

FINGRID GROUP'S INTERIM REPORT 1 JANUARY - 31 MARCH 2012
Financial result

The Group's revenue in the first quarter of 2012 was 170 million euros (152 million euros during the corresponding period in 2011). Other operating income was 0.5 million euros (0.5 million euros).

Grid service income rose to 99 million euros (78 million euros) as a result of the tariff increase of 30 per cent carried out at the beginning of the year. Electricity consumption in Finland decreased by 3.4 per cent from the first quarter in 2011. The sales of imbalance power were 46 million euros (49 million euros). Cross-border transmission income on the connection between Finland and Russia decreased by 1 million euros from the corresponding period in the previous year. Fingrid's congestion income on the interconnection between Finland and Sweden was 8 million euros (2 million euros).

Revenue and other income (million €)	1-3/12	1-3/11
Grid service income	99	78
Sales of imbalance power	46	49
ITC income	5	7
Cross-border transmission income	5	6
Finland-Estonia congestion income**	1	6
Peak load capacity income	5	3
Finland-Sweden congestion income	8	2
Other revenue	1	2
Other operating income	1	1
Revenue and other income total	170	152

The purchases of imbalance power were 42 million euros (44 million euros). Loss energy costs decreased by 1 million euros from the corresponding period in the previous year due to a lower electricity price and smaller losses. At the end of March, approx. 104 per cent of Fingrid's projected loss energy procurement for the remaining part of 2012 had been hedged at an average price of 46.0 euros per megawatt hour.

The costs of reserves, which safeguard the system security of the power system, decreased by 1 million euros during the period under review. Depreciation increased by 2 million euros due to the commissioning of capital investments. The maintenance management costs remained at the same level as in 2011, and the personnel costs decreased slightly from the previous year.

Costs (million €)	1-3/12	1-3/11
Purchase of imbalance power	42	44
Loss energy costs	18	19
Depreciation	19	17
Finland-Estonia grid rents**	1	6

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Reserve costs	6	6
Personnel	5	6
Peak load capacity costs	5	4
Maintenance management	3	3
ITC transmission costs	3	2
Other costs	6	5
Costs total	108	110
Operating profit	62	42
Operating profit of Group, IFRS	54	42

*Excluding the change in the fair value of derivatives.

**Fingrid's income from the congestion income between Finland and Estonia was 1.2 million euros. The costs (grid rents between Finland and Estonia) were 1.1 million euros, which was paid to the owners of the Estlink transmission connection. The difference of 0.1 million euros received by Fingrid was created during disturbances on the Estlink connection.

The operating profit of the Group was 54 million euros (42 million euros), which contains -8 million euros (0 million euros) of changes in the fair value of electricity derivatives. The profit before taxes was 50 million euros (36 million euros). The profit for the review period was 38 million euros (27 million euros) and the total comprehensive income was 40 million euros (16 million euros). The cash flow from the operations of the Group deducted by capital expenditure was 57 million euros positive (7 million euros). The equity ratio was 26.4 (29.7) 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 three-month result.

Capital expenditure

Fingrid is renewing its network data system with a completely new software package. The new system supplied by IBM consists of several commercial software products, which are integrated with each other. The value of the contract is 27 million euros. The new system to be introduced in 2014 will provide up-to-date and reliable information on the transmission system. This will contribute to the efficient planning and reliable maintenance management of the power system.

The year 2012 is another period of active construction for Fingrid: there are a dozen or so ongoing grid construction projects in various parts of Finland. The construction of EstLink 2, which will almost triple the transmission capacity between Estonia and Finland, is in an active stage. The project due to be completed in 2014 has progressed on schedule in both Finland and Estonia. The manufacture of the submarine cable has begun at the factory. The type testing of the cables will be ready in the summer of 2012, and the cable will be laid in the Gulf of Finland in the autumn of 2012.

Construction work for Fingrid's reserve power plant in Forssa has also advanced on schedule. An agreement was signed on the operation and maintenance services of the plant with ABB in March. The reserve power plant will be ready in the early autumn of 2012.

Construction work on the Yliskälä-Huutokoski transmission line is in progress. The transmission line construction sites are over half way to completion. Actual construction work at both substations is complete, and the equipment installation has started. The connection will be ready during 2013. Work on the Ulvila-Kristiinankaupunki transmission connection will commence during 2012. Earthwork contracts at the Ulvila and Kristinestad substations will start in spring 2012, and the substation and line work in the autumn of 2012. The transmission connection will be ready during 2014. Foundation work on the Hyvinkää-Hikiä transmission connection is in progress. Fingrid's new field tower will be used for the first time on this line. Equipment deliveries for the Hikiä substation will commence in the summer of 2012. The Hyvinkää-Hikiä project will be completed in 2013.

In February, Fingrid made an investment decision on the renewal of the 110 kilovolt transmission line between Varkaus and Kontiolahti. The new transmission line will significantly improve power system security in North Karelia. Between Varkaus and Kontiolahti, the new transmission line will be built mainly in the place of the aged 110 kilovolt line between Varkaus and Pamilo, originally constructed in the 1950s. The network structure will also be changed, which requires the construction of new short transmission line sections in the vicinity of Kontiolahti.

In early March, the European Network of Transmission System Operators for Electricity, ENTSO-E published the Ten-Year Network Development Plan (TYNDP) for public consultation. According to the plan, 104 billion euros worth of grid investments are needed in the European electricity transmission system. This will be used for renewing or constructing approx. 51,500 kilometres of transmission lines in Europe. The plan covers a total of more than 100 major projects to be executed in different countries. In Finland, the plan covers the new cross-border connections and 400 kilovolt lines, in other words about half of Fingrid's total capital investments carried out during the plan period.

The Group's gross capital expenditure between January and March was 19.1 million euros (40.3 million euros during the corresponding period in 2011).

Power system operation

From the beginning of 2012 to the end of March, 24.6 terawatt hours of electricity was consumed in Finland (25.4 TWh in the corresponding period in 2011). A total of 17.5 TWh of electricity was transmitted in Fingrid's grid during the same period, representing 71 per cent of the electricity consumption in Finland.

The electricity import and production capacity was well sufficient to cover the peak consumption of the winter. According to Fingrid's operation control measurements, the peak electricity consumption in the winter of 2012 was 14,300 megawatts. The highest electricity generation volume in Finland in the early part of 2012 was approx. 12,000 megawatts, and power plants worked without significant disturbance during the period of cold weather. It was not necessary to take into use any of the nation-wide peak load capacity of 600 megawatts.

Electricity transmissions between Finland and Sweden in early 2012 consisted mainly of imports to Finland. The import capacity from Northern Sweden was restricted by grid improvement work in both Finland and Sweden. There was a fault in the recently commissioned Fenno-Skan 2 transmission connection at the end of February as a result

of a damage inflicted by a ship anchor. The cable repair is expected to last until early May. Between January and March, 3.1 terawatt hours of electricity was imported from Sweden to Finland (0.3 TWh), and 0.1 TWh (2.0 TWh) was exported from Finland to Sweden.

There were no significant electricity transmission restrictions in the transmission capacity on the Russian or Estonian borders between January and March. The volume of imports from Russia has been much smaller than earlier, and it has varied as determined by the market situation. The prevailing direction of transmissions on the Estlink connection was for exports to Estonia. Electricity imports from Russia from January to March were 2.0 TWh (3.0 TWh) and from Estonia 0.1 TWh (0.7 TWh). Exports to Estonia were 0.4 TWh.

A few failures of transmission line towers occurred in the transmission grid during the first quarter of 2012. A transmission line tower was broken in Rautjärvi in conjunction with ice load removal on a 110 kilovolt line in early February, causing an outage of approx. 2 hours in the surrounding areas. A significant voltage drop was experienced in the Oulu region when a 220 kilovolt tower of the high-voltage grid fell on a 110 kilovolt line during repair work in Oulu at the end of January. Moreover, there was a disturbance on the Ivalo-Varangerbotn 220 kilovolt cross-border interconnector between Finland and Norway in early February when a transmission line tower fell in Norway.

Power system operation	1-3/12	1-3/11
Electricity consumption in Finland TWh	24.6	25.4
Fingrid's transmission volume TWh	17.5	18.7
Fingrid's loss energy volume TWh	0.3	0.4
Electricity transmissions Finland-Sweden		
Exports to Sweden TWh	0.1	2.0
Imports from Sweden TWh	3.1	0.3
Electricity transmissions Finland-Estonia		
Exports to Estonia TWh	0.4	0.0
Imports from Estonia TWh	0.1	0.7
Electricity transmissions Finland-Russia		
Imports from Russia TWh	2.0	3.0

Electricity market

The average price (system price) in Nord Pool's spot market during the first quarter in 2012 was 38.48 €/MWh (66.10 €/MWh during the corresponding period in 2011), and the area price for Finland was 42.71 €/MWh (64.80 €/MWh).

The area price for Finland has exceeded the price in the other Nordic countries, because the cross-border transmission capacity has not been sufficient to transmit as much inexpensive hydropower as what the demand would have been. The situation was further complicated by the fault in the Fenno-Skan 2 cable. During this fault, congestions have hampered electricity trade on the border between Finland and Sweden in about 60 per cent of the time, while the normal figure is 5 to 10 per cent.

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Electricity imports from Russia started to vary last autumn, and this variation has continued and intensified. The reason for this is that the price level in the Russian market has gone up and the price level in the Nordic countries has come down. Especially during the morning and evening hours of weekdays, electricity has been more expensive in Russia than in Finland, and it has not been profitable to sell it to Finland.

During the first quarter of 2012, Fingrid used 1.6 million euros for counter trade (0.8 million euros during the corresponding period in 2011).

A project for the harmonisation of Nordic Balance Settlement (NBS) was launched between the transmission system operators in Finland, Sweden and Norway at the beginning of this year. Its objective is to outsource the operative management of imbalance settlement to a separate inter-Nordic settlement unit by 2014.

ENTSO-E launched the public consultation of the draft network code concerning the allocation of transmission capacity and transmission congestion management in late March. The network code concerning congestion management is the first network code to be drawn up on the basis of ACER's framework guideline for transmission management. It sets out the rules pertaining to the calculation of transmission capacity, the day-ahead market and the intra-day market.

Electricity market	1-3/12	1-3/11
Nord Pool system price, average €/MWh	38.48	66.10
Area price Finland, average €/MWh	42.71	64.80
Congestion income between Finland and Sweden million €	15.4	3.3
Congestion hours between Finland and Sweden %	40.1	20.2
Congestion income between Finland and Estonia million €	2.5	12.0
Congestion hours between Finland and Estonia %	29.4	81.9

*From 6 December 2010, Fingrid receives Nordic congestion income only from the congestion income accrued between Finland and Sweden. Fingrid's congestion income between Finland and Estonia was 1.2 million euros. The costs, i.e. the grid rents between Finland and Estonia, were 1.1 million euros, which was paid to the owners of the Estlink transmission connection (the difference of 0.1 million euros received by Fingrid was created during disturbances on the Estlink connection). The income and costs of both transmission connections are presented in the tables under Financial result.

Financing

The financial position of the Group continued to be good. The net financial costs of the Group were 4 million euros between January and March 2012 (6 million euros during the corresponding period in 2011). The net financial costs excluding the change in the fair value of derivatives were 5 million euros (4 million euros). Financial assets recognised at fair value in the income statement, and cash and cash equivalents amounted to 261 million euros (206 million euros) at 31 March 2012. Moreover, the company has an undrawn revolving credit facility of 250 million euros.

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The interest-bearing borrowings totalled 1,231 million euros (1,047 million euros), of which 826 million euros (840 million euros) were long-term and 405 million euros (207 million euros) were short-term.

The counterparty risk involved in the derivative contracts relating to financing was 65 million euros (50 million euros).

On 17 January 2012, the international rating agency Standard & Poor's Rating Services (S&P) affirmed Fingrid Oyj's long-term credit rating AA- and short-term rating A-1+. The outlook changed from stable to negative. The change was associated with S&P's decision to change the outlook of the Republic of Finland from stable to negative.

Personnel

The total personnel of the Fingrid Group averaged 265 (260) during the review period.

Annual Meeting

Fingrid Oyj's Annual General Meeting was held in Helsinki on 22 March 2012. The Annual General Meeting accepted the financial statements for 2011, confirmed the income statement and balance sheet, and discharged the members of the Board of Directors and the President from liability.

Helena Walldén, M.Sc. (Tech.), was elected as the Chairman of the Board, and Juha Majanen, Counsellor, of the Ministry of Finance was elected as the Vice Chairman. The other Board members elected were Sirpa Ojala, President for Northern Europe and CEO, of TDF Group and Digita Oy, Esko Torsti, Director, Non-listed Investments, of Ilmarinen Mutual Pension Insurance Company, and Esko Raunio, Director, Private Market Investments, of Tapiola Mutual Pension Insurance Company.

Auditing

The consolidated figures in this Interim Report are unaudited.

Outlook for the remaining part of the year

Fingrid has issued a bond of 300 million euros with a maturity of 12 years under its EMTN (Euro Medium Term Note) Programme of 1.5 billion euros. The public listing of the bond started on London Stock Exchange on 3 April 2012.

The profit of the Fingrid Group for the entire accounting period without the change in the fair value of derivatives is expected to increase clearly from the level of 2011 as a result of the tariff increase implemented at the beginning of the year and higher congestion income during the review period.

Board of Directors

Appendices: Tables for the interim report 1 January - 31 March 2012

Further information:

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Appendices: Tables for the Interim Report 1 January - 31 March 2012

Condensed consolidated statement of comprehensive income, million euros	2012 Jan-Mar	2011 Jan-Mar	Change	2011 Jan-Dec
Revenue	169.6	151.6	18.0	438.50
Other operating income	0.5	0.5	0.0	3.0
Depreciation and amortisation expense	-18.5	-16.8	-1.8	-67.9
Operating expenses	-97.4	-93.6	-3.7	-317.0
Operating profit	54.2	41.7	12.5	56.6
Finance income and costs	-4.5	-6.1	1.7	-22.6
Portion of profit of associated companies	0.3	0.2	0.1	0.2
Profit before taxes	50.0	35.8	14.2	34.2
Income taxes	-12.2	-9.3	-2.9	-1.2
Profit for the period	37.8	26.5	11.3	33.0
Other comprehensive income				
Cash flow hedges	3.4	-9.9	13.3	-33.4
Translation reserve	-1.2	-0.2	-1.0	0.2
Available-for-sale financial assets				0.0
Total comprehensive income for the year	40.0	16.4	23.6	-0.2
Profit attributable to:				
Equity holders of the company	37.8	26.5	11.3	33.0
Total comprehensive income attributable to:				
Equity holders of the company	40.0	16.4	23.6	-0.2
Earnings per share (euros)* belonging to the owners of the parent company, calculated from profit	11 372	7 979	3 393	9 924

* no dilution effect

Condensed consolidated balance sheet, million euros	2012 31 Mar	2011 31 Mar	Change	2011 31 Dec
ASSETS				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	91.3	89.7	1.6	89.7
Property, plant and equipment	1 419.3	1 276.0	143.3	1 419.60
Investments	7.3	8.0	-0.8	8.2
Receivables	80.4	68.2	12.2	77.4
Current assets				
Inventories	6.6	6.0	0.5	6.7
Receivables	80.7	55.4	25.3	78.9
Financial assets recognised in income statement at fair value	253.8	206.2	47.6	202.4
Cash and cash equivalents	7.6	0.2	7.4	1.5
Total assets	2 034.8	1 797.7	237.1	1 972.3
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity belonging to the owners of the parent company				
Shareholders' equity	536.6	530.6	6	507.3
Non-current liabilities				
Non-current interest-bearing liabilities	825.9	839.6	-13.7	845.2
Other non-current liabilities	191.0	154.8	36.2	176.7
Current liabilities				
Current interest-bearing liabilities	405.4	207.4	198.0	379.5
Trade and other payables	76.0	65.3	10.6	63.6
Total shareholders' equity and liabilities	2 034.8	1 797.7	237.1	1 972.3

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Key indicators, million euros	2012	2011	2011
	Jan -Mar	Jan - Mar	Jan - Dec
Revenue	169.6	151.6	438.5
Capital expenditure, gross	19.1	40.3	244.4
- % of revenue	11.3	25.8	55.7
Research and development expenses	0.3	0.4	1.8
- % of revenue	0.2	0.3	0.4
Personnel, average	265	260	263
Operating profit	54.2	41.7	56.6
- % of revenue	32.0	27.5	12.9
Profit before taxes	50.0	35.8	34.2
- % of revenue	29.5	23.6	7.8
Interest bearing liabilities, net*	969.9	840.6	1 020.2
Equity ratio, %*	26.4	29.7	25.7
Shareholders' equity, million euros*	536.6	530.6	507.3
Equity per share, euros*	161 369	159 578	152 573
Earnings per share, euros*	11 372	7 979	9 924

* end of period

Consolidated statement of changes in total equity, million euros						
Attributable to equity holders of the parent company	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total equity
Capital and reserves 1 Jan 2011	55.9	55.9	19.8	0.3	382.3	514.2
Comprehensive income						
Profit or loss					26.5	26.5
Other comprehensive income						
Cash flow hedges			-9.9			-9.9
Translation reserve				-0.2		-0.2
Total other comprehensive income			-9.9	-0.2		-10.2
Total comprehensive income			-9.9	-0.2	26.5	16.4
Capital and reserves 31 Mar 2012	55.9	55.9	9.8	0.1	408.8	530.6
Comprehensive income						
Profit or loss					6.5	6.5
Other comprehensive income						
Cash flow hedges			-23.5			-23.5
Translation reserve				0.5		0.5
Available-for-sale financial assets				0.0		0.0
Total other comprehensive income			-23.5	0.5		-23.1
Total comprehensive income			-23.5	0.5	6.5	-16.6
Transactions with owners						
Dividends relating to 2010					-6.7	-6.7
Capital and reserves 1 Jan 2012	55.9	55.9	-13.7	0.6	408.6	507.3
Comprehensive income						
Profit or loss					37.8	37.8
Other comprehensive income						
Cash flow hedges			3.4			3.4
Translation reserve				-1.2		-1.2
Total other comprehensive income			3.4	-1.2		2.2
Total comprehensive income			3.4	-1.2	37.8	40.0
Transactions with owners						
Dividends relating to 2011					-10.8	-10.8
Capital and reserves 31 Mar 2012	55.9	55.9	-10.3	-0.7	435.6	536.6

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Condensed consolidated cash flow statement, million euros	2012	2011	2011
	Jan-Mar	Jan-Mar	Jan-Dec
Cash flow from operating activities			
Profit for the financial year	37.8	26.5	33.0
Adjustments	42.9	31.9	96.5
Changes in working capital	11.1	6.1	-12.3
Impact of changes in fair value of investments	0.0	0.2	0.6
Interests paid	-3.0	-3.9	-22.8
Interests received	1.1	0.5	2.9
Taxes paid	-0.5	-0.4	-2.3
Net cash flow from operating activities	89.2	60.8	95.6
Cash flow from investing activities			
Purchase of property, plant and equipment	-30.4	-53.6	-241.0
Purchase of intangible assets	-2.4	-0.6	-3.3
Purchase of other assets	0.0	0.0	0.0
Proceeds from other investments	0.0	0.0	0.1
Repayment of loans receivable	0.0	0.0	0.0
Dividends received	0.0	0.0	0.2
Contributions received	0.0	0.0	0.1
Net cash flow from investing activities	-32.7	-54.1	-244.0
Cash flow from financing activities			
Withdrawal of loans	207.5	99.9	749.9
Repayment of loans	-199.8	-121.9	-612.6
Dividends paid	-6.7	0.0	-6.7
Net cash flow from financing activities	1.1	-22.0	130.6
Net change in cash and cash equivalents	57.6	-15.3	-17.8
Cash and cash equivalents 1 Jan	203.8	221.7	221.7
Cash and cash equivalents 31 Mar	261.4	206.4	203.8

Derivative agreements, million euros	31 Mar 2012		31 Mar 2011		31 Dec 2011	
	Net fair value	Notional value	Net fair value	Notional value	Net fair value	Notional value
Interest and currency derivatives						
Cross-currency swaps	66	518	38	419	64	519
Forward contracts	0	2	0	1	0	25
Interest rate swaps	-1	346	1	231	-1	301
Call options, bought	0	850	11	880	1	880
Total	65	1 716	49	1 531	63	1 725
	Net fair value	Volume TWh	Net fair value	Volume TWh	Net fair value	Volume TWh
Electricity derivatives						
Electricity forward contracts, NASDAX OMX Commodities designated as hedge accounting	-26	3.82	13	3.65	-23	3.81
Electricity forward contracts, NASDAX OMX Commodities	0	0.00	0	0.02	0	0.01
Total	-26	3.82	13	3.67	-23	3.82

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Commitments and contingencies, million euros	31 Mar 2012	31 Mar 2011	31 Dec 2011
Pledges / bank balances	0	0	0
Rental liabilities	26	27	26
Commitment fee of revolving credit facility	2	0	2
Total	28	28	30
Capital commitments	240	378	218
Other financial liabilities	2	2	2

Changes in property, plant and equipment, million euros	31 Mar 2012	31 Mar 2011	31 Dec 2011
Carrying amount at beginning of period	1 420	1 253	1 253
Increases	18	39	232
Decreases			0
Depreciation and amortisation expense	-18	-16	-65
Carrying amount at end of period	1 419	1 276	1 420

Transactions with associated companies, million euros	31 Mar 2012	31 Mar 2011	31 Dec 2011
Sales	2	1	4
Purchases	16	24	63
Receivables	2	2	1
Liabilities	0	0	0

Transactions with related parties, million euros	31 Mar 2012	31 Mar 2011	31 Dec 2011
Owners			
Sales		41	50
Purchases	1	28	33
Receivables		8	
Liabilities	0	0	
Other related parties			
Sales	32		36
Purchases	17		34
Receivables	0		6
Liabilities	3		5

Accounting principles. This interim report has been drawn up in accordance with standard IAS 34, Interim Financial Reporting. In this interim report, Fingrid has followed the same principles as in the annual financial statements for 2011.

Segment reporting. The entire business of the Fingrid Group is deemed to comprise transmission system operation in Finland with system responsibility, only constituting a single segment. There are no essential differences in the risks and profitability of individual products and services. This is why segment reporting in accordance with the IFRS 8 standard is not presented.

Corporate rearrangements. There have been no changes in the Group structure during the period reviewed.

Seasonal fluctuation. The Group's operations are characterised by extensive seasonal fluctuations.

General clause. Certain statements in this release concern the future and are based on the present views of management. Due to their nature, they contain some risk and uncertainty and are subject to changes in economy and the relevant business.