



FINGRID GROUP'S INTERIM REPORT 1 JANUARY – 30 JUNE 2002

Review of operations

Consumption of electricity in Finland during the first half of 2002 totalled 41,690 gigawatt hours (GWh). This was 0.4 per cent more than during the corresponding period in 2001.

During the first half of the year, electricity transmission to Finland from the other Nordic countries mainly consisting of imports remained at reasonable level and was sufficient enough for the market. Starting from the end of June the willingness to import due to high hydropower generation in Norway exceeded the available cross-border transmission capacity almost daily. During the spring and summer, some peak prices resulting from insufficient transmission capacity in the grid in southern Scandinavia were reflected in Finland.

The long-term negotiations concerning the arrangements of the electricity exchange for physical electricity trading in the Nordic countries finally led to a result which satisfies Fingrid. On 1 July, Fingrid became a shareholder in Nord Pool Spot AS, and EL-EX Electricity Exchange Ltd became a subsidiary of Nord Pool Spot AS. Now, all system operators within the Nordic market area are shareholders in this company, which was separated from Nord Pool ASA at the beginning of the year.

Nordel, the co-operation organisation of the Nordic system operators, published a three-year forecast of the Nordic power and energy situation. There is a risk that the power balance shows a deficit on a very cold winter and that the energy balance shows a deficit on a year with little precipitation. This is why it is important that the electricity market functions efficiently not only in the Nordic countries but also between the Nordic countries and the rest of Europe.

Several analyses aiming at increasingly fluent functioning of the Nordic market were completed by Nordel during the spring. These included the first Nordic grid plan and an account of the development of price area distribution and of increasing counter trading possibilities.

In June, Fingrid offered 600 megawatts (MW) of electricity transmission capacity through its cross-border connections from Russia to be reserved by the market parties as of the beginning of next year. 200 MW of this consists of transmission capacity which becomes available on the existing connections and 400 MW of increased transmission capacity brought by the third cross-border connection between Finland and Russia.

A temporary compensation arrangement concerning transit transmission of electricity has been applied to electricity trading within Europe since the beginning of March. ETSO (European Transmission System Operators) is preparing a new, more permanent compensation arrangement for transit transmission. This will be introduced at the beginning of 2003.

For several years now, Fingrid has participated in international benchmarking studies concerning grid maintenance and operation. The results indicate that Fingrid has retained its top ranking among its peers.



Financial result

The Group's turnover during the period under review was EUR 127 million (EUR 126 million). The operating profit was EUR 48 million (EUR 49 million), and profit before taxes was EUR 23 million (EUR 23 million). At the end of the review period, the equity ratio was 16.7 per cent (15.9 per cent) when excluding the capital loans and 29.2 per cent (28.7 per cent) when including these.

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 six-month result.

Capital expenditure

Gross capital expenditure during the period examined totalled EUR 21 million (EUR 25 million).

Financing

The net financial expenses of the Group during the review period were EUR 25 million (EUR 25 million). The financial position was good throughout the period examined. Financial securities, money market holdings and bank balances at 30 June 2002 amounted to EUR 90 million (EUR 46 million). The interest-bearing liabilities totalled EUR 862 million (EUR 846 million), of which EUR 671 million (EUR 516 million) were long-term and EUR 191 million (EUR 330 million) were short-term.

Interest rate and currency swaps and forward contracts at 30 June 2002 totalled a nominal amount of EUR 1,113 million (EUR 1,139 million). These involved a counterparty risk of EUR 3 million (EUR 34 million). Available committed long-term credit facilities amounted to EUR 391 million (EUR 391 million). Contingent liabilities consisted of leasing liabilities of EUR 0.2 million (EUR 0.2 million), guarantees of EUR 3 million (EUR 5 million) for power exchange purchases and other guarantees of EUR 4 million (EUR 4 million).

Organisation and personnel

The Board of Directors decided that Fingrid Oyj's fully-owned subsidiary Fingrid System Oy will be merged into the parent company. The merger will be carried out at the beginning of 2003.

The total personnel of the Fingrid Group averaged 210 (228) during the review period.

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.

Helsinki, 6 August 2002

Board of Directors



CONSOLIDATED PROFIT AND LOSS ACCOUNT	1 Jan - 30 Jun 2002 EUR million	1 Jan - 30 Jun 2001 EUR million	1 Jan - 31 Dec 2001 EUR million
Turnover	126.8	125.7	241.6
Operating profit	48.2	49.0	84.8
Profit before taxes	22.8	23.5	32.8
Profit for the period	16.2	16.5	23.2

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	30 Jun 2002 EUR million	30 Jun 2001 EUR million	31 Dec 2001 EUR million
ASSETS			
Intangible assets	192.9	203.5	198.9
Tangible assets	1,031.9	1,036.6	1,032.5
Investments	<u>0.9</u>	<u>1.1</u>	<u>1.0</u>
Noncurrent assets total	1,225.7	1,241.2	1,232.4
Inventories	2.8	3.5	4.3
Receivables	24.5	25.3	37.4
Financial securities	83.0	42.2	60.9
Cash in hand and bank receivables	6.8	3.5	3.4
Current assets total	117.2	74.5	106.1
Total	1,342.9	1,315.6	1,338.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	55.9	55.9	55.9
Premium fund	55.9	55.9	55.9
Retained earnings	96.7	80.8	80.8
Profit for the period	16.2	16.5	23.2
Capital loan	<u>167.9</u>	<u>167.9</u>	<u>167.9</u>
Shareholders' equity total	392.6	377.0	383.7
Provisions	0.0	0.4	0.0
Long-term liabilities	715.1	553.6	647.4
Short-term liabilities	<u>235.2</u>	<u>384.6</u>	<u>307.3</u>
Liabilities total	950.3	938.2	954.7
Total	1,342.9	1,315.6	1,338.4

CONSOLIDATED KEY INDICATORS	1 Jan - 30 Jun 2002 EUR million	1 Jan - 30 Jun 2001 EUR million	1 Jan - 31 Dec 2001 EUR million
Gross investments in noncurrent assets	21.0	25.1	43.5
% of turnover	16.6	20.0	18.0
Personnel, average	210	228	221
Equity ratio (including capital loans), %	29.2	28.7	28.7
Equity ratio (excluding capital loans), %	16.7	15.9	16.1