

FINGRID GROUP'S INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2005

Review of operations

Consumption of electricity in Finland totalled 61 terawatt hours from the beginning of 2005 to the end of September. This was 4.0 per cent less than during the corresponding period in 2004. The reduction was due to the two-month labour dispute in the Finnish wood-processing industry, during which electricity consumption in Finland was approximately one third below normal.

With the exception of the labour dispute in the early summer and the service period of large power plant units, electricity transmissions between Finland and the other Nordic countries mainly consisted of imports from Sweden to Finland. The transmission capacity between Finland and Sweden, made available to the electricity market, was sufficient for a great majority of time. Towards the late summer, Finland became a price area of its own quite often because of the repair of one cross-border line from Sweden.

The transmission capacity from Russia to Finland was in almost full use with the exception of the annual service of the connection. Importers reduced their imports at night from May onwards. In the summer, Fingrid informed the market of the main principles of amended reservation terms for transmission capacity becoming available on the cross-border connections from Russia. The more detailed negotiations with the importers were launched in October.

In the summer, Fingrid signed procurement contracts of a total of approx. 50 million euros on the construction of the grid. 400 kilovolt lines from Olkiluoto to Huittinen and from Ulvila to Kangasala together with the necessary substations will be constructed because these are required by the third nuclear power unit to be built at Olkiluoto. The procurement contract for the main machinery of the 2x50 megawatt gas turbine power plant to be constructed at Olkiluoto was signed in the early summer. Fingrid will pay approx. 25 million euros of the plant to be completed in 2007.

Fingrid has launched the environmental impact assessment procedure for the route of the 400 kilovolt line between Petäjaskoski and Keminmaa. The connection is due to be ready at the end of this decade.

Fingrid has decided that it will finish serving as the voluntary issuing body of renewable energy certificates within the RECS system at the end of this year. Company will continue to issue by virtue of law the guarantees of the origin of renewable energy.

Capital expenditure

Gross capital expenditure during the period examined totalled 41 million euros (35 million euros during the corresponding period in 2004).

Financial result

The Group's turnover during the review period was 223 million euros (217 million euros). Due to decreased electricity consumption resulting from the labour dispute in the Finnish wood-processing industry, the turnover of Fingrid's grid business from January to September 2005 was slightly lower than in 2004, but the turnover of the review period rose on the previous year as a result of increased sales of balance power.

Operating profit without the change in the fair value of electricity derivatives decreased to 67 million euros (77 million euros). The most significant factor contributing to this was the considerable rise in the costs for maintaining the European electricity market. The operating profit in accordance with IFRS was 81 million euros (79 million euros), which contains 14 million euros (2 million euros) of positive change in the fair value of electricity derivatives. The IFRS profit before taxes was 55 million euros (47 million euros). The equity ratio was 23.1 per cent (21.3 per cent) at the end of the review period.

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 nine-month result.

Financing

The financial position of the Group continued to be good during the review period. The net financial expenses of the Group were 27 million euros (32 million euros). The liquid assets at 30 September 2005 totalled 191 million euros (124 million euros). The interest-bearing liabilities, including derivative liabilities, totalled 1,016 million euros (1,000 million euros), of which 693 million euros (716 million euros) were long-term and 322 million euros (284 million euros) were short-term.

The counterparty risk involved in the derivative contracts relating to financing was 10 million euros (0.2 million euros). Available committed long-term loan facilities amounted to 400 million euros (400 million euros).

The international rating agencies Moody's Investors Service and Standard & Poor's Rating Services affirmed Fingrid's credit ratings, which remained unchanged. Moody's affirmed a long-term rating of Aa3 and a short-term rating of P-1. Standard & Poor's assigned Fingrid a long-term rating of AA- and a short-term rating of A-1+. Both agencies considered Fingrid's future outlook to be stable.

Personnel

The total personnel of the Fingrid Group averaged 228 (227) during the review period.

Auditing

The consolidated figures in this Interim Report are unaudited.

Outlook for the remaining part of the year

The profit of the Fingrid Group for the entire year, excluding the change in the fair value of derivatives, is expected to decrease somewhat on the previous year.

Board of Directors

Appendix: Interim report figures 1 January – 30 September 2005 (Appendix 1)

Further information:

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Appendix 1: Interim report figures 1 January – 30 September 2005

Consolidated profit and loss account, million euros	2005	2004	Change	2005	2004	Change	2004
	Jan - Sep	Jan - Sep		Jul - Sep	Jul - Sep		Jan - Dec
Turnover	223.1	216.6	6.5	66.0	62.6	3.5	301.8
Other operating income	1.4	1.3	0.1	0.5	0.4	0.0	2.0
Depreciation	-33.8	-33.1	-0.7	-11.3	-11.1	-0.2	-44.4
Operating expenses	-109.7	-105.9	-3.7	-43.7	-40.9	-2.8	-157.9
Operating profit	81.1	78.9	2.3	11.5	11.0	0.5	101.5
Financial income and expenses	-27.1	-31.9	4.9	-8.5	-11.3	2.8	-43.0
Portion of profit of ass'd companies	0.5	0.5	0.0	0.1	0.2	0.0	0.6
Profit before taxes	54.5	47.4	7.1	3.1	-0.1	3.2	59.1
Income taxes	-14.0	-6.5 *	-7.5	-0.8	0.0 *	-0.8	-9.7 *
Profit for period	40.5	40.9	-0.4	2.3	-0.1	2.4	49.5
Earnings per share, euros	12,177	12,301	-124	695	-30	725	14,884

* change in tax base

Consolidated balance sheet, million euros	2005	2004	Change	2004
	30 Sep	30 Sep		
ASSETS				
Noncurrent assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	80.6	81.6	-1.0	80.9
Tangible assets	1,044.1	1,042.8	1.2	1,039.7
Investments	6.5	6.5	0.0	6.6
Receivables	20.2	15.3	5.0	5.0
Current assets				
Inventories	3.2	3.7	-0.5	4.2
Receivables	33.4	30.4	3.0	42.9
Liquid assets recognised in profit & loss account at fair value	188.2	119.6	68.5	139.5
Liquid assets	2.8	4.5	-1.8	3.9
Balance sheet total	1,466.8	1,392.4	74.4	1,410.6
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	338.7	296.1	42.5	304.7
Long-term liabilities	772.6	779.1	-6.5	781.1
Short-term liabilities	355.5	317.2	38.3	324.8
Balance sheet total	1,466.8	1,392.4	74.4	1,410.6

Key indicators, million euros	2005	2004	2004
	Jan - Sep	Jan - Sep	Jan - Dec
Turnover	223.1	216.6	301.8
Capital expenditure, gross	40.6	34.7	42.9
- % of turnover	18.2	16.0	14.2
Research and development expenses	1.0	0.8	1.1
- % of turnover	0.4	0.4	0.4
Personnel, average	228	227	233
Operating profit	81.1	78.9	101.5
- % of turnover	36.4	36.4	33.6
Profit before taxes	54.5	47.4	59.1
- % of turnover	24.4	21.9	19.6
Equity ratio, %*	23.1	21.3	21.6
Shareholders' equity*	338.7	296.1	304.7
Equity per share, euros*	101,860	89,065	91,640
Earnings per share, euros	12,177	12,301	14,884

* end of period

Change in capital and reserves. million euros	Share capital	Share premium account	Reval- uation reserve	Trans- lation reserve	Retained earnings	Total
Capital and reserves 1 Jan 2004	55.9	55.9	0.0	0.0	149.9	261.8
Change in translation				0.1		0.1
Dividend distribution					-6.6	-6.6
Profit for period					40.9	40.9
Capital and reserves 30 Sep 2004	55.9	55.9	0.0	0.1	184.2	296.1
Change in translation				0.0		0.0
Profit for period					8.6	8.6
Other changes			0.0			0.0
Capital and reserves 31 Dec 2004	55.9	55.9	0.0	0.1	192.8	304.7
Change in translation				0.1		0.1
Dividend distribution					-6.6	-6.6
Profit for period					40.5	40.5
Other changes			0.0			0.0
Capital and reserves 30 Sep 2005	55.9	55.9	0.0	0.2	33.9	338.7

Consolidated cash flow statement. million euros	2005 Jan - Sep	2004 Jan - Sep	2004 Jan - Dec
Cash flow from operations	73.2	70.6	101.2
Cash flow from investments	-44.2	-36.3	-39.7
Cash flow from financial operations	17.9	-16.5	-23.6
Cash flow total	47.0	17.8	37.9
Cash & cash equivalents, beg. of period	143.4	106.1	106.1
Change in the fair value of investments	0.6	0.3	-0.6
Cash & cash equivalents, end of period	190.9	124.2	143.4

Derivative agreements. million euros	30 Sep 2005		30 Sep 2004		31 Dec 2004	
	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value
Interest and currency derivatives						
Cross-currency swaps	-22	301	-64	362	-82	344
Forward contracts	3	155	-1	107	-5	103
Interest rate swaps	-4	248	-9	377	-6	273
Call options, bought	2	400	2	350	2	350
Total	-21	1,104	-72	1,196	-92	1,070
Electricity derivatives						
Futures contracts, Nord Pool			0	0	0	0
Forward contracts of electricity, Nord Pool	14	53	10	56	2	52
Forward contracts of electricity, others	3	8	1	11	1	8
Call options, bought	0		1		0	
Total	17	61	12	67	3	60

Pledges, mortgages and contingent liabilities, million euros	30 Sep 2005	30 Sep 2004	31 Dec 2004
Pledges / bank balances	0	1	1
Rental liabilities	0	0	0
Commitment fee of revolving credit facility	1	1	1
Total	1	2	3
Other financial liabilities	1	0	1