



FINGRID GROUP'S INTERIM REPORT 1 JANUARY – 30 JUNE 2003

Review of operations

Consumption of electricity in Finland during the first half of 2003 totalled 43,685 gigawatt hours. This was 5.4 per cent more than during the corresponding period in 2002.

Insufficient hydropower production in the Nordic countries continued from the winter period well into the spring. However, there was not shortage of electricity in the Nordic countries. Almost all of Finland's power plants excluding the emergency reserve gas turbines were in full use during the peak hours and the plants operated exceptionally well. Also the report published by the Nordic transmission system operators indicated that the market had functioned well also during the exceptionally long dry and cold winter period.

The need to export electricity from Finland to Sweden has been exceptionally high during the first half of the year. The cross-border transmission capacity has still been fully utilised for long periods. In May-June this cross-border capacity was restricted due to the capital expenditure works, which were targeted to improve the grid's transmission capacity. Due to insufficient cross-border capacity Finland have constituted a price area of its own quite often. However, the area price differences have remained relatively small.

The available capacity to import electricity from Russia was used in full until the end of May. After this, the import volumes have been smaller mainly during night time. As of the beginning of 2004, a total of 600 megawatts of transmission capacity will become available on Fingrid's cross-border connections from Russia. Fingrid has offered this transmission capacity to be reserved by the market players by the end of October.

In order to hedge itself against fluctuations in the cost level related to loss electricity procurement, Fingrid signed an agreement on loss electricity portfolio management with a Swedish company, Sydkraft Energy Trading AB.

The long-term negotiations concerning the ownership of optical fibres in Fingrid's transmission lines were completed. The ownership arrangement where the optical fibres were transferred to Fingrid's ownership has no impact on the use of optical fibres.

Financial result

The Group's turnover during the period under review was EUR 161 million (EUR 127 million). Turnover grew considerably on the corresponding period in 2002 as a result of the exceptional power situation during the early part of 2003, continued increase in the consumption of electricity also during the second quarter, and considerable growth in electricity imports from Russia. Moreover, the company's sales of balance power, which raise the turnover but have minor contribution on the financial result, were very high during the review period. The operating profit was EUR 52 million (EUR 48 million), and profit before taxes was EUR 28 million (EUR 23 million). At the end of the review period, the equity ratio was 18.3 per cent (16.7 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 six-month result.



Capital expenditure

Gross capital expenditure during the period examined totalled EUR 22 million (EUR 21 million).

Financing

The financial position of the Group continued to be good during the period examined. The net financial expenses of the Group were EUR 25 million (EUR 25 million). Financial securities, money market holdings and bank balances at 30 June 2003 amounted to EUR 107 million (EUR 90 million). The interest-bearing liabilities totalled EUR 848 million (EUR 862 million), of which EUR 726 million (EUR 671 million) were long-term and EUR 122 million (EUR 191 million) were short-term. In addition the company has EUR 168 million interest bearing capital notes (EUR 168 million).

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

Personnel

The total personnel of the Fingrid Group averaged 221 (210) 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, 5 August 2003

Board of Directors



CONSOLIDATED PROFIT AND LOSS ACCOUNT	1 Jan - 30 Jun 2003 EUR million	1 Jan - 30 Jun 2002 EUR million	1 Jan - 31 Dec 2002 EUR million
Turnover	160.9	126.8	272.6
Operating profit	52.4	48.2	91.0
Profit before taxes	27.7	22.8	38.6
Profit for the period	19.6	16.2	27.5

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	30 Jun 2003 EUR million	30 Jun 2002 EUR million	31 Dec 2002 EUR million
ASSETS			
Intangible assets	183.5	192.9	189.4
Tangible assets	1,033.4	1,031.9	1,031.6
Investments	<u>6.5</u>	<u>0.9</u>	<u>6.8</u>
Noncurrent assets total	1,223.4	1,225.7	1,227.8
Inventories	2.9	2.8	2.9
Receivables	26.1	24.5	47.6
Financial securities	101.0	83.0	88.1
Cash in hand and bank receivables	<u>6.4</u>	<u>6.8</u>	<u>13.0</u>
Current assets total	136.5	117.2	151.6
Total	1,359.9	1,342.9	1,379.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	55.9	55.9	55.9
Premium fund	55.9	55.9	55.9
Retained earnings	117.3	96.7	96.7
Profit for the period	19.6	16.2	27.5
Capital loan	<u>167.9</u>	<u>167.9</u>	<u>167.9</u>
Shareholders' equity total	416.7	392.6	404.0
Provisions	0.0	0.0	0.0
Long-term liabilities	780.3	715.1	770.9
Short-term liabilities	<u>162.9</u>	<u>235.2</u>	<u>204.6</u>
Liabilities total	943.2	950.3	975.5
Total	1,359.9	1,342.9	1,379.4

CONSOLIDATED KEY INDICATORS	1 Jan - 30 Jun 2003 EUR million	1 Jan - 30 Jun 2002 EUR million	1 Jan - 31 Dec 2002 EUR million
Gross investments in noncurrent assets	22.4	21.0	50.2
% of turnover	13.9	16.6	18.4
Personnel, average	221	210	211
Equity ratio, % (at the end of the period)	18.3	16.7	17.1

DERIVATIVE AGREEMENTS	30 Jun 2003 EUR million		30 Jun 2002 EUR million		31 Dec 2002 EUR million	
	Market value	Nominal value	Market value	Nominal value	Market value	Nominal value
Interest and currency derivatives						
Cross-currency swaps	-61	437	-12	355	-26	401
Forward contracts	-3	91	-4	129	3	108
Interest rate swaps	-28	517	-18	604	-24	550
Call options, bought	0	155	0	25	0	95
Total	-92	1,200	-34	1,113	-47	1,154
Electricity derivatives						
Futures contracts, Nord Pool	0	0	0	1	-1	1
Forward contracts of electricity, Nord Pool	10	79	-2	35	21	79
Forward contracts of electricity, others	5	10	-2	18	18	13
Call options, bought	0		0		1	
Total	15	89	-4	54	39	93

PLEDGES, MORTGAGES AND CONTINGENT LIABILITIES	30 Jun 2003 EUR million		30 Jun 2002 EUR million		31 Dec 2002 EUR million	
	Pledges / bank balances	2		3		7
Guarantees	0		4		0	
Leasing liabilities	0		0		0	
Commitment fee of revolving credit facility	2		0		2	
Total	4		7		9	