



## FINGRID GROUP'S INTERIM REPORT 1 JANUARY – 31 MARCH 2005

### Review of operations

A total of 25 terawatt hours of electricity was consumed in Finland during the first three months of 2005. This was 2.0 per cent more than during the corresponding period in 2004. The consumption peak in the winter, approx. 13,400 megawatts at the end of January, was due to warm winter clearly below the all-time high figure of 14,040 megawatts reached during the winter of 2003.

Because the Nordic water reservoirs rose to the average level at the end of 2004, the transmission situation changed and, therefore, electricity was primarily transmitted from Sweden to Finland during the beginning of the year. The transmission capacity between Finland and Sweden, made available to the electricity market, was sufficient for a great majority of time despite the failure of the Fenno-Skan sea cable. The repair of the sea cable took about three months to finish because of the ice situation.

Nordel's analyses concerning the harmonisation of system responsibility and execution of transmission interconnections which will improve the functioning of the Nordic electricity market were completed.

The Boards of Directors of Svenska Kraftnät and Fingrid made their respective decisions to construct another sea cable connection between Finland and Sweden. This project is one of the five priority cross-sections suggested by Nordel for improving the functioning of the Nordic grid. The cost estimate of the project is approx. 200 million euros, half of which will be covered by Fingrid. The connection is due to be ready in 2010.

The transmission capacity from Russia to Finland was in almost full use throughout the period examined.

The new three-year main grid contracts entered into force on 1 January 2005. The price level of the tariff will remain unchanged for the sixth consecutive year. Storms which have complicated electricity distribution recently have not caused problems in the main grid, which has been constructed so that falling trees do not jeopardise the lines. According to the results of a customer survey carried out in January, customer satisfaction shown towards Fingrid has improved even further.

The call for tenders for the construction of transmission lines required by the third nuclear power unit to be built at Olkiluoto is in progress. The line from Olkiluoto to Huittinen will be ready in 2007, and the line from Ulvila to Kangasala in 2008.

The environmental impact assessment for the gas turbine power plant planned at Olkiluoto was completed. The construction decision will be made during the early summer, and the plant is expected to be ready in 2007.

### Financial result

The Group's turnover was 99 million euros (90 million euros during the corresponding period in 2004). Turnover grew primarily because of increased electricity consumption and higher sales volume of balance power. The operating profit was 41 million euros (42



million euros), and profit before taxes was 31 million euros (32 million euros). The equity ratio was 21.5 per cent (19.7 per cent) at the end of the review period.

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

### **Capital expenditure**

Gross capital expenditure during the period examined totalled 11 million euros (9 million euros).

### **Financing**

The financial position of the Group continued to be good during the review period. The net financial expenses of the Group were 10 million euros (10 million euros). Financial securities, money market holdings and bank balances at 31 March 2005 amounted to 196 million euros (125 million euros). The interest-bearing liabilities totalled 846 million euros (832 million euros), of which 543 million euros (647 million euros) were long-term and 303 million euros (185 million euros) were short-term. Moreover, the company had 168 million euros (168 million euros) of interest-bearing capital loans.

The counterparty risk involved in the derivative contracts relating to financing was 7 million euros (1 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 222 (219) during the review period.

### **Annual General Meeting**

Fingrid Oyj's Annual General Meeting was held on 17 March 2005. 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, Risto Autio, Investment Manager, Timo Karttinen, Senior 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 profit of the Fingrid Group for the entire year is expected to decrease slightly on the previous year.

Board of Directors



| CONSOLIDATED PROFIT AND LOSS ACCOUNT | 1 Jan - 31 Mar 2005<br>EUR million | 1 Jan - 31 Mar 2004<br>EUR million | 1 Jan - 31 Dec 2004<br>EUR million |
|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Turnover                             | 98.7                               | 90.0                               | 301.8                              |
| Operating profit                     | 40.8                               | 42.5                               | 98.9                               |
| Profit before taxes                  | 30.9                               | 32.0                               | 56.7                               |
| Profit for the period                | 22.9                               | 22.7                               | 47.2                               |

The Group's operating profit 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 2005<br>EUR million | 31 Mar 2004<br>EUR million | 31 Dec 2004<br>EUR million |
|---|----------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                               |                            |                            |                            |
| Intangible assets                           | 161.9                      | 172.0                      | 164.6                      |
| Tangible assets                             | 1,032.6                    | 1,034.7                    | 1,034.2                    |
| Investments                                 | <u>5.9</u>                 | <u>6.3</u>                 | <u>6.0</u>                 |
| Noncurrent assets total                     | 1,200.4                    | 1,212.9                    | 1,204.8                    |
| Inventories                                 | 2.9                        | 2.9                        | 4.2                        |
| Receivables                                 | 55.4                       | 41.7                       | 47.9                       |
| Financial securities                        | 191.4                      | 122.4                      | 140.8                      |
| Cash in hand and bank receivables           | <u>4.7</u>                 | <u>2.8</u>                 | <u>2.0</u>                 |
| Current assets total                        | 254.4                      | 169.8                      | 195.0                      |
| Total                                       | 1,454.8                    | 1,382.7                    | 1,399.8                    |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> |                            |                            |                            |
| Share capital                               | 55.9                       | 55.9                       | 55.9                       |
| Premium fund                                | 55.9                       | 55.9                       | 55.9                       |
| Retained earnings                           | 177.8                      | 137.2                      | 137.2                      |
| Profit for the period                       | 22.9                       | 22.7                       | 47.2                       |
| Capital loan                                | <u>167.9</u>               | <u>167.9</u>               | <u>167.9</u>               |
| Shareholders' equity total                  | 480.5                      | 439.7                      | 464.2                      |
| Provisions                                  | 2.1                        | 0.0                        | 2.1                        |
| Long-term liabilities                       | 612.0                      | 709.7                      | 608.6                      |
| Short-term liabilities                      | <u>360.3</u>               | <u>233.4</u>               | <u>325.0</u>               |
| Liabilities total                           | 972.3                      | 943.0                      | 933.5                      |
| Total                                       | 1,454.8                    | 1,382.7                    | 1,399.8                    |

| CONSOLIDATED KEY INDICATORS                | 1 Jan - 31 Mar 2005<br>EUR million | 1 Jan - 31 Mar 2004<br>EUR million | 1 Jan - 31 Dec 2004<br>EUR million |
|--|------------------------------------|------------------------------------|------------------------------------|
| Gross investments in noncurrent assets     | 11.0                               | 9.3                                | 42.9                               |
| % of turnover                              | 11.1                               | 10.4                               | 14.2                               |
| Personnel, average                         | 222                                | 219                                | 233                                |
| Equity ratio, % (at the end of the period) | 21.5                               | 19.7                               | 21.2                               |



| DERIVATIVE AGREEMENTS                       | 31 Mar 2005<br>EUR million |               | 31 Mar 2004<br>EUR million |               | 31 Dec 2004<br>EUR million |               |
|---|----------------------------|---------------|----------------------------|---------------|----------------------------|---------------|
|   | Market value               | Nominal value | Market value               | Nominal value | Market value               | Nominal value |
| <b>Interest and currency derivatives</b>    |                            |               |                            |               |                            |               |
| Cross-currency swaps                        | -61                        | 358           | -67                        | 462           | -82                        | 344           |
| Forward contracts                           | 1                          | 99            | 0                          | 64            | -5                         | 103           |
| Interest rate swaps                         | -5                         | 248           | -15                        | 452           | -6                         | 273           |
| Interest rate options, bought               | 3                          | 410           | 1                          | 245           | 2                          | 350           |
| <b>Total</b>                                | <b>-62</b>                 | <b>1,115</b>  | <b>-81</b>                 | <b>1,223</b>  | <b>-92</b>                 | <b>1,070</b>  |
| <b>Electricity derivatives</b>              |                            |               |                            |               |                            |               |
| Futures contracts, Nord Pool                | 0                          | 0             | 0                          | 0             | 0                          | 0             |
| Forward contracts of electricity, Nord Pool | 8                          | 50            | 10                         | 65            | 2                          | 52            |
| Forward contracts of electricity, others    | 1                          | 9             | 3                          | 4             | 1                          | 8             |
| Call options, bought                        | 0                          |               | 1                          |               | 0                          |               |
| <b>Total</b>                                | <b>10</b>                  | <b>60</b>     | <b>14</b>                  | <b>69</b>     | <b>3</b>                   | <b>60</b>     |

| PLEDGES, MORTGAGES AND<br>CONTINGENT LIABILITIES | 31 Mar 2005<br>EUR million | 31 Mar 2004<br>EUR million | 31 Dec 2004<br>EUR million |
|--|----------------------------|----------------------------|----------------------------|
| Pledges / bank balances                          | 0                          | 1                          | 1                          |
| Guarantees                                       | 0                          | 0                          | 0                          |
| Leasing liabilities                              | 0                          | 0                          | 0                          |
| Commitment fee of revolving credit facility      | 1                          | 1                          | 1                          |
| <b>Total</b>                                     | <b>1</b>                   | <b>2</b>                   | <b>3</b>                   |
| <b>Other financial liabilities</b>               | <b>1</b>                   | <b>0</b>                   | <b>1</b>                   |