



FINGRID GROUP'S INTERIM REPORT 1 JANUARY – 31 MARCH 2004

Review of operations

During the first three months of 2004, a total of 25 terawatt hours (TWh) of electricity was consumed in Finland. This was 1.1 per cent more than during the corresponding period in 2003. The consumption peak in the winter rose to approx. 13,400 megawatts (MW), which was clearly below the all-time high figure of 14,040 MW reached during the previous winter.

The Nordic water reservoir levels in the winter period resembled the previous winter's levels. However, electricity producers and consumers were better prepared for the market situation, and the price level of electricity was more stable throughout the winter than in 2003. The spot prices on the market were clearly below the prices which prevailed a year before. Grid upgrades which improve transmission capacity and service level, carried out in Finland and Sweden, restricted the available transmission capacity between the two countries for several weeks. Finland constituted a price area of its own for about half of this time. Electricity was imported from Russia at full capacity throughout the period examined.

The contract concerning the construction of the 86-kilometre 400 kV transmission line between the Jämsä and Jyväskylä regions in Central Finland was signed in March. This line project will be completed at the end of 2005.

The environmental impact assessments related to the grid connections of the third nuclear power plant in Olkiluoto are being finalised and the construction of the lines and substations will be started. The Olkiluoto – Huittinen (70 km) transmission line will be completed in 2007 and the Ulvila – Kangasala (125 km) transmission line will be completed in 2008.

Fingrid launched an evaluation of constructing approximately 120 MW gas turbine power plant. This would be located near the Olkiluoto plant. The related environmental impact assessment was started.

The Energy Market Authority gave its decision concerning the reasonableness of Fingrid Oyj's grid pricing in 1998 to 2002. According to the decision, the pricing of electricity transmission by Fingrid Oyj has been in accordance with the Electricity Market Act during this period.

The new balance service agreements entered into force at the beginning of 2004. Fingrid started to issue guarantees of origin of electricity to producers of renewable energy from the beginning of the year. This new task is based on the Finnish act on the verification and reporting of origin of electricity. According to the act the system responsible issues the guarantees of origin of electricity.

Fingrid has launched measures for merging Fingrid Varavoima Oy into Fingrid Oyj.

Fingrid participated for the fifth time in an international benchmarking study in maintenance and grid operation of transmission system operators. Fingrid continued to be one of the most efficient grid operators. The benchmarking involved 25 TSOs.



Financial result

The Group's turnover during the review period was 90 million euros (104 million euros). Turnover decreased because of a reduced sales volume of balance power. The operating profit was 42 million euros (41 million euros), and profit before taxes was 32 million euros (28 million euros). At the end of the review period, the equity ratio was 19.7 per cent (17.3 per cent).

The Group's income flow is characterised by seasonal fluctuations, which is why the financial result for the entire year cannot be directly estimated on the basis of the three-month result.

Capital expenditure

Gross capital expenditure during the period examined totalled 9 million euros (12 million euros).

Financing

The financial position of the Group continued to be good. The net financial costs of the Group during the review period were 10 million euros (13 million euros). Financial securities, cash in hand and bank receivables at 31 March 2004 amounted to 125 million euros (172 million euros). The interest-bearing liabilities totalled 832 million euros (916 million euros), of which 647 million euros (760 million euros) were long-term and 185 million euros (156 million euros) were short-term. In addition, the company has 168 million euros (168 million euros) of interest-bearing capital loans.

Interest rate and currency swaps and forward contracts at 31 March 2004 totalled a nominal amount of 1,223 million euros (1,316 million euros). These involved a counterparty risk of 1 million euros (2 million euros). Available committed long-term loan facilities amounted to 400 million euros (400 million euros).

Personnel

The total personnel of the Fingrid Group averaged 219 (215) during the review period.

Annual General Meeting

Fingrid Oyj's Annual General Meeting was held on 18 March 2004. Timo Rajala, President and CEO, was elected Chairman of the Board, Tapio Kuula, President, was elected the First Deputy Chairman of the Board, and Taisto Turunen, Director General, the Second Deputy Chairman of the Board. The other Board members elected were Marjukka Aarnio, Industrial Counsellor, Esa Auvinen, M.Sc. (Econ.), Timo Karttinen, Vice President, and Timo Koivuniemi, Senior Vice President.

Auditing

The consolidated figures in this Interim Report are unaudited.

Outlook for the remaining part of the year

The result of the Fingrid Group for the entire year is expected to remain stable.

Board of Directors



CONSOLIDATED PROFIT AND LOSS ACCOUNT	1 Jan - 31 Mar 2004 EUR million	1 Jan - 31 Mar 2003 EUR million	1 Jan - 31 Dec 2003 EUR million
Turnover	90.0	103.8	297.6
Operating profit	42.5	41.3	90.5
Profit before taxes	32.0	28.4	37.5
Profit for the period	22.7	20.2	26.5

The Group's income flow is characterised by strong seasonal fluctuations.

Tax figures in the consolidated profit and loss account only include the tax applying to the period under review.

CONSOLIDATED BALANCE SHEET	31 Mar 2004 EUR million	31 Mar 2003 EUR million	31 Dec 2003 EUR million
ASSETS			
Intangible assets	172.0	186.6	174.6
Tangible assets	1,034.7	1,033.3	1,036.0
Investments	<u>6.3</u>	<u>6.7</u>	<u>6.2</u>
Noncurrent assets total	1,212.9	1,226.6	1,216.8
Inventories	2.9	2.9	2.9
Receivables	41.7	39.7	43.4
Financial securities	122.4	164.3	102.1
Cash in hand and bank receivables	<u>2.8</u>	<u>7.3</u>	<u>2.9</u>
Current assets total	169.8	214.2	151.4
Total	1,382.7	1,440.8	1,368.2
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	55.9	55.9	55.9
Premium fund	55.9	55.9	55.9
Retained earnings	137.2	117.4	117.3
Profit for the period	22.7	20.2	26.5
Capital loan	<u>167.9</u>	<u>167.9</u>	<u>167.9</u>
Shareholders' equity total	439.7	417.3	423.6
Provisions	0.0	0.0	0.0
Long-term liabilities	709.7	814.4	707.6
Short-term liabilities	<u>233.4</u>	<u>208.8</u>	<u>237.0</u>
Liabilities total	943.0	1,023.2	944.6
Total	1,382.7	1,440.5	1,368.2

CONSOLIDATED KEY INDICATORS	1 Jan - 31 Mar 2004 EUR million	1 Jan - 31 Mar 2003 EUR million	1 Jan - 31 Dec 2003 EUR million
Gross investments in noncurrent assets	9.3	11.8	43.7
% of turnover	10.4	11.3	14.7
Personnel, average	219	215	221
Equity ratio, % (at the end of the period)	19.7	17.3	18.7



DERIVATIVE AGREEMENTS	31 Mar 2004 EUR million		31 Mar 2003 EUR million		31 Dec 2003 EUR million	
	Market value	Nominal value	Market value	Nominal value	Market value	Nominal value
Interest and currency derivatives						
Cross-currency swaps	-67	462	-37	457	-85	431
Forward contracts	0	64	-1	190	-2	85
Interest rate swaps	-15	452	-28	544	-12	442
Call options, bought	1	245	0	125	2	215
Total	-81	1,223	-66	1,316	-97	1,173
Electricity derivatives						
Futures contracts, Nord Pool	0	0	0	1	0	0
Forward contracts of electricity, Nord Pool	10	65	11	80	8	77
Forward contracts of electricity, others	3	4	7	11	2	12
Call options, bought	1		0		1	
Total	14	69	18	92	11	89

PLEDGES, MORTGAGES AND CONTINGENT LIABILITIES	31 Mar 2004 EUR million	31 Mar 2003 EUR million	31 Dec 2003 EUR million
Pledges / bank balances	1	3	2
Guarantees	0	0	0
Leasing liabilities	0	0	0
Commitment fee of revolving credit facility	1	2	2
Total	2	5	4