



Fingrid Oyj's comparison financial information for IFRS financial statements for 2004

General

Fingrid Oyj is adopting the International Financial Reporting Standards (IFRS) in its financial reporting. Prior reporting has been in accordance with the Finnish Accounting Standards (FAS). The first financial statements in accordance with IFRS will be published for the financial year finishing on 31 December 2005. Fingrid's interim report of 31 March 2005 was published in accordance with the Finnish Accounting Standards (FAS) on 11 May 2005. The interim reports of 30 June 2005 (published on 8 August 2005) and 30 September 2005 will be prepared in compliance with IFRS recognition and measurement principles.

Fingrid has prepared an opening balance sheet for 1 January 2004, the date of transition to IFRS reporting at Fingrid. This press release includes the balance sheet at the date of transition as well as reconciliations of profit and equity in accordance with IFRS 1 (First-Time Adoption of IFRS). This press release also presents comparison information in accordance with IFRS reporting for the profit and loss accounts, balance sheets, summarised cash flow statements and key indicators contained in the interim reports published in 2004 and in the financial statements of 31 December 2004.

The financial information stated herein conforms to the IFRS standards valid when this press release was prepared. Fingrid has applied in the transition the exceptions allowed under IFRS 1, concerning standards IAS 21 (The Effects of Changes in Foreign Exchange Rates) and IFRS 3 (Business Combinations). Standards concerning financial instruments - IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) - have been applied from 1 January 2004.

The FAS accounting principles have been presented fully in the financial statements for 2004 (published on 17 February 2005). The IFRS accounting principles will be presented in full in the financial statements for 2005.

The table below presents the changes caused by the introduction of IFRS reporting in the key indicators of the Group.



Million euros	IFRS 2004	FAS 2004	Change
Turnover	301.8	301.8	0.0
Capital expenditure, gross	42.9	42.9	0.0
- % of turnover	14.2	14.2	0.0
Research and development expenses	1.1	1.1	0.0
- % of turnover	0.4	0.4	0.0
Operating profit	101.5	98.9	2.6
- % of turnover	33.6	32.8	0.9
Profit before taxes	59.1	56.7	2.5
- % of turnover	19.6	18.8	0.8
Return on investment, %	8.2	8.0	0.2
Return on equity, %*	17.5	17.1	0.4
Equity ratio, %	21.6	21.2	0.4
Shareholders' equity*	304.7	296.3	8.4
Equity per share, euros*	91 640	89 101	2 539
Earnings per share, euros	14 884	14 188	696

* FAS excluding capital loans

The foremost changes in the figures of the financial statements for 2004 (FAS) are caused by the discontinuation of depreciation according to plan for goodwill and certain intangible assets, and by recognising the fair value changes of electricity and financial derivatives in the profit and loss account. In its FAS financial statements, Fingrid has presented the fair values and nominal values of derivative contracts in the notes to the financial statements.

The IFRS figures are unaudited.

Profit and balance sheet

Fingrid Group's transition to IFRS reporting has had effects which either improve or reduce the profit. The operating profit for 2004 increased a total of 9.2 million euros primarily due to the discontinuation of depreciation according to plan for goodwill and certain intangible assets.. The electricity derivatives were recognised in the profit and loss account at fair value at the closing date, which decreased the operating profit of the Group by 6.9 million euros.

Correspondingly, the financial assets and derivatives were recognised in the profit and loss account at fair value at the closing date, which increased the net financial expenses by 1.1 million euros.

The differences between the FAS and IFRS balance sheets mainly result from the recognition of fair values of electricity and financial derivatives in the balance sheet and from the discontinuation of depreciation of goodwill and certain intangible rights.

Segments

The entire business of the Fingrid Group is deemed to consist of the main grid business conducted in Finland, which only makes up a single segment. There are no essential differences in the risks and profitability of individual products and services. This is why segment reporting required by IAS 14 is not presented.



Profit for the financial year

Reconciliation of the change in the profit for the financial year

Million euros		Jan-Mar 2004	Jan-Jun 2004	Jan-Sep 2004	Jan-Dec 2004
Profit for period FAS		22.7	30.1	34.0	47.2
	Appendix 2, Further information				
Financial instruments	1)	0.0	9.1	1.1	-8.2
Depreciation	2)	2.5	5.1	7.6	10.2
Deferred taxes	3)	-0.7	-3.3	-1.8	-0.1
Employee benefits	4)	0.0	0.0	0.0	0.4
IFRS adjustments total		1.9	10.9	6.9	2.3
Profit for period IFRS		24.5	41.0	40.9	49.5

Million euros		Jan-Mar 2004	Apr-Jun 2004	Jul-Sep 2004	Oct-Dec 2004
Profit for period FAS		22.7	7.4	3.9	13.2
	Appendix 2, Further information				
Financial instruments	1)	0.0	9.1	-8.0	-9.3
Depreciation	2)	2.5	2.5	2.5	2.5
Deferred taxes	3)	-0.7	-2.6	1.5	1.7
Employee benefits	4)	0.0	0.0	0.0	0.4
IFRS adjustments total		1.9	9.0	-4.0	-4.6
Profit for period IFRS		24.5	16.4	-0.1	8.6



Shareholders' equity

Reconciliation of changes in shareholders' equity

Million euros

	1 Jan 2004	Mar 2004	Jun 2004	Sep 2004	Dec 2004
Appendix 2, Further information					
Shareholders' equity in accordance with FAS	423.6	439.7	447.1	451.0	464.2
Capital loans 5)	-167.9	-167.9	-167.9	-167.9	-167.9
Shareholders' equity in acc. with FAS excl. capital loans	255.6	271.8	279.2	283.1	296.3
Effects of transition to IFRS					
Financial instruments 1)	9.1	9.1	18.2	10.2	1.0
Depreciation 2)	0.0	2.5	5.1	7.6	10.2
Deferred taxes 3)	-2.5	-3.2	-5.8	-4.3	-2.6
Employee benefits 4)	-0.5	-0.5	-0.5	-0.5	-0.1
IFRS adjustments total	6.1	8.0	17.0	13.0	8.4
Shareholders' equity in accordance with IFRS	261.8	279.8	296.2	296.1	304.7



Opening balance sheet 1 January 2004

Consolidated balance sheet, million euros

	IFRS 1 Jan 2004	FAS 1 Jan 2004	Change
ASSETS			
Noncurrent assets			
Goodwill	87.9	87.9	0.0
Intangible assets	81.6	81.6	0.0
Tangible assets	1 041.5	1 041.5	0.0
Investments	5.9	5.8	0.1
Receivables	13.5	2.7	10.8
Current assets			
Inventories	2.9	2.9	0.0
Receivables	40.2	40.7	-0.5
Financial securities	0.0	0.0	0.0
Liquid assets recognised in profit & loss account at fair value	103.1	102.1	1.1
Liquid assets	2.9	2.9	0.0
Balance sheet total	1 379.6	1 368.2	11.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	261.8	255.6	6.1
Long-term liabilities	878.5	875.5	3.1
Short-term liabilities	239.3	237.0	2.2
Balance sheet total	1 379.6	1 368.2	11.4

Board of Directors

Further information:

Tom Pippingsköld, Chief Financial Officer, tel. +358 30 395 5157
Anitta Haapamäki, IFRS-project Leader, tel. +358 30 395 5105

Appendix 1 Figures
Appendix 2 Further information
Appendix 3 Calculation of key indicators

Appendix 1, Figures

IFRS JANUARY-DECEMBER 2004 COMPARISON FIGURES

Consolidated profit and loss account, million euros

	IFRS Jan-Dec 2004	FAS Jan-Dec 2004	Change	IFRS Oct-Dec 2004	FAS Oct-Dec 2004	Change
Turnover	301.8	301.8	0.0	85.2	85.2	0.0
Other operating income	2.0	2.0	0.0	0.7	0.7	0.0
Depreciation	-44.4	-53.6	9.2	-11.3	-13.6	2.3
Operating expenses	-157.9	-151.3	-6.6	-52.0	-43.0	-9.0
Operating profit	101.5	98.9	2.6	22.6	29.3	-6.7
Financial income and expenses	-43.0	-41.9	-1.1	-11.0	-11.2	0.1
Portion of profit of ass'd companies	0.6	-0.3	0.9	0.1	-0.1	0.2
Profit before taxes	59.1	56.7	2.5	11.7	18.0	-6.3
Income taxes	-9.7	-9.5	-0.1	-3.1	-4.8	1.7
Profit for period	49.5	47.2	2.3	8.6	13.2	-4.6
Earnings per share, euros *)	14 884	14 188	696	2 583	3 964	-1 381

*) no dilution effect

Consolidated balance sheet, million euros

	IFRS 31 Dec 2004	FAS 31 Dec 2004	Change
ASSETS			
Noncurrent assets			
Goodwill	87.9	81.5	6.4
Intangible assets	80.9	78.1	2.8
Tangible assets	1 039.7	1 039.7	0.0
Investments	6.6	5.6	1.0
Receivables	5.0	4.4	0.6
Current assets			
Inventories	4.2	4.2	0.0
Receivables	42.9	43.5	-0.6
Liquid assets recognised in profit & loss account at fair value	139.5	139.0	0.5
Liquid assets	3.9	3.8	0.0
Balance sheet total	1 410.6	1 399.8	10.8
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	304.7	296.3	8.4
Long-term liabilities	781.1	778.5	2.6
Short-term liabilities	324.8	325.0	-0.2
Balance sheet total	1 410.6	1 399.8	10.8



Consolidated cash flow statement, million euros

	IFRS Jan-Dec 2004	FAS Jan-Dec 2004	Change
Cash flow from operations	101.2	101.2	0.0
Cash flow from investments	-39.7	-39.7	0.0
Cash flow from financial operations	-23.6	-23.6	0.0
Cash flow total	37.9	37.9	0.0
Cash & cash equivalents, beg. of period	106.1	105.0	1.1
Change in the fair value of investments	-0.6	0.0	-0.6
Cash & cash equivalents, end of period	143.4	142.9	0.5

Key indicators

Million euros	IFRS Jan-Dec 2004	FAS Jan-Dec 2004	Muutos
Turnover	301.8	301.8	0.0
Capital expenditure, gross	42.9	42.9	0.0
- % of turnover	14.2	14.2	0.0
Research and development expenses	1.1	1.1	0.0
- % of turnover	0.4	0.4	0.0
Operating profit	101.5	98.9	2.6
- % of turnover	33.6	32.8	0.9
Profit before taxes	59.1	56.7	2.5
- % of turnover	19.6	18.8	0.8
Return on investment,%	8.2	8.0	0.2
Return on equity, %*	17.5	17.1	0.4
Equity ratio, %	21.6	21.2	0.4
Shareholders' equity*	304.7	296.3	8.4
Equity per share, euros*	91 640	89 101	2 539
Earnings per share, euros	14 884	14 188	696

* FAS excluding capital loans



IFRS JANUARY-SEPTEMBER-2004 COMPARISON FIGURES

Consolidated profit and loss account, million euros

	IFRS Jan-Sep 2004	FAS Jan-Sep 2004	Change	IFRS Jul-Sep 2004	FAS Jul-Sep 2004	Change
Turnover	216.6	216.6	0.0	62.6	62.6	0.0
Other operating income	1.3	1.3	0.0	0.4	0.4	0.0
Depreciation	-33.1	-40.0	6.9	-11.1	-13.4	2.3
Operating expenses	-105.9	-108.3	2.3	-40.9	-34.1	-6.8
Operating profit	78.9	69.6	9.3	11.0	15.4	-4.4
Financial income and expenses	-31.9	-30.7	-1.2	-11.3	-10.0	-1.2
Portion of profit of ass'd companies	0.5	-0.2	0.7	0.2	-0.1	0.2
Profit before taxes	47.4	38.7	8.7	-0.1	5.3	-5.4
Income taxes	-6.5	-4.7	-1.8	0.0	-1.5	1.5
Profit for period	40.9	34.0	6.9	-0.1	3.9	-4.0
Earnings per share, euros *)	12 301	10 224	2 077	-30	1 159	-1 189

*) no dilution effect

Consolidated balance sheet, million euros

	IFRS 30 Sep 2004	FAS 30 Sep 2004	Change
ASSETS			
Noncurrent assets			
Goodwill	87.9	83.1	4.8
Intangible assets	81.6	79.5	2.1
Tangible assets	1 042.8	1 042.8	0.0
Investments	6.5	5.7	0.8
Receivables	15.3	4.4	10.9
Current assets			
Inventories	3.7	3.7	0.0
Receivables	30.4	30.9	-0.5
Liquid funds recognised in profit & loss account at fair value	119.6	118.2	1.4
Liquid funds	4.5	4.5	0.0
Balance sheet total	1 392.4	1 372.9	19.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	296.1	283.1	13.0
Long-term liabilities	779.1	772.9	6.1
Short-term liabilities	317.2	316.8	0.3
Balance sheet total	1 392.4	1 372.9	19.5



Consolidated cash flow statement, million euros

	IFRS Jan-Sep 2004	FAS Jan-Sep 2004	Change
Cash flow from operations	70.6	70.6	0.0
Cash flow from investments	-36.3	-36.3	0.0
Cash flow from financial operations	-16.5	-16.5	0.0
Cash flow total	17.8	17.8	0.0
Cash & cash equivalents, beginning of period	106.1	105.0	1.1
Change in the fair value of investments	0.3	0.0	0.3
Cash & cash equivalents, end of period	124.2	122.8	1.4

Key indicators

Million euros	IFRS Jan-Sep 2004	FAS Jan-Sep 2004	Change
Turnover	216.6	216.6	0.0
Capital expenditure, gross	34.7	34.7	0.0
- % of turnover	16.0	16.0	0.0
Research and development expenses	0.8	0.8	0.0
- % of turnover	0.4	0.4	0.0
Operating profit	78.9	69.6	9.3
- % of turnover	36.4	32.1	4.3
Profit before taxes	47.4	38.7	8.7
- % of turnover	21.9	17.9	4.0
Return on investment, %	6.3	5.6	0.7
Return on equity, %*	14.7	12.6	2.0
Equity ratio, %	21.3	20.6	0.6
Shareholders' equity*	296.1	283.1	13.0
Equity per share, euros*	89 065	85 146	3 919
Earnings per share, euros	12 301	10 224	2 077

* FAS excluding capital loans



IFRS JANUARY-JUNE 2004 COMPARISON FIGURES

Consolidated profit and loss account, million euros

	IFRS Jan-Jun 2004	FAS Jan-Jun 2004	Change	IFRS Apr-Jun 2004	FAS Apr-Jun 2004	Change
Turnover	154.0	154.0	0.0	64.0	64.0	0.0
Other operating income	0.9	0.9	0.0	0.5	0.5	0.0
Depreciation	-22.0	-26.6	4.6	-11.0	-13.3	2.3
Operating expenses	-65.0	-74.1	9.1	-32.9	-39.5	6.6
Operating profit	67.9	54.2	13.7	20.6	11.7	8.9
Financial income and expenses	-20.7	-20.7	0.0	-7.7	-10.2	2.5
Portion of profit of ass'd companies	0.3	-0.1	0.5	0.1	-0.1	0.2
Profit before taxes	47.5	33.4	14.2	13.0	1.4	11.6
Income taxes	-6.5	-3.2	-3.3	3.4	6.1	-2.6
Profit for period	41.0	30.1	10.9	16.4	7.4	9.0
Earnings per share, euros *)	12 331	9 065	3 265	4 947	2 239	2 708

*) no dilution effect

Consolidated balance sheet, million euros

	IFRS 30 Jun 2004	FAS 30 Jun 2004	Change
ASSETS			
Noncurrent assets			
Goodwill	87.9	84.7	3.2
Intangible assets	81.7	80.3	1.4
Tangible assets	1 047.3	1 047.3	0.0
Investments	6.3	5.7	0.5
Receivables	23.2	4.0	19.1
Current assets			
Inventories	3.1	3.1	0.0
Receivables	24.8	25.2	-0.4
Liquid assets recognised in profit & loss account at fair value	106.1	105.0	1.1
Liquid assets	2.3	2.3	0.0
Balance sheet total	1 382.8	1 357.7	25.1
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	296.2	279.2	17.0
Long-term liabilities	801.8	794.7	7.1
Short-term liabilities	284.8	283.7	1.0
Balance sheet total	1 382.8	1 357.7	25.1



Consolidated cash flow statement, million euros

	IFRS Jan-Jun 2004	FAS Jan-Jun 2004	Change
Cash flow from operations	59.8	59.8	0.0
Cash flow from investments	-25.3	-25.3	0.0
Cash flow from financial operations	-32.3	-32.3	0.0
Cash flow total	2.3	2.3	0.0
Cash & cash equivalents, beginning of period	106.1	105.0	1.1
Change in the fair value of investments	0.0	0.0	0.0
Cash & cash equivalents, end of period	108.4	107.3	1.1

Key indicators

Million euros	IFRS Jan-Jun 2004	FAS Jan-Jun 2004	Change
Turnover	154.0	154.0	0.0
Capital expenditure, gross	27.9	27.9	0.0
- % of turnover	18.1	18.1	0.0
Research and development expenses	0.5	0.5	0.0
- % of turnover	0.3	0.3	0.0
Operating profit	67.9	54.2	13.7
- % of turnover	44.1	35.2	8.9
Profit before taxes	47.5	33.4	14.2
- % of turnover	30.9	21.7	9.2
Return on investment, %	5.4	4.4	1.1
Return on equity, %*	14.7	11.3	3.4
Equity ratio, %	21.4	20.6	0.9
Shareholders' equity*	296.2	279.2	17.0
Equity per share, euros*	89 085	83 977	5 108
Earnings per share, euros	12 331	9 065	3 265

* FAS excluding capital loans



IFRS JANUARY-MARCH 2004 COMPARISON FIGURES

Consolidated profit and loss account, million euros

	IFRS Jan-Mar 2004	FAS Jan-Mar 2004	Change
Turnover	90.0	90.0	0.0
Other operating income	0.4	0.4	0.0
Depreciation	-11.0	-13.3	2.3
Operating expenses	-32.1	-34.6	2.5
Operating profit	47.3	42.5	4.8
Financial income and expenses	-13.0	-10.5	-2.5
Portion of profit of ass'd companies	0.2	0.0	0.2
Profit before taxes	34.5	32.0	2.5
Income taxes	-9.9	-9.3	-0.7
Profit for period	24.5	22.7	1.9
Earnings per share, euros *)	7 383	6 826	557

*) no dilution effect

Consolidated balance sheet, million euros

	IFRS 31 Mar 2004	FAS 31 Mar 2004	Change
ASSETS			
Noncurrent assets			
Goodwill	87.9	86.3	1.6
Intangible assets	81.4	80.7	0.7
Tangible assets	1 040.1	1 040.0	0.0
Investments	6.2	5.9	0.3
Receivables	15.7	3.1	12.6
Current assets			
Inventories	2.9	2.9	0.0
Receivables	38.3	38.7	-0.4
Liquid assets recognised in profit & loss account at fair value	118.4	117.3	1.1
Liquid assets	7.9	7.9	0.0
Balance sheet total	1 398.7	1 382.7	16.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	279.8	271.8	8.0
Long-term liabilities	884.1	877.6	6.5
Short-term liabilities	234.8	233.4	1.5
Balance sheet total	1 398.7	1 382.7	16.0



Consolidated cash flow statement, million euros

	IFRS Jan-Mar 2004	FAS Jan-Mar 2004	Change
Cash flow from operations	46.6	46.6	0.0
Cash flow from investments	-11.3	-11.3	0.0
Cash flow from financial operations	-15.1	-15.1	0.0
Cash flow total	20.1	20.1	0.0
Cash & cash equivalents, beginning of per	106.1	105.0	1.1
Change in the fair value of investments	0.0	0.0	0.0
Cash & cash equivalents, end of period	126.2	125.1	1.1

Key indicators

Million euros	IFRS Jan-Mar 2004	FAS Jan-Mar 2004	Change
Turnover	90.0	90.0	0.0
Capital expenditure, gross	9.3	9.3	0.0
- % of turnover	10.4	10.4	0.0
Research and development expenses	0.2	0.2	0.0
- % of turnover	0.3	0.3	0.0
Operating profit	47.3	42.5	4.8
- % of turnover	52.5	47.2	5.4
Profit before taxes	34.5	32.0	2.5
- % of turnover	38.3	35.5	2.8
Return on investment,%	3.8	3.4	0.4
Return on equity, %*	9.1	8.6	0.5
Equity ratio, %	20.0	19.7	0.3
Shareholders' equity*	279.8	271.8	8.0
Equity per share, euros*	84 139	81 739	2 400
Earnings per share, euros	7 383	6 826	557

* FAS excluding capital loans



Appendix 2, Further information

1. Financial instruments

Electricity derivatives

Fingrid enters into electricity derivative contracts in order to hedge its electricity purchases in accordance with loss energy forecast. However, the company does not apply hedge accounting to the electricity derivatives. Electricity derivatives are classified as assets and liabilities held-for-trading. The derivative contracts are either instruments of Nord Pool, the Nordic electricity exchange, or bilateral contracts. The electricity derivatives are measured at fair value at the closing date, and their change in fair value is recorded in the profit and loss account under operating expenses. The instruments of the Nordic electricity exchange are valued at the market prices at the balance sheet date. Bilateral price hedging contracts are valued using the price of a comparable instrument in the Nordic electricity exchange.

Financial derivatives

Fingrid enters into derivative contracts in order to hedge the financial risks (interest rate and foreign exchange exposures) in accordance with the financial policy approved by the Board of Directors. However, the company does not apply hedge accounting to the derivatives. Financial derivatives are classified as financial assets and liabilities held-for-trading. Financial assets or liabilities are recognised at the original acquisition cost. Derivatives are measured at fair value at the balance sheet date, and their change in fair value is recorded in the profit and loss account under financial income and expenses.

The fair values of derivatives at the closing date are based on different calculation methods. Foreign exchange forwards have been measured at the forward prices. Interest rate and cross-currency swaps have been measured at the present value on the basis of the yield curve of each currency. Interest rate options have been valued by using generally accepted option pricing models in the market.

Interest-bearing liabilities

Interest-bearing liabilities include bond and commercial paper issuance and loans raised by the company, recorded at the acquisition cost less transaction costs. Transaction costs consist of bond prices above or below par value, credit fees, commissions and administrative fees. In the financial statements, interest-bearing liabilities are measured at the amortized cost using the effective interest rate method.

Available-for-sale investments

Equity investments, with the exception of investments in associated companies, are classified as available-for-sale assets. These investments are measured at fair value. Unlisted securities are recorded at the acquisition cost if their value cannot be determined reliably. Unrealised profits and losses of available-for-sale investments are recorded in the shareholders' equity. When an investment is sold, the accumulated adjustment of fair value is recorded in the profit and loss account.

Financial securities and liquid funds

Financial securities have been classified as assets held-for-trading. This classification includes money market securities and investments in short-term money market funds. Financial securities are recorded in the balance sheet at fair value at the settlement day. Financial securities are measured at fair value in the financial statements, and their change in fair value is recognised in the profit and loss account under financial income and expenses. Liquid funds comprise bank



balances and bank deposits. Bank deposits have been classified as assets held-to-maturity, and they are recognised at the original acquisition cost. In the financial statements, bank deposits are measured at the amortized acquisition cost.

2. Depreciation

No depreciation according to plan is recorded of goodwill and intangible assets (rights of use of transmission line areas with unlimited economic lifetime). Impairment tests in accordance with IAS 36 (Impairment of Assets) have been carried out for all assets at the date of transition 1 January 2004 and at the closing date 31 December 2004. No impairment losses have been created.

3. Deferred taxes

Deferred tax assets and liabilities of all temporary differences between the carrying amounts and tax values of asset and liability items are recognised.

Deferred tax assets and liabilities are calculated using those tax bases which are expected to be valid during the financial year during which the asset item is realised or otherwise utilised or when the liability is paid. During the second quarter of 2004, the tax base was changed from 29 per cent to 26 per cent.

4. Employee benefits

In accordance with IFRS, the pension arrangements are categorised as either contribution-based or benefit-based schemes. Pension premiums paid for contribution-based schemes are charged to the profit and loss account in the year to which they relate. Liability resulting from benefit-based pension schemes is recorded in the profit and loss account on the basis of actuarial calculations.

Most of Fingrid's pension arrangements are contribution-based schemes. Fingrid's benefit-based pension schemes are the supplementary pension and disability pension under the Finnish TEL (Employee Pensions Act) scheme.

The Finnish Ministry of Social Affairs and Health has accepted certain changes to the calculation principles of disability pension liabilities. These changes will become effective on 1 January 2006. After the changes, the disability pension portion of TEL is recorded as a contribution-based scheme in IFRS reporting, and most of the disability pension liability is recognised during the last quarter of 2004.

5. Capital loan

The capital loan which is equity under the Finnish Companies Act is categorised as debt under IFRS reporting.

Other effects of transition to IFRS reporting

Translation differences arising from the foreign associated company prior to the transition to IFRS are not stated as a separate item of equity.

In the tables of Appendix 1 the balance sheet comparison figures in accordance with FAS have been categorised in conformance with IFRS, and the change column only shows the difference resulting from the calculation principles.



Appendix 3, Calculation of key indicators

FAS/IFRS:

$$\text{Return on investment \%} = \frac{\text{Profit before extraordinary items and taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average for the period)}} \times 100$$

FAS/IFRS:

$$\text{Return on equity \%} = \frac{\text{Profit before extraordinary items and taxes - taxes for the financial period}}{\text{Shareholders' equity (excl. capital loans, average for the financial period)}} \times 100$$

FAS/IFRS:

$$\text{Equity ratio \%} = \frac{\text{Shareholders' equity (excl. capital loans, average for the financial period)}}{\text{Balance sheet total - advances received}} \times 100$$

FAS:

$$\text{Earnings per share €} = \frac{\text{Profit before extraordinary items and taxes - taxes for the financial period}}{\text{Average number of shares}}$$

IFRS:

$$\text{Earnings per share €} = \frac{\text{Profit for the financial period}}{\text{Average number of shares}}$$

FAS:

$$\text{Equity per share €} = \frac{\text{Shareholders' equity (excl. capital loans)}}{\text{Number of shares at closing date}}$$

IFRS:

$$\text{Equity per share €} = \frac{\text{Shareholders' equity}}{\text{Number of shares at closing date}}$$