



FINGRID GROUP'S INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2004

Review of operations

Consumption of electricity in Finland totalled 63 terawatt hours by the end of September 2004. This was 1.5 per cent more than during the corresponding period in 2003.

The water reservoirs in the Nordic countries were clearly below average throughout the early part of 2004. Precipitation in the autumn has raised the levels of the reservoirs, but they continue to be below the average values for this time of the year. During the past months the spot price on the electricity market was on the level which prevailed in 2003. Abundant electricity transmissions from Finland to Sweden, which have continued during the early part of this year, decreased towards the end of the period examined to approximately one third. Transmission capacity was insufficient primarily during planned outages required by grid work which was carried out during the early half of 2004.

Transmission capacity on the cross-border connections from Russia was in almost full use during the review period. The full import capacity was not utilised occasionally during night time and weekends. 900 megawatts of import transmission capacity will become available on the cross-border connections from Russia at the end of 2004, and reservations for this capacity were almost three times as high as the capacity that will become available.

Nordel, the co-operation organisation of the Nordic transmission system operators, carries out an analysis, initiated by the Nordic Council of Ministers, of conforming the system responsibility, of the functioning of the Nordic electricity market and of the implementation of grid connections targeted to operational reliability of the system. This analysis will be completed by March 2005.

Fingrid has launched significant grid investments extending to the coming years. These are 400 kV line grid projects between the cities, Jämsä and Vihtavuori, Pori and Tampere, and, Olkiluoto and Huittinen, and around Lappeenranta area.

Fingrid is preparing the doubling of the sea cable connection between Finland and Sweden together with Svenska Kraftnät. In addition there is a plan to construct a new gas turbine power plant at Olkiluoto together with Teollisuuden Voima Oy.

Financial result

The Group's turnover during the review period was 217 million euros (218 million euros during the corresponding period in 2003). Turnover in the main grid business grew, but the reduction in the turnover of the Group resulted from decreased sales of balance power. The operating profit improved to 70 million euros (62 million euros), and profit before taxes rose to 39 million euros (25 million euros). At the end of the review period, the equity ratio was 20.6 per cent (18.2 per cent).



As the corporate tax rate in Finland changes, the deferred tax liability of the Group has been calculated in accordance with 26 per cent. Due to this change the profit of the review period increased by 6.5 million euros.

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.

Capital expenditure

Gross capital expenditure during the period examined totalled 35 million euros (32 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 31 million euros (36 million euros). Financial securities, money market holdings and bank balances at 30 September 2004 amounted to 123 million euros (105 million euros). The interest-bearing liabilities totalled 830 million euros (849 million euros), of which 547 million euros (617 million euros) were long-term and 283 million euros (232 million euros) were short-term. Moreover, the company had 168 million euros (168 million euros) of interest-bearing capital loan. Available committed long-term loan facilities amounted to 400 million euros (400 million euros).

The counterparty risk involved in the derivative contracts relating to financing was 0.2 million euros (1 million euros).

Personnel

The total personnel of the Fingrid Group averaged 227 (222) 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 is expected to improve compared to previous year.

Board of Directors



CONSOLIDATED PROFIT AND LOSS ACCOUNT	1 Jan - 30 Sep 2004 EUR million	1 Jan - 30 Sep 2003 EUR million	1 Jan - 31 Dec 2003 EUR million
Turnover	216.6	218.4	297.6
Operating profit	69.6	61.5	90.5
Profit before taxes	38.7	25.2	37.5
Profit for the period	34.0	17.9	26.5

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

Tax figures in the consolidated profit and loss account include the tax applying to the period under review and the change in deferred taxes due to the lower income tax rate. Due to this change Profit for the period increased by EUR 6.5 million.

CONSOLIDATED BALANCE SHEET	30 Sep 2004 EUR million	30 Sep 2003 EUR million	31 Dec 2003 EUR million
ASSETS			
Intangible assets	167.5	176.0	174.6
Tangible assets	1,037.5	1,037.3	1,036.0
Investments	<u>6.1</u>	<u>6.4</u>	<u>6.2</u>
Noncurrent assets total	1,211.1	1,219.7	1,216.8
Inventories	3.7	2.9	2.9
Receivables	35.2	29.4	43.4
Financial securities	119.5	102.2	102.1
Cash in hand and bank receivables	<u>3.3</u>	<u>2.6</u>	<u>2.9</u>
Current assets total	161.8	137.1	151.4
Total	1,372.9	1,356.8	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	137.3	117.4	117.3
Profit for the period	34.0	17.9	26.5
Capital loan	<u>167.9</u>	<u>167.9</u>	<u>167.9</u>
Shareholders' equity total	451.0	415.0	423.6
Provisions	0.0	0.0	0.0
Long-term liabilities	605.0	669.5	707.6
Short-term liabilities	<u>316.8</u>	<u>272.4</u>	<u>237.0</u>
Liabilities total	921.9	941.9	944.6
Total	1,372.9	1,356.9	1,368.2

CONSOLIDATED KEY INDICATORS	1 Jan - 30 Sep 2004 EUR million	1 Jan - 30 Sep 2003 EUR million	1 Jan - 31 Dec 2003 EUR million
Gross investments in noncurrent assets	34.7	31.8	43.7
% of turnover	16.0	14.6	14.7
Personnel, average	227	222	221
Equity ratio, % (at the end of the period)	20.6	18.2	18.7



DERIVATIVE AGREEMENTS	30 Sep 2004 EUR million		30 Sep 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	-64	362	-61	439	-85	431
Forward contracts	-1	107	-1	85	-2	85
Interest rate swaps	-9	377	-23	510	-12	442
Call options, bought	2	350	1	195	2	215
Total	-72	1,196	-84	1,229	-97	1,173
Electricity derivatives						
Futures contracts, Nord Pool	0	0	0	0	0	0
Forward contracts of electricity, Nord Pool	10	56	11	82	8	77
Forward contracts of electricity, others	1	11	4	11	2	12
Call options, bought	1		1		1	
Total	12	67	16	93	11	89

PLEDGES, MORTGAGES AND CONTINGENT LIABILITIES	30 Sep 2004 EUR million	30 Sep 2003 EUR million	31 Dec 2003 EUR million
Pledges / bank balances	1	1	2
Guarantees	0	0	0
Leasing liabilities	0	0	0
Commitment fee of revolving credit facility	1	2	2
Total	2	3	4