2015	290.3	17.7	22.5	10.7	341.2
Additions	0.8	0.0		0.0	0.8
Disposals		-4.5	-2.1		-6.6
Reclassifications	20.7			-3.0	17.7
Acquisition cost at 31 Dec. 2015	311.7	13.2	20.4	7.8	353.0
Impairment at 1 Jan. 2015	-7.6		-4.5	-0.8	-12.9
Impairment at 31 Dec. 2015	-7.6		-4.5	-0.8	-12.9
Book value at 31 Dec. 2015	304.2	13.2	15.9	7.0	340.2

A list of the group and associated companies is available under Note 35 in the consolidated financial statements.

2014 EUR million	Shares Group companies	Shares Associated companies	Shares Other companies	Receivables Group companies	Total
Acquisition cost at 1 Jan. 2014	305.9	6.5	26.6	10.7	349.7
Transferred in merger			0.0		0.0
Additions	21.9	7.9		0.1	29.8
Disposals	-37.5		-0.8	0.0	-38.3
Reclassifications		3.3	-3.3		
Acquisition cost at 31 Dec. 2014	290.3	17.7	22.5	10.7	341.2
Impairment at 1 Jan. 2014	-3.6		-4.5		-8.1
Additions	-4.0			-0.8	-4.8
Impairment at 31 Dec. 2014	-7.6		-4.5	-0.8	-12.9
Book value at 31 Dec. 2014	282.7	17.7	17.9	10.0	328.3

13. INVENTORIES

EUR million	2015	2014
Materials and supplies	6.3	10.2
Finished goods	35.6	28.4
	41.9	38.7

14. NON-CURRENT RECEIVABLES

EUR million	2015	2014
Receivables from Group companies		
Loan receivables	50.7	66.1
Receivables from associates		
Prepayments and accrued income	0.6	
Receivables from others		
Loan receivables	0.1	0.1
Trade receivables	51.3	47.6
Prepayments and accrued income (1	15.3	15.7
Other receivables	1.4	0.2
	68.1	63.7
	119.4	129.74
1) Breakdown of prepayment and accrued income		
Rent advances	9.0	7.4
Transaction costs and losses related to loan issuance	6.3	8.4
	15.3	15.7

15. CURRENT RECEIVABLES

EUR million	2015	2014
Receivables from Group companies		
Loan receivables	19.7	10.5
Trade receivables	14.2	3.8
Prepayments and accrued income	1.2	2.3
Other receivables	10.8	21.1
	45.9	37.7
Receivables from associates		
Loan receivables		0.1
Trade receivables	0.0	0.0
Prepayments and accrued income	0.1	0.0
	0.2	0.1
Receivables from others		
Trade receivables	256.5	245.7
Loan receivables	1.6	
Prepayments and accrued income (1	17.2	19.1
Other receivables	2.2	6.7
	277.5	271.4
	323.5	309.2
1) Breakdown of prepayment and accrued income		
Interest	0.1	0.3
Rent advances	1.8	1.7
Transaction costs and losses related to loan issuance	2.2	2.2
Taxes		2.7
Other business expense advances	13.0	12.2
	17.2	19.1

16. SHAREHOLDERS' EQUITY

EUR million	2015	2014
Share capital at 1 Jan.	83.0	83.0
Share capital at 31 Dec.	83.0	83.0
Treasury shares at 1 Jan.	-148.1	-148.1
Disposal of treasury shares	2.7	
Treasury shares at 31 Dec.	-145.4	-148.1
Contingency reserve at 1 Jan.	3.4	3.4
Contingency reserve at 31 Dec.	3.4	3.4
Reserve for invested non-restricted equity at 1 Jan.	77.8	77.8
Reserve for invested non-restricted equity at 31 Dec.	77.8	77.8
Retained earnings at 1 Jan.	423.9	432.3
Dividend distribution	-210.5	-207.2
Withdrawal of dividend liabilities	0.4	0.4
Disposal of treasury shares	-2.7	
Retained earnings at 31 Dec.	211.0	225.5
Profit for the period	190.0	198.3
	419.9	440.1
Distributable earnings		
Retained earnings	211.0	225.5
Treasury shares	-145.4	-148.1
Reserve for invested non-restricted equity	77.8	77.8
Profit for the period	190.0	198.3
	333.5	353.7

17. PROVISIONS

EUR million	2015	2014
Provision for unemployment pensions	3.1	2.7
Other provisions for liabilities and charges (1	4.8	3.9
	7.9	6.7

1) Other provisions consist of salaries, including related statutory employee costs for employees not required to work during their severance period and provision for other operating expenses.

Provisions of EUR 3.1 (9.3) million were used and EUR 0.6 (2.2) million were cancelled in 2015.

18. NON-CURRENT LIABILITIES

EUR million	2015	2014
Interest-bearing		
Liabilities to Group companies		
Other liabilities	78.0	78.0
Liabilities to others		
Bonds	600.0	600.0
Loans from financial institutions	68.2	199.3
Loans from pension funds	1.0	1.0
	669.2	800.3
	747.2	878.3
Non-interest bearing		
Liabilities to others		
Trade payables	6.7	13.3
Accruals and deferred income (1	8.2	8.8
	14.8	22.2
	762.0	900.4
Liabilities maturing after five years		
Bonds	300.0	300.0
1) Breakdown of accruals and deferred income		
Rent advances	8.2	8.8

19. CURRENT LIABILITIES

EUR million	2015	2014
Interest-bearing		
Liabilities to Group companies		
Group account	61.0	45.7
Other liabilities		0.1
	61.0	45.7
Liabilities to others		
Loans from financial institutions	130.6	10.1
Commercial paper	170.5	210.0
	301.1	220.1
	362.1	265.8
Non-interest bearing		
Liabilities to Group companies		
Advances received	0.0	
Trade payables	8.9	10.9
Accruals and deferred income	0.1	0.1
Other liabilities	16.5	8.4
	25.5	19.4
Liabilities to Associates		
Trade payables	0.3	0.0
	0.3	0.0
Liabilities to others		
Advances received	1.1	1.9
Trade payables	114.2	111.3
Accruals and deferred income [1]	50.8	45.7
Other liabilities	43.5	41.3
	209.6	200.1
	235.4	219.6
	597.5	485.3
[1] Breakdown of accruals and deferred income		
Holiday pay, performance-based bonuses and related statutory employee costs	34.9	31.1
Interest	9.8	9.8
Direct taxes	2.9	1.5
Rent advances	1.4	1.4
Advance income	1.5	1.4
Others	0.3	0.5
	50.8	45.7

20. COLLATERAL, COMMITMENTS AND OTHER LIABILITIES

Collateral

EUR million	2015	2014
On behalf of own commitments		
Bank deposits	0.6	0.6
Guarantees	1.1	1.1
Pledged securities	0.1	0.1
On behalf of others		
Guarantees	0.5	0.6
Other collaterals		0.0
	2.3	2.5

Leasing and rental liabilities

EUR million	2015	2014
Leasing liabilities on telecom networks (1		
Due within one year	0.3	0.3
Due later than one year and up to five years	0.7	0.9
Due later than five years	0.1	0.2
	1.0	1.3
Other leasing liabilities (2		
Due within one year	5.8	6.3
Due later than one year and up to five years	11.1	11.7
Due later than five years	0.6	2.2
	17.5	20.2
Repurchase obligations (3	0.0	0.0
Letter of credit	0.1	0.1
Real estate leases (4		
Due within one year	25.1	24.6
Due later than one year and up to five years	43.8	31.0
Due later than five years	102.5	84.1
	171.4	139.7
	190.0	161.3

1) Consists of certain individualised mobile network equipment and access fees for backbone connections.

2) Leasing liabilities consist mainly of leases of cars and IT equipment.

3) Repurchase obligations are mainly related to leasing liabilities on telecom networks and terminals devices bought by customers with leasing liabilities from financing institutions.

4) Real estate leases comprise rental agreements relating to business, office and telecom premises. Real estate leases are presented at nominal amounts.

Derivative instruments

EUR million	2015	2014
Interest rate and currency swap		
Nominal value	1.5	3.0
Fair value recognised in the balance sheet	-0.1	-0.2

Real estate investments

VAT refund liability of real estate investments is EUR 31.7 (33.9) million at 31 December 2015.

Shares and shareholders

1. Share capital and shares

The company's paid-in share capital registered in the Trade Register stood at EUR 83,033,008 at the end of the financial year.

According to the Articles of Association, the minimum number of shares is 50,000,000 and the maximum is 1,000,000,000. At the end of the financial year, the number of Elisa Corporation shares was 167,335,073, all within one share series.

2. Authorisations of the Board of Directors

On 2 April 2014 the Annual General Meeting authorised the Board of Directors to decide on a new share issue, transfer of treasury shares owned by the company and/or granting of special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act subject to the following: The authorisation allows the Board of Directors to issue a maximum of 15,000,000 shares in one or several issues. The share issue and shares granted by virtue of special rights are included in the aforementioned maximum number. The maximum number is approximately 9 per cent of the entire stock. The share issue can be free or for consideration and can also be directed to the Company itself. The authorisation entitles the Board to make a directed issue. The authorisation may be used for making acquisitions or implementing other arrangements related to the Company's business, to finance investments, to improve the company's financial structure, or for other purposes decided by the Board of Directors. The Board of Directors shall have the right to decide on all other matters related to share issue. The authorisation shall be in force until 30 June 2016 and it annuls the authorisation given by the Annual General Meeting to the Board of Directors on 18 March 2010.

In Addition, the Annual General Meeting on 26 March 2015 authorized the Board of Directors to decide on the acquisition of treasury shares subject to the following: The Board of Directors may decide to acquire or pledge on non-restricted equity a maximum of 5,000,000 treasury shares. The acquisition may take place as one or several blocks of shares. The consideration payable for the shares shall not be more than the ultimate market price. In purchasing the Company's own shares derivative, share lending and other contracts customary in the capital market may be concluded pursuant to law and the applicable legal provisions. The authorisation entitles the Board of Directors to pass a resolution to purchase the shares by making an exception to the purchase of shares relative to the current holdings of the shareholders. The treasury shares may be used for making acquisitions or implementing other arrangements related to the Company's business, to finance investments, to improve the Company's financial structure, to be used as part of the incentive compensation plan, or for the purpose of otherwise assigning or cancelling the shares. The Board of Directors shall have the right to decide on all other matters related to the purchase of the Company's own shares. The authorisation is in force until 30 June 2016 and it annuls the authorisation given by the

Annual General Meeting to the Board of Directors on 2 April 2014.

3. Treasury shares, share issues and cancellations

At the beginning of the financial period, Elisa held 7,986,043 treasury shares.

The Annual General Meeting held on 2 April 2014 authorised the Board of Directors to acquire and assign treasury shares. The authorisation applies to a maximum of 5,000,000 treasury shares. On the basis of the authorisation, Elisa has not acquired treasury shares.

Disposal of treasury shares 135,037.

At the end of the financial period, Elisa held 7,851,006 treasury shares.

The Elisa shares held by Elisa do not have any substantial impact on the distribution of holdings and votes in the company. They represent 4.69 per cent of all shares and votes.

4. Management interests

The aggregate number of shares held by Elisa's Board of Directors and the CEO on 31 December 2015 was 118,256 shares and votes, which represented 0.07 per cent of all shares and votes.

5. Share performance

The Elisa share closed at EUR 34,79 on 31 December 2015. The highest quotation of the year was EUR 35,99 and the lowest EUR 22,10. The average price was EUR 28,37.

At the end of the financial year, the market capitalisation of Elisa's outstanding shares was EUR 5,822 million.

6. Quotation and trading

The Elisa share is quoted on the Main List of the NASDAQ OMX Helsinki with the ticker ELI1V. The aggregate volume of trading on the NASDAQ OMX Helsinki between 1 January and 31 December 2015 was 113,311,654 shares for an aggregate price of EUR 3,214 million. The trading volume represented 67.7 per cent of the outstanding number of shares at the closing of the financial year

7. DISTRIBUTION OF HOLDING BY SHAREHOLDER GROUPS AT 31 DECEMBER 2015

		Number of shares	Osuus kaikista osakkeista, %
1	Private companies	22,608,051	13.51
2	Financial and insurance institutions	2,607,414	1.56
3	Public corporations	13,023,167	7.78
4	Non-profit organisations	5,430,941	3.25
5	Households	45,042,723	26.92
6	Foreign	1,647,271	0.98
7	Nominee registered	69,124,500	41.31
	Elisa Group	7,851,006	4.69
		167,335,073	100.00

8. DISTRIBUTION OF HOLDING BY AMOUNT AT 31 DECEMBER 2015

Size of holding	Number of shareholders	%	Number of shares	%
1–100	34,385	17.05	1,774,395	1.06
101–1 000	161,925	80.31	34,712,814	20.74
1 001–10 000	5,006	2.48	11,941,883	7.14
10 001–100 000	262	0.13	6,707,559	4.01
100 001–1 000 000	29	0.01	6,507,280	3.89
1 000 001–	6	0.00	28,117,252	16.80
Nominee registered			69,124,500	41.31
	201,613	100		
Elisa Common Clearing account (1			598,384	0.36
Elisa Group			7,851,006	4.69
Issued amount			167,335,073	100.00

1) Shares in Common Clearing account include shares which have not been transferred to the share owners' book-entry accounts at the time of, or subsequent to, entering the shares into the Finnish book-entry system.

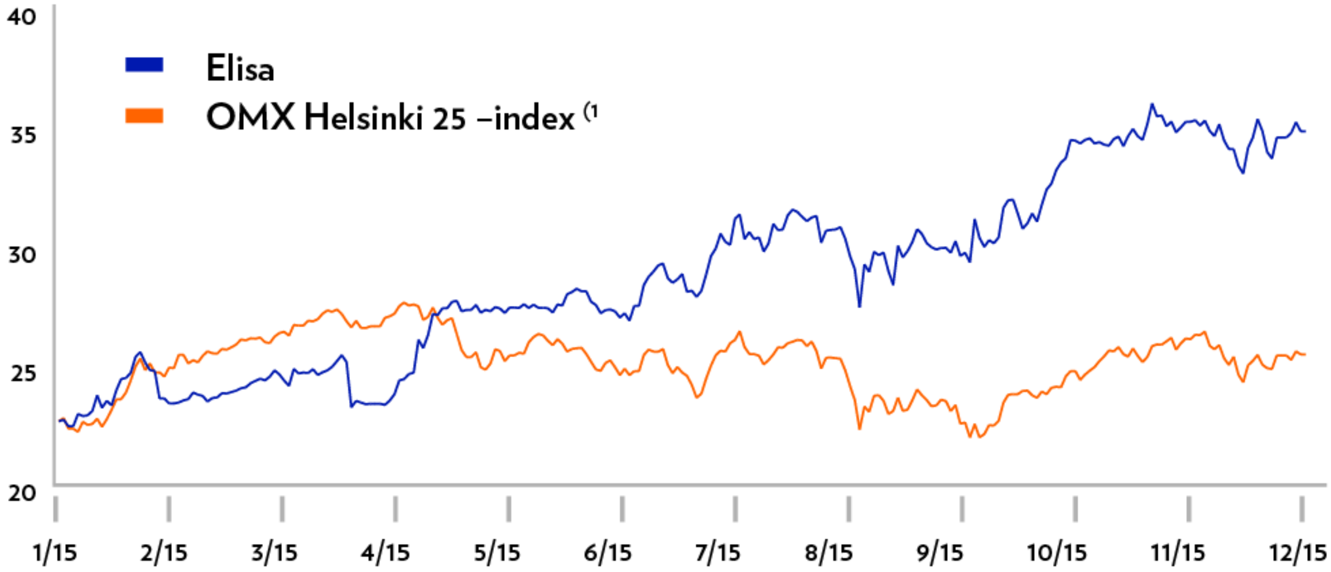
9. LARGEST SHAREHOLDERS AT 31 DECEMBER 2015

	Name	Number of shares	%
1.	Solidium Oy	16,801,000	10.04
2.	Varma Mutual Pension Insurance Company	6,711,976	4.01
3.	Ilmarinen Mutual Pension Insurance Company	2,229,586	1.33
4.	The State Pension Fund	1,250,000	0.75
5.	City of Helsinki	1,124,690	0.67
6.	Schweizerische National Bank	933,875	0.56
7.	Elo Mutual Pension Insurance Company	493,000	0.29
8.	KPY Sijoitus LLC	457,163	0.27
9.	Nordea Bank Finland Plc	440,850	0.26
10.	Nordea Finnish Equity Fund	367,000	0.22
11.	Sigrid Juselius Foundation	352,000	0.21
12.	Folkhälsan Samfundet	315,113	0.19
13.	Seligson & Co Equity Fund	271,420	0.16
14.	City of Vantaa	258,738	0.15
15.	Nordea Pro Suomi Fund	214,715	0.13
16.	Odin Finland	200,288	0.12
17.	OP-Henkivakuutus Oy	193,782	0.12
18.	Danske Bank A/s, Helsingfors Filial	189,013	0.11
19.	Stiftelsen Tre Smeder	188,900	0.11
20.	Svenska Litteratursällskapet i Finland R F	175,342	0.10
		33,168,451	19.82
	Elisa Group	7,851,006	4.69
	Elisa Personnel Fund	70,109	0.04
	Kotkan Puhelinyhdistys Pension Fund	6,336	0.00
	Elisa Common Clearing account [1)]	550,747	0.33
	Nominee registered	69,124,500	41.31
	Shareholders not specified here	56,563,924	33.80
		167,335,073	100.00

[1)] Shares in Common Clearing account include shares which have not been transferred to the share owners' book-entry accounts at the time of, or subsequent to, entering the shares into the Finnish book-entry system.

BlackRock Inc gave notice in accordance with Chapter 9, Section 5 of the Finnish Securities Market Act that the direct share ownership of Elisa Corporation shares owned by BlackRock, Inc. was 8,126,945 and by its funds was 352,496, totaling 8,479,441 shares which was 5,07 per cent of Elisa Corporation's entire stock.

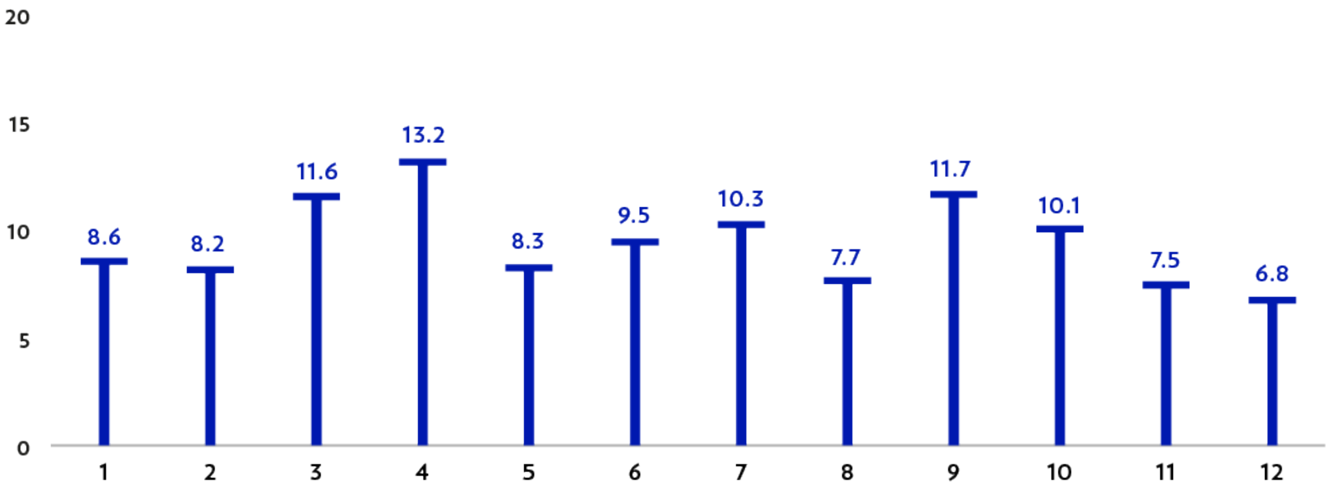
10. DAILY PRICE DEVELOPMENT, CLOSING PRICE



1) Rebalanced to Elisa share.

11. TRADING VOLUME

Shares per month (millions)



Share trading volumes are based on the trades made in NASDAQ OMX Helsinki.
Elisa share is also traded in alternative marketplaces.

Board's proposal concerning the disposal of profits

According to the consolidated balance sheet of 31 December 2015, the parent company's shareholders' equity is EUR 419,911,698.49 of which distributable funds account for EUR 333,496,754.22.

The parent company's profit for the period 1 January to 31 December 2015 was EUR 189,972,563.92.

The Board of Directors proposes to the General Meeting of Shareholders that the distributable funds be used as follows:

- a dividend of EUR 1.40 per share shall be paid for a total of EUR 223,465,345.60.
- no dividend shall be paid on shares in the parent company's possession
- EUR 110,031,408.62 shall be retained in shareholders' equity.

Signatures to the board of directors' report and financial statements

Helsinki, 28 January 2016

Raimo Lind Chairman of the Board of Directors	Petteri Koponen	Leena Niemistö
Seija Turunen	Jaakko Uotila	Mika Vehviläinen
Veli-Matti Mattila President and CEO		

Auditors report

To the Annual General Meeting of Elisa Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Elisa Corporation for the year ended December 31, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO be discharged from liability for the financial period audited by us.

Helsinki, January 28, 2016

KPMG OY AB

Esa Kailiala
Authorized Public Accountant