

21 February 2012

English translation

FINGRID OYJ
ANNUAL REVIEW AND FINANCIAL STATEMENTS
1 January 2011 - 31 December 2011

21 February 2012

CONTENTS	PAGE
1. Annual review	
Report of the Board of Directors	3
Key indicators	14
The Board of Directors' proposal for the distribution of profit	16
2. Financial statements	
Consolidated financial statements (IFRS)	
Income statement	17
Balance sheet	18-19
Statement of changes in equity	20
Cash flow statement	21
Notes to the financial statements	22-47
Parent company financial statements (FAS)	
Profit and loss account	48
Balance sheet	49-50
Cash flow statement	51
Notes to the financial statements	52-64
3. Signatures for the annual review and for the financial statements	65

21 February 2012

1. REPORT OF THE BOARD OF DIRECTORS

Financial result

Revenue of the Fingrid Group in 2011 was 438 million euros (456 million euros in 2010). Other operating income was 3 (7) million euros.

Grid revenue remained at the same level as in 2010 despite the tariff increase of 4.5 per cent. This was due to a decrease of 3.8 per cent in electricity consumption in Finland from 2010. The sales of imbalance power decreased to 146 (160) million euros mainly as a result of lower electricity market prices. Cross-border transmission income on the connection between Finland and Russia decreased by 2 million euros from the previous year. Fingrid's congestion income on the Nordic interconnectors was 16 (9) million euros. Fingrid's portion of the Nordic congestion income is currently only calculated for the cross-border transmission connection between Finland and Sweden. As of April 2010, Fingrid and the Estonian transmission system operator Elering AS have rented the cross-border transmission capacity of the Estlink 1 transmission connection between Finland and Estonia for use by the electricity market. Fingrid's rental costs for the connection were covered by the congestion income of 10 (9) million euros earned on it. Fingrid's share of the net amount of the European inter-TSO compensations remained at the level of 2010.

Revenue and other operating income (million €)	1-12/11	1-12/10	10-12/11	10-12/10
Grid service revenue	210	211	59	64
Sales of imbalance power	146	160	25	49
Cross-border transmission	22	24	5	6
Finland-Estonia congestion income	10	9	1	6
Finland-Sweden congestion income	16	9	4	1
Peak load capacity	7	14	5	2
ITC income	22	19	7	5
Feed-in tariff for peat	0	1		0
Other revenue	5	9	2	4
Other operating income	3	7	1	4
Revenue and other income total	441	463	109	142

The purchases of imbalance power were 131 million euros (145 million euros). The loss energy costs decreased by 2 million euros from the previous year due to the lower average area price for Finland. The costs of reserves which

21 February 2012

safeguard the system security of the transmission system increased by 7 million euros and the depreciation costs rose by 1 million euros. The maintenance management costs and personnel costs remained at the same level as in 2010. The income from the peak load capacity arrangement was balanced in the early part of the year when the relevant act came to an end on 28 February 2011. In line with the new act, the peak load capacity arrangement did not begin to cause income and expenses until the last quarter of 2011. As a result, the net income from the peak load capacity arrangement decreased by 1 million euros. The act on the feed-in tariff of electricity produced from fuel peat in condensing power plants was in force until 31 December 2010. This is why the feed-in tariff did not cause income or expenses in the financial year of 2011. The corresponding changes during the last quarter of the financial year are shown in the table below (in million euros).

Costs, million €	1-12/11	1-12/10	10-12/11	10-12/10
Purchase of imbalance power	131	145	22	49
Purchase of loss energy	63	65	16	19
Depreciation	68	67	18	17
Reserves	28	22	7	6
Personnel	20	20	6	6
Maintenance management	18	18	6	5
Peak load capacity	7	13	5	3
ITC charges	12	10	4	2
Estlink grid rents	9	9	1	6
Feed-in tariff for peat		1		0
Other costs	23	21	7	7
Costs total	380	391	90	120
Operating profit				
excluding the change in the fair value of commodity derivatives	62	72	19	22
Operating profit of group	57	74	17	23

The operating profit of the Group was 57 (74) million euros. Of the change in the fair value of commodity derivatives, -5 (+2) million euros were recognised in the income statement.

The Group's revenue between October and December was 108 (138) million euros. The operating profit in the last quarter was 17 (23) million euros.

The consolidated profit for the year was 33 (42) million euros. Due to the change in the fair value of electricity derivatives, the consolidated total comprehensive income was 0.2 million euros negative (73 million euros). The cash flow from the operations of the Group deducted by capital expenditure was 148 million euros negative (-12 million euros) because many significant capital investment projects were scheduled for 2011.

21 February 2012

The return on investment was 3.6 (5.1) per cent and the return on equity 6.5 (8.7) per cent. The equity ratio was 25.7 (28.6) per cent at the end of the review period. Revenue of the parent company was 434 (456) million euros and profit for the financial year 22 (6) million euros.

Grid development and maintenance

Fingrid's annual expenditure in the transmission system has increased considerably from the level of 40 million euros in the early part of the millennium. The year 2011 was a peak year in terms of capital investments in Fingrid's history, since many large-scale projects were in progress. The sharp increase in capital expenditure is the result of the connection of new generating capacity to the transmission system, the promotion of the functioning of the electricity market, renewal of the ageing grid, and regional changes in electricity consumption and production patterns in Finland.

Two important electricity transmission connections were brought to conclusion in 2011. The Fenno-Skan 2 submarine cable link was commissioned in November, and the Seinäjoki-Tuovila 400 kilovolt transmission link was completed in the autumn. There are also other major ongoing contracts, such as the Yllikkälä-Huutokoski transmission line and the EstLink 2 cable link to Estonia. Moreover, a new reserve power plant is being built in Forssa.

Fingrid's Board of Directors made a decision concerning the construction of a 400 kilovolt transmission line between Forssa and Hikiä and a 110 kilovolt line between Tihisenniemi and Katerma. The environmental impact assessment (EIA) procedures for the 400 kilovolt transmission line between Central Finland and the Oulujoki river and for the grid reinforcements required by the Olkiluoto 4 nuclear power plant unit were launched in 2011. The EIA programmes of both projects were displayed in public from December 2011.

Fingrid plans the transmission system in Finland as part of the Nordic and European electricity transmission network through ENTSO-E and its Regional Group Nordic. The regional network plans drawn up with Fingrid's customers are also an integral part of this planning process. In 2011, a comprehensive plan was drawn up for the replacement of the aged 220 kilovolt transmission lines and substations in Ostrobothnia and Central Finland with 400 kilovolt and 110 kilovolt network solutions. There are additional challenges in the planning process especially in Ostrobothnia because preparations need to be made for numerous upcoming wind power projects.

Fingrid's gross capital expenditure in 2011 was 244 million euros (144 million euros in 2010). Of this amount, a total of 173 (109) million euros were used for the transmission grid and 68 (31) million euros for reserve power. IT-related capital expenditure was approximately 3 (4) million euros.

Research and development were allocated a total of 1.8 (1.5) million euros. Some 50 research and development projects were in progress in 2011. The

21 February 2012

foremost R&D input was placed on the development of new transmission line tower types and control methods for system security.

Power system

Electricity consumption in Finland decreased by 3.8 per cent on the previous year as a result of declining industrial production and the warm latter part of 2011. Electricity consumption in Finland in 2011 totalled 84.4 terawatt hours (87.7 terawatt hours in 2010). A total of 64.2 (68.1) terawatt hours of electricity was transmitted in Fingrid's grid, representing 76 per cent of the electricity consumption in Finland.

In the early part of 2011, electricity transmissions between Finland and Sweden consisted mainly of exports from Finland, but this changed to considerable imports to Finland in the summer. Construction work on the Fenno-Skan 2 transmission link occasionally restricted the capacity offered to the electricity market. A total of 5.9 (2.8) terawatt hours of electricity was imported from Sweden to Finland during 2011, and 4.0 (5.7) terawatt hours was exported from Finland to Sweden.

Electricity transmissions between Finland and Estonia were dominated by imports to Finland in the early part of 2011, but imports gave way to a majority of exports from Finland during the summer and autumn. Maintenance work on the Estlink connection did not cause significant restrictions in the capacity offered to the market. The volume of electricity imports from Estonia to Finland on the Estlink connection was 1.6 (2.0) terawatt hours, and 0.5 (0.2) terawatt hours of electricity was exported from Finland to Estonia.

Almost the full electricity import capacity from Russia was in use during the review period. Towards the end of the year, the imports were below the volume permitted by the transmission capacity. In July and August, the import capacity was restricted by maintenance work at the Vyborg direct current substation and in the Russian grid. Electricity imports from Russia to Finland totalled 10.8 (11.6) terawatt hours in 2011.

The transmission grid experienced more disturbances than on average due to violent thunderstorms in the summer, but these had little effect on the customers. As a result of some long supply interruptions caused by the storms at Christmas time, the disturbance duration per a grid customer's connection point was clearly longer than on average.

Promotion of electricity market

In the early part of 2011, the Nordic electricity market was characterised by a scarce supply of hydropower. At the same time, there was much demand for electricity, partly as a result of the cold and long winter. However, there were no price spikes during the cold winter weather. The water reservoir situation

21 February 2012

improved towards the summer, and in the autumn the water reservoirs were almost full. The price level in the spot market of electricity was clearly lower than in 2010. The average system price was 47 euros per megawatt hour (53 €/MWh in 2010), and the average area price for Finland was 49 €/MWh (57 €/MWh).

Efforts for electricity market integration were pursued further, both towards Western Continental Europe and the Baltic countries. However, any new significant results will not be seen before the end of 2012. In line with the EU's third legislative package for an internal energy market, the European transmission system operators started to prepare new types of network rules. These binding provisions will define the rules of the electricity market very precisely.

Fingrid accumulated 15.8 million euros of Nordic congestion income during the year under review (9.0 million euros in 2010). Congestions were encountered on the border between Finland and Sweden in 23 per cent of the time, and in many cases the market prices between the two countries differed from each other by dozens of euros per megawatt hour. In the late autumn, the situation improved due to factors such as the commissioning of the Fenno-Skan 2 transmission link and the introduction of bidding areas in Sweden.

In 2011, Fingrid used 1.6 (0.2) million euros for counter trade. This mainly resulted from disturbances on the cross-border connections and partly from transmission restrictions within Finland.

Financing

The financial position of the Group continued to be satisfactory. During 2011, Fingrid issued a bond valued at 1 billion Swedish krona under the company's International Medium Term Note Programme and signed a long-term loan of 20 million euros with the Nordic Investment Bank, NIB. Moreover, on 18 April 2011 the company signed a multicurrency revolving credit facility of 250 million euros with a group of banks consisting of Nordic and other international banks. The loan period of the credit facility is 5 years. The credit facility is undrawn, and it secures the company's liquidity together with the financial assets.

The net financial costs excluding the change in the fair value of derivatives increased to 19 million euros (12 million euros in 2010) during the year under review as a result of the rising interest rate level and higher amount of net debt. Interest income was 4 (2) million euros. The net financial costs in accordance with the IFRS were 23 (18) million euros, including the negative change of 3 million euros (negative 6 million euros) in the fair value of derivatives.

The financial assets at 31 December 2011 totalled 204 (222) million euros. The interest-bearing borrowings totalled 1,224 (1,077) million euros, of which 845 (878) million euros were long-term and 379 (199) million euros were short-term. The counterparty risk arising from the currency derivative contracts and interest rate derivative contracts was 63 (56) million euros.

21 February 2012

International rating agencies updated Fingrid Oyj's credit ratings in 2011. On 20 October 2011, Fitch Ratings downgraded Fingrid Oyj's senior unsecured debt rating to A+ from AA-, and long-term issuer default rating (IDR) to A from A+. Fingrid's short-term IDR assigned by Fitch Ratings remained at F1. Fitch Ratings changed Fingrid's outlook from negative to stable. Moody's Investors Service updated Fingrid's credit opinion on 13 December 2011, keeping the opinion unchanged. The long-term rating is A1 and the short-term rating is P-1. The outlook was changed from negative to stable. On 20 April 2011, Standard & Poor's Rating Services (S&P) raised Fingrid's long-term credit rating to AA- from A+ and the short-term rating to A-1+ from A-1. At that point, S&P assessed the company's outlook to be stable. On 13 December 2011, S&P placed Fingrid's corporate credit ratings on CreditWatch with negative implications.

Personnel and rewarding systems

The Fingrid Group and Fingrid Oyj employed 266 persons, including temporary employees, at the end of 2010. The corresponding figure a year before was 263. The number of permanent personnel was 252 (249).

Of the personnel employed by the company, 23.7 per cent (22.4 per cent in 2010) were women and 76.3 (77.6) per cent were men at the end of the year.

Number of permanent personnel:

Age	2011	2010
24 to 29 years	24	21
30 to 34 years	33	36
35 to 39 years	41	37
40 to 44 years	32	35
45 to 49 years	40	41
50 to 54 years	37	37
55 to 59 years	23	21
60 to 65 years	21	21
over 65 years	1	0

During 2011, a total of 14,333 (17,564) hours were used for personnel training, with an average of 57 (67) hours per person. Employee absences on account of illness in 2011 accounted for 1.9 per cent of the total working hours. In addition to a compensation system which is based on the requirements of each position, Fingrid applies quality and incentive bonus schemes. The Board of Directors approved the principles for the remuneration systems of the company's personnel and executive management group for 2012.

Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 3 May 2011. Helena Walldén, M.Sc. (Tech.), was elected as the Chairman of the Board, and

21 February 2012

Arto Lepistö, Deputy Director General, was elected as the Vice Chairman. The other Board members elected were Elina Engman, Vice President, Energy, Timo Kärkkäinen, Senior Portfolio Manager, and Esko Raunio, Director, Private Equity Real Estate Investments. The Board members until 3 May 2011 were Lauri Virkkunen (Chairman), Timo Karttinen, Arto Lepistö, Risto Autio, Ari Koponen, Ritva Nirkkonen and Anja Silvennoinen.

PricewaterhouseCoopers Oy was elected as the auditor of the company.

The Board of Directors has two committees: an audit committee and a remuneration committee. The members of the audit committee from 20 May 2011 are Arto Lepistö (Chairman), Helena Walldén and Timo Kärkkäinen. The members of the audit committee until 3 May 2011 were Ritva Nirkkonen (Chairperson), Risto Autio, Arto Lepistö and Anja Silvennoinen. The remuneration committee consists of Helena Walldén (Chairperson) and Arto Lepistö from 20 May 2011. Until 3 May 2011, the remuneration committee consisted of Lauri Virkkunen (Chairman), Timo Karttinen and Arto Lepistö.

Jukka Ruusunen serves as the President & CEO of the company.

An account of the governance and control systems of the company, required by the Finnish Corporate Governance Code, has been provided separately. The account and other information required by the Code are also available on the company's website at www.fingrid.fi.

Internal control, risk management, internal audit

Internal control intends to make sure that Fingrid works efficiently and productively, that financial reporting is reliable, and that the laws, regulations and the company's own procedural guidelines are followed. The company's internal control is based on independent internal audit, financial reporting, supervision and documentation, as well as transparent processes and procedures. Moreover, the company applies an instruction system, which contains the key principles adopted by the Board of Directors, policies approved by the executive management group, and procedural guidelines of the functions and units.

Fingrid Oyj's Board of Directors discusses and approves the annual budget of the Group, giving those who sign documents the right to act within the limits of the budget and decisions in order to conclude agreements. All individual capital investments decisions which are crucial in terms of the company's business or have a cost effect in excess of 10 million euros, and all annual capital investment programmes in excess of 10 million euros are approved by the Board of Directors of Fingrid Oyj. Fingrid Oyj's Board of Directors approves any capital investments in excess of 2 million euros outside the budget. After being processed by the Board of Directors and after being approved, the procurements can be accepted in accordance with the company's acceptance authority if the project has been subjected to competitive tendering in accordance with Fingrid's procurement instructions.

21 February 2012

The Board of Directors approves the risk management policy annually. The Board approves the risk management measures as part of the corporate strategy, performance indicators, action plan and budget. The audit committee of the Board of Directors obtains an annual report of the foremost risks pertaining to the company's operations and of their management.

The internal auditor monitors issues such as adherence to the internal rules of the company, acts and official regulations, and reports his findings to the audit committee. A comprehensive audit plan has been accepted for internal audit for 2011 to 2013, with the plan to be updated annually. The audit committee of the Board of Directors examines the functioning of internal control and reports to the Board of Directors. The company's internal audit was outsourced in the summer of 2011. As part of internal control, internal audit audited issues such as Fingrid's acceptance authority and processes related to capital investment management in 2011.

Operative risk management is based on an annual risk analysis carried out in connection with the drawing up of action plans. The heads of the units are responsible for the identification, reporting and risk management measures of the operative risks in their respective areas of responsibility. Responsible persons in each function attend to the implementation and follow-up of risk management in their areas of responsibility. The company applies a comprehensive risk management system, which is being developed further.

The President is responsible for risk management related to the corporate-level strategic goals. The strategic risks are identified as part of the company's annual strategy work. The corporate strategy presents the primary corporate-level risks and the related risk management. These risks are monitored, coordinated and managed by the executive management group, but each function and/or business process is responsible for implementing its own risk management. The executive management group identifies and assesses regularly the strategic risks pertaining to personnel and expertise, corporate finances, customers and stakeholders, and business processes. Moreover, the risks are assessed in view of society with regard to the functioning of the electricity market, system security, safety, and the environment. The financial administration of the Group is responsible for the control structures relating to the financial reporting process.

Foremost risks and factors of uncertainty

The foremost business risks of the company include risks relating to the functioning of the power system, such as a major disturbance or power shortage, and incorrect or unanticipated capital expenditure projects, for example due to a change in regional electricity consumption or changes in generation. Risks related to official regulation, such as changes in the Finnish or European regulation, can also weaken the financial position of the company or its opportunities to pursue the objectives related to the development of the electricity market. Significant risks also include an unanticipated increase in costs as a result of the realisation of the counterparty risk or due to sudden changes in the price of electricity or in the interest rate level. Correspondingly, reduced income as a result of a drastic decrease in electricity consumption

21 February 2012

constitutes a significant risk. Other risks include personnel risks related to large structures of the power system and electrical safety.

Fingrid is prepared for a wide-spread disturbance concerning Finland or the Nordic power system by means of various reserves, procedural guidelines, contingency plans, and exercises. In its strategy, the company also focuses on the versatile utilisation of the operation control system, expedited disturbance management, and management of power shortage situations. A wide-spread disturbance in the power system may be caused by several simultaneous faults in the grid, inoperability of Fingrid's operation control system, insufficiency of production capacity, external events, or problems related to operation support systems or data security, preventing grid operation entirely or partially.

The objective is to avoid potential incorrect or unanticipated capital expenditure by updating the grid plans regularly, by means of constant interaction with the customers, and by conducting co-operation with the other transmission system operators.

Fingrid's operations are subject to official regulation and supervised by the Energy Market Authority. The company aims to establish well-working co-operation and interaction with the various stakeholders, to contribute actively to the reports and task forces of authorities, and to focus on working within ENTSO-E, the European Network of Transmission System Operators for Electricity, hence making preparations for and contributing to the impacts of regulation.

An unanticipated increase in costs or decrease in income is restricted by enhancing financial control in the Group and assessment concerning financial latitude. Derivatives are used for hedging against changes in the price of electricity or in the interest rate level. The counterparty risk involved in the obligations of parties which have a contractual relationship with Fingrid is limited contractually, by using various limits and by regularly monitoring the financial standing of the counterparties.

The expertise and occupational safety risks pertaining to personnel risks are limited by the company's strategic long-term personnel planning, allocated training programmes for both the company's own personnel and service providers, and by auditing the work sites systematically in order to attain the best practices and to enhance occupational safety.

As part of its corporate social responsibility, Fingrid has identified the risks that have a major impact on society. These include a major disturbance or an extensive disturbance with a long duration, diminished confidence in the electricity market, postponement of cross-border line construction projects, delayed reinforcement programme for the trunk grid, and unexpected and long-term restrictions in transmission capacity.

In its selected strategic focal areas, Fingrid has also taken the management of these risks into account and made preparations for the risks in its action plan using various means, such as those described above in conjunction with a major disturbance. The company aims to contribute to the integration of the European electricity market and intensification of market mechanisms by

21 February 2012

constructing new cross-border transmission connections whenever necessary and by publishing market information which has bearing on the transparency of the market. The company prepares and allocates resources for projects which reinforce the cross-border connections and the trunk grid, and takes environmental impacts into account in planning and construction with a long time span. Long-term restrictions in transmission capacity inflict financial disadvantage on the customers and society. This disadvantage is minimised by securing the critical items in the transmission grid and on the cross-border connections and by means of efficient outage planning, for example by optimising the timing of outages so that the financial impact on the customers is kept to a minimum.

Share capital

The minimum share capital of the company is 55,900,000 euros and the maximum share capital is 223,600,000 euros, within which limits the share capital may be increased or lowered without amending the articles of association. At present, the share capital is 55,900,000 euros. The shares of the company are divided into series A shares and series B shares.

The number of series A shares is 2,078 and the number of series B shares is 1,247. The votes and dividends related to the shares are described in more detail in the notes to the financial statements and in the articles of association available on the website of the company.

Environmental matters

The primary environmental impacts of Fingrid's operations are caused by transmission lines, substations and reserve power plants, which are all part of our living environment. Transmission lines have in particular land use and landscape effects, and both positive and negative impacts on wildlife and biodiversity. Like all other electrical equipment, transmission lines create electrical and magnetic fields around them. The foremost environmental aspects of substations and reserve power plants are related to the storage and handling of fuels and chemicals. When the transmission system is being improved, the goal is to achieve minimum electricity transmission losses in a cost effective manner, thus enhancing energy efficiency. A reduction in greenhouse gas emissions is also regarded as a major consideration.

Fingrid has a total of 26,499 tonnes of creosote-impregnated or CCA-impregnated wooden towers, categorised as hazardous waste. Impregnated wood categorised as hazardous waste is also used in cable trench covers. The related disposal costs of approx. 1.9 million euros have been entered in the financial statements under provisions for liabilities and charges, which in turn have been added correspondingly to property, plant and equipment. Equipment used in Fingrid's substations contains 28 tonnes of sulphur hexafluoride (SF₆ gas), which is categorised as a greenhouse gas. However, no provision has been made for the disposal cost of this gas because it can be re-used after cleaning.

21 February 2012

Fingrid serves as the issuing body for guarantees of origin of electricity in Finland. The guarantee is included in the system required by the RES-E directive of the European Union.

Events after the closing of the financial year and estimate of future outlook

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.

Fingrid will continue the implementation of its capital expenditure programme of 1,700 million euros. The capital investments will be financed by increasing external financing. Furthermore, the company raised the transmission tariffs by 30 per cent from 1 January 2012.

In other respects, there have been no material events or changes in Fingrid's business or financial situation after the closing of the financial year.

21 February 2012

CONSOLIDATED KEY INDICATORS		2007	2008	2009	2010	2011
		IFRS	IFRS	IFRS	IFRS	IFRS
Extent of operations						
Turnover	million €	334.6	382.3	358.9	456.3	438.5
Capital expenditure, gross	million €	79.2	87.9	135.6	144.1	244.4
- of turnover	%	23.7	23.0	37.8	31.6	55.7
Research and development expense	million €	1.2	0.9	1.3	1.6	1.8
- of turnover	%	0.4	0.2	0.4	0.3	0.4
Personnel, average		241	241	251	260	263
Personnel, end of year		244	249	260	263	266
Salaries and bonuses, total	million €	14.6	15.8	16.0	17.2	17.2
Profitability						
Operating profit	million €	90.7	68.4	50.8	74.4	56.6
- of revenue	%	27.1	17.9	14.1	16.3	12.9
Profit before taxes	million €	56.5	37.5	33.2	56.3	34.2
- of revenue	%	16.9	9.8	9.3	12.3	7.8
Return on investment (ROI)	%	7.3	5.8	3.9	5.1	3.6
Return on equity (ROE)	%	10.3	6.6	5.7	8.7	6.5
Financing and financial position						
Equity ratio	%	27.5	26.7	27.2	28.6	25.7
Interest-bearing net borrowings	million €	754.6	726.7	797.5	855.2	1,020.2
Share-specific indicators						
Earnings per share	€	12,616	8,379	7,417	12,562	9,924
Dividends per share	€	2,156.17	2,018.26	2,022.29	2,018.26	2018.26*
Equity per share	€	129,338	125,600	134,676	154,654	152,573
Number of shares at 31 Dec						
- Series A shares	qty	2,078	2,078	2,078	2,078	2,078
- Series B shares	qty	1,247	1,247	1,247	1,247	1,247
Total	qty	3,325	3,325	3,325	3,325	3,325

*The Board of Directors' proposal to the General Annual Meeting.

21 February 2012

CALCULATION OF KEY INDICATORS

$$\text{Return on investment, \%} = \frac{\text{Profit before taxes + interest and other finance costs}}{\text{Balance sheet total - non-interest-bearing liabilities (average for the year)}} \times 100$$

$$\text{Return on equity, \%} = \frac{\text{Profit for the financial year}}{\text{Shareholders' equity (average for the year)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$$

$$\text{Earnings per share, €} = \frac{\text{Profit for the financial year}}{\text{Average number of shares}}$$

$$\text{Dividends per share, €} = \frac{\text{Dividends for the financial year}}{\text{Average number of shares}}$$

$$\text{Equity per share, €} = \frac{\text{Shareholders' equity}}{\text{Number of shares at closing date}}$$

$$\text{Interest-bearing net borrowings, €} = \text{Interest-bearing borrowings - cash and cash equivalents}$$

21 February 2012

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

Fingrid Oyj's distributable funds in the financial statements are 22,541,194.47 euros. After the closing of the financial year, there have not been essential changes in the financial position of the company, nor does the proposed dividend distribution threaten the solvency of the company according to the Board of Directors.

The company's Board of Directors will propose to the Annual General Meeting of Shareholders that

- 2,018.26 euros of dividend per share be paid, totalling 6,710,714.50 euros
- 15,830,479.97 euros to be carried over as unrestricted equity.

21 February 2012

2. Financial statements

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	Notes	1 Jan - 31 Dec 2011 1,000 €	1 Jan - 31 Dec 2010 1,000 €
REVENUE	2	438,456	456,326
Other operating income	3	2,976	6,978
Raw materials and consumables used	4	-241,503	-253,593
Employee benefits expenses	5	-20,334	-20,385
Depreciation	6	-67,879	-66,813
Other operating expenses	7, 8, 9	-55,153	-48,096
OPERATING PROFIT		56,563	74,416
Finance income	10	3,551	2,040
Finance costs	10	-26,106	-20,508
Finance income and costs		-22,554	-18,468
Portion of profit of associated companies		193	384
PROFIT BEFORE TAXES		34,201	56,332
Income taxes	11	-1,204	-14,564
PROFIT FOR THE FINANCIAL YEAR		32,998	41,768
OTHER COMPREHENSIVE INCOME			
Cash flow hedges	12	-33,399	31,159
Translation reserve	12	240	224
Available-for-sale financial assets	12	-48	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-209	73,152
Profit attributable to:			
Equity holders of parent company		32,998	41,768
Total comprehensive income attributable to:			
Equity holders of the company		-209	73,152
Earnings per share, €	13	9,924	12,562
Earnings per share for profit attributable to the equity holders of the parent company:			
Undiluted earnings per share, €	13	9,924	12,562
Diluted earnings per share, €	13	9,924	12,562

Notes are an integral part of the financial statements.

21 February 2012

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31 dec 2011 1,000 €	31 Dec 2010 1,000 €
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	15	87,920	87,920
Other intangible assets	16	89,737	89,692
		177 657	177,613
Property, plant and equipment:			
Land and water areas	17	13,671	13,509
Buildings and structures		98,345	82,991
Machinery and equipment		450,700	403,357
Transmission lines		689,929	607,389
Other property, plant and equipment		3,009	3,097
Advance payments and purchases in progress		163,908	142,930
		1,419,561	1,253,273
Investments:			
Equity investments in associated companies	18	7,947	7,718
Available-for-sale investments		301	366
		8,247	8,084
Receivables:			
Derivative instruments	29	57,495	79,400
Deferred tax assets	26	19,873	10,893
		77,368	90,293
TOTAL NON-CURRENT ASSETS		1,682,834	1,529,263
CURRENT ASSETS			
Inventories	19	6,706	6,101
Derivative instruments	29	14,288	295
Trade receivables and other receivables	20	64,633	57,563
Financial assets recognised in income statement at fair value	21	202,387	217,903
Cash and cash equivalents	22	1,454	3,780
TOTAL CURRENT ASSETS		289,468	285,642
TOTAL ASSETS		1,972,301	1,814,905

Notes are an integral part of the financial statements.

21 February 2012

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2011	31 Dec 2010
		1,000 €	1,000 €
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	25	55,922	55,922
Share premium account	25	55,922	55,922
Revaluation reserve	25	-13,679	19,768
Translation reserve	25	551	312
Retained earnings	25	408,586	382,299
TOTAL EQUITY		507,304	514,224
NON-CURRENT LIABILITIES			
Deferred tax liabilities	26	140,340	149,262
Borrowings	27	845,154	877,530
Provisions	28	1,897	1,899
Derivative instruments	29	34,472	116
		1,021,864	1,028,807
CURRENT LIABILITIES			
Borrowings	27	378,841	199,327
Derivative instruments	29	670	481
Trade payables and other liabilities	30	63,623	72,066
		443,133	271,874
TOTAL LIABILITIES		1,464,997	1,300,681
TOTAL EQUITY AND LIABILITIES		1,972,301	1,814,905

Notes are an integral part of the financial statements.

21 February 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, 1,000 €

Attributable to equity holders of the parent company

	Notes	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total
Balance at 1 Jan 2010		55,922	55,922	-11,392	88	347,255	447,796
Comprehensive income							
Profit or loss	25					41,768	41,768
Other comprehensive income							
Cash flow hedges	12			31,159			31,159
Translation reserve	12				224		224
Items related to long-term asset items available-for-sale	12			1			1
Total other comprehensive income				31,160	224		31,384
Total comprehensive income				31,160	224	41,768	73,152
Transactions with owners							
Dividends relating to 2009	25					-6,724	-6,724
Balance at 31 Dec 2010		55,922	55,922	19,768	312	382,299	514,224
Balance at 1 Jan 2011		55,922	55,922	19,768	312	382,299	514,224
Comprehensive income							
Profit or loss	25					32,998	32,998
Other comprehensive income							
Cash flow hedges	12			-33,399			-33,399
Translation reserve	12				240		240
Items related to long-term asset items available-for-sale	12			-48			-48
Total other comprehensive income				-33,447	240		-33,207
Total comprehensive income				-33,447	240	32,998	-209
Transactions with owners							
Dividends relating to 2010	25					-6,711	-6,711
Balance at 31 Dec 2011		55,922	55,922	-13,679	551	408,586	507,304

Notes are an integral part of the financial statements.

21 February 2012

**CONSOLIDATED CASH FLOW
STATEMENT**

	Notes	1 Jan - 31 Dec 2011 1,000 €	1 Jan - 31 Dec 2010 1,000 €
Cash flow from operating activities:			
Profit for the financial year	25	32,998	41,768
Adjustments:			
Business transactions not involving a payment transaction	35	72,761	63,677
Interest and other finance costs		26,106	20,508
Interest income		-3,544	-2,035
Dividend income		-7	-4
Taxes		1,204	14,564
Changes in working capital:			
Change in trade receivables and other receivables		-3,159	-3,270
Change in inventories		-606	-686
Change in trade payables and other liabilities		-8,584	-496
Change in provisions	28	-2	-23
Financial assets at fair value		645	-133
Interests paid		-22,815	-19,450
Interests received		2,899	2,167
Taxes paid	11	-2,344	-1,760
Net cash flow from operating activities		95,552	114,827
Cash flow from investing activities:			
Purchase of property, plant and equipment	17	-241,046	-137,982
Purchase of intangible assets	16	-3,331	-4,814
Purchase of other assets	18		3
Proceeds from sale of property, plant and equipment	17	50	904
Dividends received	10	211	4
Contributions received		143	15,000
Net cash flow from investing activities		-243,973	-126,885
Cash flow from financing activities:			
Withdrawal of loans		749,938	731,398
Repayment of loans		-612,649	-694,804
Dividends paid	25	-6,711	-6,724
Net cash flow from financing activities		130,579	29,870
Net change in cash and cash equivalents		-17,842	17,812
Cash and cash equivalents 1 Jan		221,683	203,871
Cash and cash equivalents 31 Dec	21,22	203,841	221,683

Notes are an integral part of the financial statements.

21 February 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Fingrid Oyj is a Finnish public limited company established in accordance with Finnish law. Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Fingrid's registered office is in Helsinki at address P.O. Box 530 (Arkadiankatu 23 B), 00101 Helsinki.

A copy of the consolidated financial statements is available on the internet at www.fingrid.fi or at Fingrid Oyj's head office.

The amounts in the financial statements are in thousands of euros and based on the original acquisition costs unless otherwise stated in the accounting principles or notes.

Fingrid Oyj's Board of Directors has accepted the publication of these financial statements in its meeting on 16 February 2012. In accordance with the Finnish Companies Act, the shareholders have an opportunity to adopt or reject the financial statements in the shareholders' meeting held after their publication. The shareholders' meeting can also amend the financial statements.

Primary business areas

Fingrid Oyj is the national transmission system operator responsible for the main electricity transmission grid in Finland. The company's responsibilities are to develop the main grid, to maintain a continuous balance between electricity consumption and generation, to settle the electricity deliveries between the parties on a nation-wide level, and to promote the electricity market. The company is also in charge of the cross-border transmission connections to the other Nordic countries, Estonia and Russia.

The consolidated financial statements contain the parent company Fingrid Oyj and its fully-owned subsidiary Finextra Oy. The consolidated associated companies are Porvoon Alueverkko Oy (ownership 33.3%) and Nord Pool Spot AS (ownership 20.0%). The Group has no joint ventures.

All intercompany transactions, internal margins on inventories and property, plant and equipment, internal receivables and liabilities as well as internal profit distribution are eliminated in consolidation. Ownership of shares between the Group companies is accounted for under the purchase method of accounting. The associated companies are consolidated using the equity method of accounting. The portion corresponding to the Group's ownership in the associated companies is eliminated of unrealised profits between the Group and its associated companies. If necessary, the accounting principles applied by the associated companies have been adjusted to correspond to the principles applied by the Group.

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. The operating segment is reported in a manner consistent with the internal reporting delivered to the Chief Operating Decision Maker. The Chief Operating Decision Maker is the government.

Revenue and sales recognition

Sales recognition takes place on the basis of the supply of the service. Electricity transmission is recognised once the transmission has taken place. Balance power services are recognised on the basis of the supply of the service. Connection fees are recognised on the basis of the relevant time. Indirect taxes and discounts, among others, are deducted from the sales income when calculating revenue.

Public contributions

Public contributions received from the EU or other parties related to property, plant and equipment are deducted in the acquisition cost of the item of property, plant or equipment, whereby the contributions reduce the depreciation made on the property, plant or equipment. Other contributions received are presented in other operating income.

Pension schemes

The pension security of the Group's personnel is arranged by an outside pension insurance company. Pension premiums paid for contribution-based schemes are charged to the income statement in the year to which they relate. In contribution-based schemes, the Group has no legal or factual obligation to pay additional premiums if the party receiving the premiums is unable to pay the pension benefits.

The present value of the commitment at the closing date is recorded as a liability in the balance sheet of benefit-based pension schemes. The fair value of the assets included in the scheme is deducted from this present value, and it is adjusted by unrecorded actuarial gains and losses and by expenses based on retroactive long-term work performance. The amount of the commitment resulting from benefit-based schemes is based on annual calculations by impartial actuaries, with the calculations employing the projected unit credit method. The present value of the commitment is determined by discounting the estimated future cash flows by an interest rate which corresponds to the interest rate of high-quality bonds issued by business enterprises. Actuarial gains and losses, which result from empirical adjustments and changes in actuarial assumptions and which exceed 10% of the fair value of the assets included in the scheme or 10% of the present value of the commitment resulting from a benefit-based scheme (depending on which of these two is higher), are recognised in the income statement at fair value.

The group currently only has contribution-based pension schemes.

21 February 2012

Research and development

Research and development by the Group aim to intensify intra-company operations. No new services or products sold separately are created as a result of R&D. This is why R&D costs are recorded in the income statement as expenses in the accounting year in which they are created.

Leases

Lease obligations where the risks and rewards incident to ownership remain with the lessor are recorded as other leases. Lease obligations paid on the basis of other leases are recorded in other operating expenses, and they are recognised in the income statement as equally large items during the lease period. The other leases primarily concern office facilities, land areas and network leases. In accordance with the principles of standard IAS 17 Leases, those leases where the company is transferred substantially all the risks and rewards incident to ownership are categorised as finance leases.

Foreign currency transactions

The consolidated financial statements are presented in euros, which is the functional currency by the parent company. Commercial flows and financial items denominated in foreign currencies are booked at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction value date. Receivables and liabilities denominated in foreign currencies are translated at the mid-rate quoted by ECB at the closing day and recognised in the financial statements. Foreign exchange gains and losses from business are included in corresponding items above operating profit. Foreign exchange gains and losses from financial instruments are recorded at net amounts in finance income and costs.

Foreign exchange gains and losses from translating the income statement items of the foreign associated company to the mid-rate and from translating its balance sheet items to the rate at the closing date are presented as a separate item in shareholders' equity.

Income taxes

Taxes presented in the consolidated income statement include the Group companies' accrual taxes for the profit of the financial year, tax adjustments from previous financial years and changes in deferred taxes. In accordance with IAS 12, the Group records deferred tax assets as non-current receivables and deferred tax liabilities as non-current liabilities.

Deferred tax assets and liabilities are recorded of all temporary differences between the tax values of asset and liability items and their carrying amounts using the liability method. Deferred tax is recorded using tax rates valid at the closing date.

The largest temporary differences result from the depreciation of property, plant and equipment and from financial instruments. No deferred tax is recorded of the undistributed profits of the foreign associated company, because receiving the dividend does not cause a tax impact by virtue of a Nordic tax agreement (and the difference will not likely be realised in the foreseeable future). The deferred tax asset from temporary differences is recorded up to an amount which can likely be utilised against taxable income created in the future.

Earnings per share

The Group has calculated the undiluted earnings per share in accordance with standard IAS 33. The undiluted earnings per share are calculated using the weighted average number of shares outstanding during the financial year.

Since Fingrid has no option systems or benefits bound to the shareholders' equity nor other equity financial instruments, there is no dilution effect.

Goodwill and other intangible assets

Goodwill created as a result of the acquisition of enterprises and businesses is composed of the excess of the acquisition cost over the identifiable net assets of the acquired business valued at fair value. Goodwill is allocated to cash-generating units and it is tested annually for impairment. With associated companies, goodwill is included in the value of the investment in the associated company.

Other intangible assets comprise computer systems and land use rights. Computer systems are valued at the original acquisition cost and depreciated on a straight line basis during their estimated economic lives. Land use rights with unlimited economic lives are not depreciated but tested annually for impairment.

The depreciation periods of intangible assets are as follows:

Computer systems	3 years
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Subsequent expenses relating to intangible assets are only capitalised if their financial benefit for the company increases above the former performance level. In other cases, the expenses are recorded in the income statement when they materialise.

Emission rights

Emission rights acquired free of charge are valued in intangible assets at their nominal value, and purchased emission rights are recorded at the acquisition cost. A liability is recorded of emission rights to be returned. If the Group has a sufficient volume of emission rights to cover the return obligations, the liability is recognised at the carrying amount corresponding to the emission rights in question. If there are not sufficient emission rights to cover the return obligations, the liability is recognised at the market price of the emission rights in question. No depreciation is recorded of emission rights. They are derecognised in the balance sheet at the time of transfer when the actual emissions have been ascertained. The expense resulting from the liability is recorded in the income statement under the expense item Materials and services. Capital gains from emissions rights are recorded under Other operating income.

21 February 2012

Property, plant and equipment

Land areas, buildings, transmission lines, machinery and equipment constitute most of the property, plant and equipment. These are recognised in the balance sheet at the original acquisition cost less accumulated depreciation and potential impairment. Interest expenses during the construction period are not capitalised. If an asset is made up of several parts with economic lives of different lengths, the parts are recorded as separate items.

The revised standard IAS 23 Borrowing Costs requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the acquisition cost of that asset. The Group has applied the revised standard to those qualifying assets the capitalisation of whose borrowing costs has commenced at 1 January 2009, when the value of the assets exceeds 50,000 euros and when the completion of the investment takes more than 12 months. Borrowing costs capitalised to the acquisition cost are calculated on the basis of the average borrowing cost of the Group.

When a separately recorded part of property, plant and equipment is renewed, the costs relating to the new part are capitalised. Other subsequent costs are capitalised only if it is likely that the future financial benefit relating to the asset benefits the Group and the acquisition cost of the asset can be determined reliably. Repair and maintenance costs are recognised in the income statement once they have materialised.

Straight-line depreciation is recorded of property, plant and equipment on the basis of their economic lives. Depreciation on property, plant and equipment taken into use during the financial year is calculated asset-specifically from the month of introduction. Land and water areas are not depreciated. The expected economic lives are verified at each closing date, and if they differ significantly from the earlier estimates, the depreciation periods are amended accordingly.

The depreciation periods of property, plant and equipment are as follows:

Buildings and structures	
Substation buildings and separate buildings	40 years
Substation structures	30 years
Buildings and structures at gas turbine power plants	20-40 years
Separate structures	15 years
Transmission lines	
Transmission lines 400 kV	40 years
Direct current lines	40 years
Transmission lines 110-220 kV	30 years
Creosote-impregnated towers and related disposal expenses	30 years
Aluminium towers of transmission lines (400 kV)	10 years
Optical ground wires	10-20 years
Machinery and equipment	
Substation machinery	10-30 years
Gas turbine power plants	20 years
Other machinery and equipment	3-5 years

Gains or losses from the sale or disposition of property, plant and equipment are recorded in the income statement under either other operating income or expenses. Property, plant and equipment are derecognised in the balance sheet when the planned depreciation period has expired, the asset has been sold, scrapped or otherwise disposed of to an outsider.

Impairment

The carrying amounts of asset items are assessed at the closing date to detect potential impairment. If impairment is detected, the recoverable amount of the asset is estimated. An asset is impaired if the balance sheet value of the asset or of a cash-generating unit exceeds the recoverable amount. Impairment losses are recorded in the income statement.

The asset items subject to depreciation are examined for impairment also when events or changes in circumstances suggest that the amount corresponding to the carrying amount of the asset items may not be recovered.

The impairment loss of a cash-generating unit is first allocated to reduce the goodwill of the cash-generating unit and thereafter to reduce in proportion the other asset items of the unit.

The recoverable amount of intangible assets and property, plant and equipment is defined so that it is the higher of the fair value reduced by the costs resulting from sale or the value in use. When defining the value in use, the estimated future cash flows are discounted at their present value based on discount rates which reflect the average capital cost of the said cash-generating unit before taxes. The specific risk of the assets in question is also considered in the discount rates.

An impairment loss relating to property, plant and equipment and intangible assets other than goodwill is reversed if a change has taken place in the estimates used for defining the recoverable amount of the asset. An impairment loss is reversed at the most up to an amount which would have been defined as the carrying amount of the asset (reduced by depreciation) if no impairment loss had been recorded of it in the previous years. An impairment loss recorded of goodwill is not reversed.

Available-for-sale investments

Available-for-sale investments are long-term assets unless executive management intends to sell them within 12 months from the closing date. Publicly quoted securities are classified as available-for-sale investments and recorded at fair value, which is

21 February 2012

the market value at the closing date. Changes in fair value are recorded in the shareholders' equity until the investment is sold or otherwise disposed of, in which case the changes in fair value are recorded in the income statement.

Inventories

Inventories are entered at the lower of the acquisition cost or net realisable value. The acquisition cost is determined using the FIFO principle. The net realisable value is the estimated market price in normal business reduced by the estimated future costs of completing and estimated costs required by sale. Inventories consist of material and fuel inventories.

Loans receivables and other receivables

Loans receivables and other receivables are recorded initially at fair value. The amount of bad receivables is estimated based on the risks of individual items. An impairment loss of receivables is recorded when there is valid evidence that the Group will not receive all of its receivables at the original terms (e.g. due to the debtor's serious financial problems, likelihood that the debtor will go bankrupt or subject to other financial rearrangements, and negligence of due dates of payments by more than 90 days). Impairment losses are recorded directly to reduce the carrying amount of receivables and under item Other operating expenses.

Derivative instruments

Trading derivatives are classified as a derivatives asset or liability. Derivatives are initially recognised at fair value on the date a derivative contract is entered into are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company uses derivative contracts only for hedging purposes according to a specific risk management policy.

Electricity derivatives

The company enters into electricity derivative contracts in order to hedge its electricity purchases in accordance with the loss energy forecast, by following the loss energy procurement principles approved by the Board of Directors. The company applies hedge accounting for electricity derivatives based on cash flow hedging of loss energy purchases. The company documents at the inception of the contract the relationship between the hedged item and the hedging instrument. Similarly are the risk management objectives and strategy documented for undertaking various hedging transactions. The effective portion of changes in the fair values of instruments that are designated and qualify as cash flow hedges are recorded in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other gains and losses. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit and loss. Changes in fair value of instruments which are designated and qualify for hedge accounting are recorded in equity, hedging reserve. Changes in the fair values of other electricity derivatives continue to be recorded in the income statement. Hedge accounting is applied to publicly quoted annual and quarterly instruments bought by the company. When a hedging instrument expires, is sold or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity, and is recognised only when the forecast transaction is ultimately recognised in the income statement within other gains and losses.

Instruments quoted at NASDAQ OMX Commodities are valued at the market prices at the closing date.

Interest rate and currency derivatives

The company enters into derivative contracts in order to hedge the financial risks (interest rate and foreign exchange exposures) in accordance with the primary principles for financing approved by the Board of Directors. Fingrid does not apply hedge accounting to the derivatives.

Derivative assets and liabilities are recognised at the original fair value. Derivatives are measured at fair value at the closing date, and their change in fair value is recorded in the income statement in finance income and costs. The fair values of derivatives at the closing date are based on different calculation methods. Foreign exchange forwards have been measured at the forward prices. Interest rate and cross-currency swaps have been measured at the present value on the basis of the yield curve of each currency. Interest rate options have been valued by using generally accepted option pricing models in the market.

Held-for-trading financial securities

Financial securities at fair value through profit or loss are financial assets held for trading. The category includes money market securities and investments in short-term money market funds. Financial securities are recorded in the balance sheet at fair value at the settlement day. Subsequently financial securities are measured in the financial statements at fair value, and their change in fair value is recognised in the income statement in finance income and costs.

Financial assets recognised in the income statement at fair value primarily comprise certificates of deposit, commercial papers and municipality bills with maturities of 3 - 6 months, and investments in short-term money market funds.

Financial securities are derecognised when they mature, are sold or otherwise disposed of.

Assets in this category are classified as current assets.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits. Cash and cash equivalents are derecognised when they mature, are sold or otherwise disposed of. Assets in this category are classified as current assets.

Borrowings

Borrowings include bond and commercial paper issuance and loans raised by the company, recognised initially at fair value net of the transaction costs incurred. Transaction costs consist of bond prices above or below par value, credit fees, commissions and administrative fees. Borrowings are subsequently carried at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are derecognised when they mature and are repaid.

21 February 2012

Provisions

A provision is recorded when the Group has a legal or factual obligation based on an earlier event and it is likely that fulfilling the obligation will require a payment, and the amount of the obligation can be estimated reliably.

The provisions are valued at the present value of costs required to cover the obligation. The discounting factor used in calculating the present value is chosen so that it reflects the market view of the time value of money at the assessment date and of the risks pertaining to the obligation.

Fingrid uses creosote-impregnated and CCA-impregnated wooden towers and cable trench covers. Decree YMA 1129/2001 by the Finnish Ministry of the Environment categorises decommissioned impregnated wood as hazardous waste. A provision was recorded in 2004 of the related disposal costs materialising in the future decades.

Dividend distribution

The Board of Directors' proposal concerning dividend distribution is not recorded in the financial statements. This is only recorded after a decision made by the Annual General Meeting of Shareholders.

Critical accounting estimates and judgements

When the consolidated financial statements are drawn up in accordance with the IFRS, the company management needs to make estimates and assumptions which have an impact on the amounts of assets, liabilities, income and expenses recorded and conditional items presented. These estimates and assumptions are based on historical experience and other justified assumptions which are believed to be reasonable in the conditions which constitute the foundation for the estimates of the items recorded in the financial statements. The actual amounts may differ from these estimates. In the financial statements, estimates have been used for example in the drawing up of impairment testing calculations, when specifying the economic lives of tangible and intangible asset items, and in conjunction with deferred taxes and provisions.

Imbalance power purchase and sale estimate

The income and expenses of imbalance power are ascertained through nation-wide imbalance settlement procedure, which is based on the decree by the Ministry of Employment and Economy on 9 December 2008 disclosure obligation related to settlement of electricity delivery. The final balance settlement is completed no later than two months from the delivery month, which is why the income and expenses of imbalance power in the financial statements are partly based on preliminary balance settlement. The preliminary settlement has been made separately for consumption balance, production balance and foreign balances. For the two first balances, the volume of unsettled imbalance power has been estimated using reference group calculations.

For foreign balances, the calculations have been verified with the foreign counterparties.

ITC compensation

Inter-compensations for the transit transmissions of electricity have been agreed upon through the ITC agreement between the European transmission system operators. The centralised calculations are carried out by ENTSO-E, the European Network of Transmission System Operators of Electricity. The ITC compensations are determined on basis of the compensation paid for the use of the grid and transmission losses in Europe. The ITC compensations are calculated considering the electricity transmissions between the various ITC agreement countries plus the price of electricity in Europe. Fingrid's portion of the ITC compensation is determined on the basis of the cross-border electricity transmissions and imputed grid losses.

The ITC compensation invoicing is monthly in arrears after all parties to the ITC agreement have accepted the invoice sums, approximately 3 to 5 months in arrears for the allocated month. This is why the uninvoiced ITC compensations for August to December 2011 have been estimated in the financial statements. The estimate has been made using actual energy border transmissions in Finland and unit compensations, which have been estimated analysing the actual figures in previous months and data on grid transmissions during these months.

Estimated impairment of goodwill

Goodwill is tested annually for potential impairment, in accordance with the accounting principles stated in note 15.

Application of new or revised IFRS standards and IFRIC interpretations

In preparing these interim financial statements, the group has followed the same accounting policies as in the annual financial statements for 2010 except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to existing standards and interpretations on 1 January 2011. These entered into force on the new or restructured Standard for and interpretations does not have a material impact on the 2011 financial statements.

IAS 24 (Revised) `Related Party Disclosures`

The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are individually or collectively significant.

IAS 32 (Amendment) `Financial Instruments: Presentation – Classification of Rights Issues`

The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

IFRIC 19 `Extinguishing Financial Liabilities with Equity Instruments`

21 February 2012

The interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor. IFRIC 19 requires a gain or loss to be recognised in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. The amount of the gain or loss recognised in profit or loss will be the difference between the carrying value of the financial liability and the fair value of the equity instruments issued.

IASB published changes to 12 standards or interpretations in May 2010 as part of the annual Improvements to IFRSs:

IFRS 3 (amendments) 'Business combinations'

a) Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Clarifies that the amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 32, 'Financial instruments: Presentation', and IAS 39, 'Financial instruments: Recognition and measurement', that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

b) Measurement of non-controlling interests

The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.

c) Un-replaced and voluntarily replaced share-based payment awards

The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards.

IFRS 7 (amendment) 'Financial instruments: Financial statement disclosures'

The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

IAS 1 (amendment) 'Presentation of financial statements – statement of changes in equity'

Clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 27 (amendment) 'Consolidated and separate financial statements'

Clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when IAS 27 is applied earlier.

IAS 34 (amendment) 'Interim financial reporting'

The change provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification;
- Transfers of financial instruments between different levels of the fair value hierarchy;
- Changes in classification of financial assets; and
- Changes in contingent liabilities and assets.

The Group will adopt the following amendments to existing standards 01/01/2012 or later.

IFRS 7 (amendments)* 'Financial instruments: Disclosures' on derecognition

This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Earlier application subject to EU endorsement is permitted.

IAS 12 (amendment)* 'Income taxes' on deferred tax

IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

IAS 1 (amendment)* 'Financial statement presentation' regarding other comprehensive income

The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

*) The amendment has not yet been approved by the EU.

The changes are not expected to have a material impact on the consolidated financial statements.

21 February 2012

2. INFORMATION ON REVENUE AND SEGMENTS

REVENUE, 1,000 €	2011	2010
Grid service revenue	210,207	211,462
Sale of imbalance power	145,861	159,812
Cross-border transmission	22,399	23,865
ITC income	22,181	19,298
Peak load capacity	7,221	13,962
Estlink congestion income	9,632	9,465
Nordic congestion income	15,765	9,045
Feed-in tariff for peat	1	895
Other operating revenue	5,188	8,520
Total	438,456	456,326

Through the grid services, a customer obtains the right to transmit electricity to and from the main grid through its connection point. Grid service is agreed by means of a grid service contract signed between a customer connected to the main grid and Fingrid. Fingrid charges a consumption fee, use of grid fee, connection point fee and market border fee for the grid service. The contract terms are equal and public.

Transmission services on the cross-border connections to the other Nordic countries enable participation in the Nordic Elspot and Elbas exchange trade. Fingrid makes transmission services on the cross-border connections from Russia available to all electricity market parties. The transmission service is intended for fixed electricity imports. When making an agreement on transmission services from Russia, the customer reserves a transmission right (in MW) for a period of time to be agreed upon separately. The smallest unit that can be reserved is 50 MW. The contract terms are equal and public.

Each electricity market party must ensure that its electricity balance is in balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to balance the hourly power balance of an electricity market party (balance provider). Imbalance power trade and pricing of imbalance power are based on a balance service agreement with equal and public terms and conditions.

Fingrid is responsible for the continuous power balance in Finland by buying and selling regulating power in Finland. The balance providers can participate in the Nordic balancing power market by submitting bids of their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

The congestion income is revenues that the transmission system operator receives from market actors for use of transmission capacity for those transmission links, on which the operational reliability of the power system restricts the power transmission. Fingrid receives a contractual portion of the Nordic congestion income.

ITC-compensation are income and/or costs for Fingrid, which the transmission system operator receives for the use of its grid by other European transmission operators and/or pays to other transmission system operators when using their grid when servicing its own customers.

Peak load power includes condensing power capacity, when it is under threat of being closed down, to be kept in readiness for use (peak load power) and the feed-in tariff for peat includes compensation for peat condensing power.

Information on segments is not presented, because 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.

3. OTHER OPERATING INCOME, 1,000 €	2011	2010
Rental income	1,740	1,632
Contributions received	205	138
Other income	1,031	5,207
Total	2,976	6,978

4. MATERIALS AND SERVICES, 1,000 €	2011	2010
Purchases during financial year	225,338	243,000
Change in inventories, increase (-) or decrease (+)	-606	-686
Materials and consumables	224,732	242,314

21 February 2012

External services	16,770	11,279
Total	241,503	253,593

5. EMPLOYEE BENEFITS EXPENSES, 1,000 €	2011	2010
Salaries and bonuses	17,213	17,177
Pension expenses - contribution-based schemes	2,438	2,891
Pension expenses - benefit-based schemes	-82	-456
Other additional personnel expenses	765	773
Total	20,334	20,385

Salaries and bonuses of top management (note 36)	1,564	1,376
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The Group uses a compensation system, of which the general principles have been approved by the Board of Directors on 23 October 2007. The principles for the bonus programme for the Executive Management Group have additionally been determined in a meeting held on 12 December 2007 by the Remuneration Committee. The base salary and the profit-based compensation for the Executive Management Group, is based on the strategic indicators of the company. The members of the Executive Management Group are paid a bonus decided by the Remuneration Committee of the Board of Directors, of which the maximum amount is 35 % for the President & CEO and 25 % for the other members of the Management Executive Group of the annual salary. The system changed from a one-year to a three-year review period as of 1 January 2010, when the compensation will be based on a three-year average of the strategic indicators from 2009 until 2011.

Number of salaried employees in the company during the financial year:	2011	2010
Personnel, average	263	260
Personnel, 31 Dec	266	263

6. DEPRECIATION, 1,000 €	2011	2010
Intangible assets	2,796	2,792
Buildings and structures	4,052	3,669
Machinery and equipment	32,502	32,631
Transmission lines	27,875	27,299
Other property, plant and equipment	653	423
Total	67,879	66,813

7. OTHER OPERATING EXPENSES, 1,000 €	2011	2010
Contracts, assignments etc. undertaken externally	31,833	32,618
Gains/losses from measuring electricity derivatives at fair value	4,725	-2,282
Rental expenses	11,538	11,543
Foreign exchange gains and losses	8	-649
Other expenses	7,050	6,866
Total	55,153	48,096

8. AUDITORS FEES, 1,000 €	2011	2010
Auditing fee	32	42
Other fees	6	46
Total	38	88

9. RESEARCH AND DEVELOPMENT, 1,000 €	2011	2010
Research and development expenses	1,833	1,556
Total	1,833	1,556

21 February 2012

10. FINANCE INCOME AND COSTS, 1,000 €	2011	2010
Interest income on held-for-trading financial assets	-3,523	-2,005
Interest income on cash and cash equivalents and bank deposits	-21	-30
Dividend income	-7	-4
	-3,551	-2,039
Interest expenses on borrowings	29,281	21,242
Net financial expenses on interest and foreign exchange derivatives	-7,079	-7,645
Gains from measuring derivative contracts at fair value	-7,363	-4,008
Losses from measuring derivative contracts at fair value	10,523	10,258
Net foreign exchange gains and losses	0	0
Other finance costs	2,174	760
	27,535	20,607
Capitalised finance costs, borrowing costs; the capitalisation rate used 2.14 % (note 17)	-1,430	-100
Total	22,554	18,468

11. INCOME TAXES, 1,000 €	2011	2010
Direct taxes	7,720	2,207
Change of deferred taxes (note 26)	-6,517	12,357
Total	1,204	14,564

Reconciliation of income tax:		
Profit before taxes	34,201	56,332
Tax calculated in accordance with statutory tax rate in Finland 26 %	8,892	14,646
Deferred tax resulting from change in tax rate	- 7,653	
Non-deductible expenses and tax-free income	-36	-82
Income Taxes in the Consolidated Income Statement	1,204	14,564

12. TAXES RELATED TO OTHER ITEMS IN TOTAL COMPREHENSIVE INCOME, 1,000 €

	2011			2010		
	Before taxes	Tax impact	After taxes	Before taxes	Tax impact	After taxes
Cashflow hedges	-37,841	4,443	-33,399	38,084	-6,924	31,159
Translation reserve	240		240	224		224
Items related to long-term asset items available-for-sale	-65	17	-48	1	0	1
Total	-37,667	4,460	-33,207	38,308	-6,924	31,384

13. EARNINGS PER SHARE	2011	2010
Profit for the financial year, 1,000 €	32,998	41,768
Weighted average number of shares, qty	3,325	3,325
Undiluted earnings per share, €	9,924	12,562
Diluted earnings per share, €	9,924	12,562

14. DIVIDEND PER SHARE

After the closing date, the Board of Directors has proposed that a dividend of 2,018.26 (2010: 2,018.26) euros per share be distributed, totalling 6.7 (2010: 6.7) million euros.

21 February 2012

15. GOODWILL, 1,000 €	2011	2010
Cost at 1 Jan	87,920	87,920
Cost at 31 Dec	87,920	87,920
Carrying amount 31 Dec	87,920	87,920

The entire business of the Fingrid Group comprises transmission system operation in Finland with system responsibility, which the full goodwill of the Group concerns.

In impairment testing, the recoverable amount from business is defined by means of value in use. The cash flow forecasts used in impairment calculations are based on ten year strategic financial estimates. The cash flows used in the impairment test are based on income and expenses deriving from the business operations and replacement capital expenditure according to the capital expenditure programme. The estimated cash flows cover the following five year period. The expected cash flows during the subsequent years are estimated by extrapolating the expected cash flows using a growth estimate of zero per cent. The discount rate before taxes used in the calculations is 7.0%.

According to the view of the management, reasonable changes in the primary assumptions used in the calculations will not lead to a need for recording impairment losses.

16. INTANGIBLE ASSETS, 1,000 €	2011	2010
Land use rights		
Cost at 1 Jan	84,600	82,114
Increases 1 Jan - 31 Dec	1,498	2,545
Decreases 1 Jan - 31 Dec		-59
Cost at 31 Dec	86,098	84,600
Carrying amount 31 Dec	86,098	84,600
Other intangible assets		
Cost at 1 Jan	23,582	21,623
Increases 1 Jan - 31 Dec	1,343	1,959
Cost at 31 Dec	24,925	23,582
Accumulated depreciation according to plan 1 Jan	-18,489	-15,697
Depreciation according to plan 1 Jan - 31 Dec	-2,796	-2,792
Carrying amount 31 Dec	3,639	5,092
Carrying amount 31 Dec	89,737	89,692

17. PROPERTY, PLANT AND EQUIPMENT, 1,000 €	2011	2010
Land and water areas		
Cost at 1 Jan	13,509	11,410
Increases 1 Jan - 31 Dec	162	2,098
Decreases 1 Jan - 31 Dec		0
Cost at 31 Dec	13,671	13,509
Carrying amount 31 Dec	13,671	13,509
Buildings and structures		
Cost at 1 Jan	107,624	97,842
Increases 1 Jan - 31 Dec	19,432	9,783
Decreases 1 Jan - 31 Dec	-43	
Cost at 31 Dec	127,014	107,624
Accumulated depreciation according to plan 1 Jan	-24,633	-20,964
Decreases, depreciation according to plan 1 Jan - 31 Dec	17	
Depreciation according to plan 1 Jan - 31 Dec	-4,052	-3,669
Carrying amount 31 Dec	98,345	82,991
Machinery and equipment		
Cost at 1 Jan	687,816	663,983
Increases 1 Jan - 31 Dec	79,972	23,836
Decreases 1 Jan - 31 Dec	-255	-4
Cost at 31 Dec	767,533	687,816

21 February 2012

Accumulated depreciation according to plan 1 Jan	-284,459	-251,828
Decreases, depreciation according to plan 1 Jan - 31 Dec	127	
Depreciation according to plan 1 Jan - 31 Dec	-32,502	-32,631
Carrying amount 31 Dec	450,700	403,357
Transmission lines		
Cost at 1 Jan	896,373	869,911
Increases 1 Jan - 31 Dec	110,415	27,130
Decreases 1 Jan - 31 Dec		-668
Cost at 31 Dec	1,006,788	896,373
Accumulated depreciation according to plan 1 Jan	-288,984	-261,915
Decreases, depreciation according to plan 1 Jan - 31 Dec		230
Depreciation according to plan 1 Jan - 31 Dec	-27,875	-27,299
Carrying amount 31 Dec	689,929	607,389
Other property, plant and equipment		
Cost at 1 Jan	14,096	13,830
Increases 1 Jan - 31 Dec	562	266
Cost at 31 Dec	14,658	14,096
Accumulated depreciation according to plan 1 Jan	-10,999	-10,577
Depreciation according to plan 1 Jan - 31 Dec	-650	-423
Carrying amount 31 Dec	3,009	3,097
Advance payments and purchases in progress		
Cost at 1 Jan	142,930	69,447
Increases 1 Jan - 31 Dec	224,097	127,274
Transfers to other property, plant, and equipment and to other intangible assets 1 Jan - 31 Dec	-204,549	-53,890
Borrowing costs capitalised in the financial year (note 10)	1,430	100
Cost at 31 Dec	163,908	142,930
Carrying amount 31 Dec	163,908	142,930
Carrying amount 31 Dec	1,419,561	1,253,273

Item Advance payments and purchases in progress contains the advance payments of noncurrent property, plant and equipment and intangible assets, and acquisition costs caused by capital investments in progress.

18. INVESTMENTS, 1,000 €	2011	2010
Available-for-sale investments		
Cost at 1 Jan	366	329
Increases 1 Jan - 31 Dec		39
Decreases 1 Jan - 31 Dec		-3
Changes in fair value 1 Jan - 31 Dec	-65	1
Carrying amount 31 Dec	301	366

The changes in fair value are recorded in equity (note 25).

Equity investments in associated companies		
Cost at 1 Jan	7,718	7,110
Portion of profit 1 Jan - 31 Dec	193	384
Translation differences 1 Jan - 31 Dec	240	224
Dividends 1 Jan - 31 Dec	-204	
Carrying amount 31 Dec	7,947	7,718
Carrying amount 31 Dec	8,247	8,084
Goodwill contained in the carrying amount of associated companies at 31 Dec	3,245	3,245

There are no such essential temporary differences with associated companies of which deferred tax assets or liabilities would have been recorded.

21 February 2012

Financial summary of associated companies, 1,000 €

2010	Assets	Liabilities	Revenue	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	340,747	319,121	13,839	2,002	20.0
Porvoon Alueverkko Oy, Porvoo, Finland	5,797	5,209	4,949	12	33.3

2011	Assets	Liabilities	Revenue	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	97,372	70,649	16,897	2,133	20.0
Porvoon Alueverkko Oy, Porvoo, Finland	6,979	6,358	5,039	17	33.3

Subsidiary shares 31 Dec 2011	Ownership (%)	Ownership (%)
Finextra Oy, Helsinki, Finland	100	100

19. INVENTORIES, 1,000 €	2011	2010
Materials and consumables at 1 Jan	6,642	5,542
Work in progress	65	559
Total	6,706	6,101

The cost of inventories recognised as expense was 0.4 (2010: 0.5) million euros.

20. TRADE RECEIVABLES AND OTHER RECEIVABLES, 1,000 €	2011	2010
Trade receivables	49,903	45,300
Trade receivables from associated companies (note 36)	708	3,219
Prepayments and accrued income	13,968	9,001
Other receivables	53	43
Total	64,633	57,563

Essential items included in prepayments and accrued income	2011	2010
Accruals of sales	5,024	3,606
Accruals of purchases/prepayments	493	857
Interest receivable	8,249	4,334
Rents/prepayments	203	205
Total	13,968	9,001

Age distribution of trade receivables	2011	2010
Unmatured trade receivables	46,672	47,970
Trade receivables matured by 1-30 days	3,868	501
Trade receivables matured by 31-60 days	60	32
Trade receivables matured by more than 60 days	12	16
Total	50,611	48,519

On 31 December 2011 or on 31 December 2010, the company did not have matured trade receivables of which impairment losses would have been recorded. Based on earlier payments, the company expects to receive the matured receivables in less than 3 months.

Receivables where the due dates have been renegotiated are not included in matured trade receivables.

Trade receivables and other receivables broken down by currencies, 1,000 €	2011	2010
EUR	64,631	57,546
GBP	2	
SEK		17
Total	64,633	57,563

The fair value of trade receivables and other receivables does not differ essentially from the balance sheet value.

21. FINANCIAL ASSETS RECOGNISED AT FAIR VALUE, 1,000 €	2011	2010
Certificates of deposit	99,693	99,659

21 February 2012

Commercial papers	102,694	118,244
Total	202,387	217,903

Financial assets are recognised at fair value and the change in fair value is presented in the income statement in finance income and costs.

22. CASH AND CASH EQUIVALENTS, 1,000 €	2011	2010
Cash and bank accounts	152	1,111
Pledged accounts	1,302	2,669
Total	1,454	3,780

23. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES, 1,000 €

	Loans and other receivables	Assets/liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/liabilities measured at amortised cost	Total	Note
Balance sheet item 31 Dec 2011						
Non-current financial assets						
Available-for-sale investments			301		301	18
Interest rate and currency derivatives		64,558			64,558	29
Current financial assets						
Interest rate and currency derivatives		15,474			15,474	29
Trade receivables and other receivables	64,633				64,633	20
Financial Assets recognised in income statement at fair value		202,387			202,387	21
Cash in hand and bank receivables		1,454			1,454	22
Financial assets total	64,633	283,873	301		348,806	
Non-current financial liabilities						
Borrowings				845,154	845,154	27
Interest rate and currency derivatives		15,293			15,293	29
Current financial liabilities						
Borrowings				378,841	378,841	27
Interest rate and currency derivatives		1,945			1,945	29
Trade payables and other liabilities	45,143			14,491	59,635	30
Financial liabilities total	45,143	17,238		1,238,486	1,300,868	

	Loans and other receivables	Assets/liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/liabilities measured at amortised cost	Total	Note
Balance sheet item 31 Dec 2010						
Non-current financial assets						
Available-for-sale investments			366		366	18
Interest rate and currency derivatives		52,798			52,798	29
Current financial assets						
Interest rate and currency derivatives		4,629			4,629	29
Trade receivables and other	57,563				57,563	20

21 February 2012

receivables					
Financial assets recognised in income statement at fair value		217,903		217,903	21
Cash in hand and bank receivables	3,780			3,780	22
Financial assets total	61,343	275,330	366	337,039	
Non-current financial liabilities					
Borrowings			877,530	877,530	27
Interest rate and currency derivatives	116			116	29
Current financial liabilities					
Borrowings			199,327	199,327	27
Interest rate and currency derivatives	1,679			1,679	29
Trade payables and other liabilities	58,556		9,843	68,398	30
Financial liabilities total	58,556	1,795	1,086,700	1,147,051	

**24. FAIR VALUE HIERARCHY,
1,000 €**

	2011			2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held at fair value						
Available-for-sale investments	48	200		49	265	
Interest rate and currency derivatives		64,421			56,645	
Electricity forward contracts, NASDAQ OMX Commodities				26,602		
Financial assets recognised at fair value		202,387			217,903	
Financial assets held at fair value total	48	267,008		26,651	274,813	
Financial liabilities held at fair value						
Interest rate and currency derivatives		1,628			1,013	
Electricity forward contracts, NASDAQ OMX Commodities	22,814					
Electricity forward contracts, others	75					
Financial liabilities held at fair value total	22,889	1,628			1,013	

Fair value measurement of assets and liabilities are categorised in a three-level hierarchy in the fair value presentation. The appropriate hierarchy is based on the input data of the instrument. The level is determined on the basis of the lowest level of input for the instrument in its entirety that is significant to the fair value measurement.

Level 1: inputs are publicly quoted in active markets.

Level 2: inputs are not publicly quoted and are observable market parameters either directly or indirectly.

Level 3: inputs are unobservable market parameters.

25. EQUITY

Equity is composed of the share capital, share premium account, fair value reserve (incl. hedge and revaluation reserves), translation reserve, and retained earnings. The hedge reserve includes the changes in the fair value of hedging instruments for loss energy. The fair value reserve includes the changes in the fair value of available-for-sale investments. The translation reserve includes translation differences in the net capital investments of associated companies in accordance with the purchase method of accounting. The profit for the financial year is recorded in retained earnings.

Share capital and share premium account, 1,000 €	Share capital	Share premium account	Total
1 Jan 2010	55,922	55,922	111,845
Change			
31 Dec 2010	55,922	55,922	111,845
Change			

21 February 2012

31 Dec 2011	55,922	55,922	111,845
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	Number of shares qty	Of all shares %	Of votes %
The share capital is broken down as follows:			
Series A shares	2,078	62.49	83.32
Series B shares	1,247	37.51	16.68
Total	3,325	100.00	100.00

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2011	2,078	1,247	3,325
Change			
31 Dec 2011	2,078	1,247	3,325

The maximum number of shares is 13,300 as in 2010. The shares have no par value.

Series A shares confer three votes each at a shareholders' meeting and series B shares one vote each. When electing members of the Board of Directors, series A share confers 10 votes each at a shareholders' meeting and each series B share one vote each.

Series B shares have the right before series A shares to obtain the annual dividend specified below from the funds available for profit distribution. After this, a corresponding dividend is distributed to series A shares. If the annual dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available for profit distribution in the subsequent years; however so that series B shares have the right before series A shares to receive the annual dividend and the undistributed amount. Series B shares have no right to receive any other dividend.

The shareholders' meeting decides on the annual dividend.

The determination of the dividend: the amount of the annual dividend is calculated on the basis of calendar years so that the subscription price of the share added by amounts paid in conjunction with potential increases of share capital and reduced by potential amounts paid in refunds of equity, is multiplied by the dividend percentage; however so that the minimum dividend is 6 %. The dividend percentage is defined on the basis of the yield of the 30-year German Government Bond.

The dividend proposal for series B shares for 2011 is 6.0 per cent.

There are no non-controlling interests.

	Number of shares qty	Of all shares %	Of votes %
Shareholders by different categories			
Public organisations	1,767	53.14	70.86
Financial and insurance institutions	1,558	46.86	29.14
Total	3,325	100.00	100.00

	Number of shares qty	Of all shares %	Of votes %
Shareholders			
Republic of Finland	1,382	41.56	55.42
Mutual Pension Insurance Company Ilmarinen	661	19.88	17.15
Varma Mutual Pension Insurance Company	405	12.18	5.41
National Emergency Supply Agency	385	11.58	15.44
Tapiola Mutual Pension Insurance Company	150	4.51	2.01
Suomi Mutual Life Assurance Company	75	2.26	1.00
Pohjola Insurance Ltd	75	2.26	1.00
Mandatum Life Insurance Company Limited	54	1.62	0.72
Tapiola General Mutual Insurance Company	50	1.50	0.67
Tapiola Mutual Life Assurance Company	47	1.41	0.63
If P&C Insurance Company Ltd	25	0.75	0.33
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life Insurance Company	6	0.18	0.08
Total	3,325	100.00	100.00

21 February 2012

Share premium account

The share premium account includes the difference between the counter value of the shares and the value obtained. According to the Finnish Companies Act the premium fund means tied equity. The share capital can be increased by transferring funds from the premium fund account. The premium fund account can be decreased in order to cover losses or it can under certain conditions be returned to the owners.

Fair value reserves

The fair value reserves include the changes in the fair value of derivative instruments used for hedging cash flow (hedge reserve) and the changes in the fair value of available-for-sale investments (publicly quoted and unquoted securities) (revaluation reserve).

Hedge reserve, 1,000 €	2011	2010
1 Jan	19,708	-11,452
Changes in fair value during financial year	-37,841	38,084
Taxes	4,443	-6,924
Hedge reserve 31 Dec	-13,691	19,708

Revaluation reserve, 1,000 €	2011	2010
1 Jan	61	60
Changes in fair value during financial year	-65	1
Taxes on changes in fair value during financial year	17	0
Revaluation reserve 31 Dec	12	61

Translation reserve, 1,000 €	2011	2010
Translation reserve 31 Dec	551	312

The translation reserve includes the translation differences resulting from converting the financial statements of the foreign associated company.

Dividends, 1,000 €	2011	2010
Dividends paid	6,711	6,724

The proposal for dividend distribution for the financial year 2011 is presented in note 14.

Retained earnings, 1,000 €	2011	2010
Profit from previous financial years	375,589	340,531
Profit for the financial year	32,998	41,768
Retained earnings 31 Dec	408,586	382,299

26. DEFERRED TAX ASSETS AND LIABILITIES, 1,000 €

Changes in deferred taxes in 2011:

	31 Dec 2010	Recorded in income statement at fair value	Recorded in other comprehensive income	31 Dec 2011
Deferred tax assets				
Provisions	494	0		493
Current financial assets	1,892	-3,452		
Trade payables and other liabilities				491
Interest-bearing borrowings	8,464	1,971		10,434
Derivative instruments	30	3,973	4,443	8,446
Other items	13	-5		8
Total	10,893	2,486	4,443	19,873
Deferred tax liabilities				
Accumulated depreciations difference	-113,453	6,991		-106,463
Property, plant and equipment, tangible and intangible assets	-17,522	-1,766		-19,287
Available-for-sale investments	-39		17	-22

21 February 2012

Other receivables	-1,128	-896		-2,024
Financial assets recognised in income statement at fair value	-113	-152		-265
Non-current financial assets	-9,438	-1,282		-10,720
Derivative instruments	-6,924		6,924	
Current financial assets				-1,559
Trade payables and other liabilities	-644	1,134		
Total	-149,261	4,029	6,941	-140,340

Changes in deferred taxes in 2010:

	31 Dec 2009	Recorded in income statement at fair value	Recorded in equity	31 Dec 2010
Deferred tax assets				
Provisions	500	-6		494
Current financial assets	1,376	516		1,892
Non-current financial assets	196			
Interest-bearing borrowings		10,242		8,464
Derivative instruments	4,625	-571	-4,024	30
Other items	15	-1		13
Total	6,711	10,179	-4,024	10,893
Deferred tax liabilities				
Accumulated depreciation difference	-103,074	-10,379		-113,453
Property, plant and equipment, tangible and intangible assets	-14,997	-2,525		-17,522
Available-for-sale investments	-39		0	-39
Other receivables	-1,020	-109		-1,128
Financial assets recognised in income statement at fair value	-148	35		-113
Non-current financial assets		-9,634		-9,438
Interest-bearing borrowings	-1,778			
Derivative instruments			-6,924	-6,924
Trade payables and other liabilities	-718	75		-644
Total	-121,774	-22,536	-6,925	-149,262

27. BORROWINGS, 1,000 €	2011		2010	
	Fair value	Balance sheet value	Fair value	Balance sheet value
Non-current				
Bonds	637,276	619,998	675,619	663,218
Loans from financial institutions	231,086	225,156	212,976	214,312
	868,362	845,154	888,595	877,530
Current				
Current portion of long-term borrowings maturing within a year	173,391	171,673	105,888	104,768
Other loans / Commercial papers (international and domestic)	207,537	207,168	94,897	94,559
	380,928	378,841	200,785	199,327
Total	1,249,290	1,223,995	1,089,380	1,076,858

The fair values of borrowings are based on the present values of cash flows. Loans raised in various currencies are measured at the present value on the basis of the yield curve of each currency. The discount rate includes the company-specific and loan-specific risk premium. Borrowings denominated in foreign currencies are translated into euros at the mid-rate quoted by ECB at the closing day.

Bonds included in borrowings, 1,000 €	2011	2010
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International:	Maturity date	Interest
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21 February 2012

EUR	10,000	16.03.2011	3.625 %		10 000
EUR	25,000	23.03.2011	variable interest		25,000
EUR	15,000	24.03.2011	variable interest		15,000
EUR	20,000	07.04.2011	variable interest		20,000
EUR	25,000	16.03.2012	variable interest	25,000	25,000
EUR	25,000	12.04.2012	variable interest	25,000	25,000
EUR	10,000	16.04.2013	variable interest	10,000	10,000
EUR	20,000	28.04.2013	variable interest	20,000	20,000
EUR	20,000	15.10.2013	4.30 %	20,000	20,000
EUR	24,000	02.07.2014	variable interest	24,000	24,000
EUR	18,000	11.11.2014	variable interest	18,000	18,000
EUR	8,000	11.11.2014	variable interest	8,000	8,000
EUR	10,000	20.11.2014	3.26 %	10,000	10,000
EUR	20,000	11.04.2017	variable interest	20,000	20,000
EUR	25,000	11.04.2017	variable interest	25,000	25,000
EUR	30,000	15.06.2017	3.07 %	30,000	30,000
				235,000	305,000
FIM	160,000	19.08.2013	5.20 %	26,909	26,908
				26,909	26,908
JPY	3,000,000	05.07.2011	1.31 % *		27,612
JPY	3,000,000	25.07.2012	1.3575 % **	29,940	27,612
JPY	3,000,000	20.04.2015	1.45 %	29,940	27,612
JPY	500,000	22.06.2017	1.28 %	4,990	4,602
				64,870	87,437
CHF	39,000	22.05.2012	2.475 %	32,083	31,190
				32,083	31,190
NOK	170,000	19.11.2014	4.68 %	21,924	21,795
NOK	200,000	17.10.2016	5.15 %	25,793	25,641
NOK	200,000	11.04.2017	5.16 %	25,793	25,641
NOK	200,000	10.11.2017	5.12 %	25,793	25,641
NOK	200,000	12.11.2019	5.37 %	25,793	25,641
				125,097	124,359
SEK	225,000	03.04.2012	variable interest	25,247	25,096
SEK	225,000	11.04.2012	variable interest	25,247	25,096
SEK	100,000	21.03.2013	variable interest	11,221	11,154
SEK	200,000	03.04.2013	3.70 %	22,442	22,308
SEK	175,000	04.04.2014	4.30 %	19,636	19,519
SEK	300,000	15.06.2015	3.195 %	33,662	33,462
SEK	100,000	17.06.2015	3.10 %	11,221	11,154
SEK	220,000	01.12.2015	interest rate structure	26,588	26,994
SEK	100,000	15.01.2016	3.297 %	11,221	11,154
SEK	500,000	18.10.2016	variable interest	55,967	
SEK	500,000	18.10.2016	3.50 %	56,104	
				298,556	185,936
Bonds, long-term total				619,998	663,218
Bonds, short-term total				162,517	97,612
Total				782,515	760,830

*call option not exercised 5 July 2004

**call option not exercised 25 July 2006

Maturity of non-current borrowings, 1,000 €

	2012	2013	2014	2015	2016	2016+	Total
Bonds	162,517	110,571	101,561	101,412	149,085	157,369	782,515
Loans from financial institutions	9,156	11,156	4,000	16,424	20,710	172,866	234,312
Total	171,673	121,727	105,561	117,836	169,795	330,235	1,016,827

21 February 2012

Capital structure

The corporate finances are planned over a long time span, and the company is ensured sufficient latitude and independent power of decision in the management of finances. The company aims to secure sufficient cash flow for the long-term development of transmission capacity, secured operational reliability and development of the electricity market so that the tariff level remains moderate. The company pursues as low average capital costs as possible by utilising a lower cost through debt financing as compared to equity cost. However, the goal is to keep the cash flow and debt service ratios of the company at such a level that the company retains its high credit rating. The high credit rating enables the company to tap the international and domestic money and capital markets. The target for the equity ratio is a level of 30 per cent.

28. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €	2011	2010
Provisions 1 Jan	1,899	1,921
Provisions used	-2	-23
Provisions 31 Dec	1,897	1,899

29. DERIVATIVE INSTRUMENTS, 1,000 €								
	2011				2010			
	Fair value		Net fair value	Nominal value	Fair value		Net fair value	Nominal value
Pos.	Neg.	Pos.			Neg.			
Interest rate and currency derivatives	31.12.11	31.12.11	31.12.11	31.12.11	31.12.10	31.12.10	31.12.10	31.12.10
Cross-currency swaps	73,198	-9,592	63,606	518,841	48,940	-479	48,462	426,467
Forward contracts		-384	-384	24,700	245		245	1,747
Interest rate swaps	6,019	-7,262	-1,243	301,000	300	-1,313	-1,013	241,000
Interest rate options, bought	814		814	880,000	7,938		7,938	880,000
Total	80,032	-17,238	62,793	1,724,541	57,424	-1,792	55,632	1,549,214
Electricity derivatives	Fair value		Net fair value	Volume TWh	Fair value		Net fair value	Volume TWh
	Pos.	Neg.			Pos.	Neg.		
	31.12.11	31.12.11	31.12.11	31.12.11	31.12.10	31.12.10	31.12.10	31.12.10
Electricity forward contracts, designated as hedge accounting, NASDAQ OMX Commodities		-22,814	-22,814	3,81	26,625	-400	26,225	3.66
Electricity forward contracts, NASDAQ OMX Commodities		-75	-75	0.01	377		377	0.03
Total		-22,889	-22,889	3.82	27,002	-400	26,602	3.69

Interest rate options included in interest and currency derivatives are interest rate cap contracts with identical structures. The reference rate of the contract is the 6 month Euribor, and at the effective date a contract includes 6 or 8 caplets. The option premium has been paid in full to the counterparty at the contract date.

The electricity derivatives hedge future costs of energy losses.

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last business day of 2011.

Maturity of derivative contracts:

Nominal value, 1,000 €	2012	2013	2014	2015	2016	2016+	Total
Interest rate swaps	55,000	80,000	36,000	30,000	70,000	30,000	301,000
Interest rate options	30,000	185,000	445,000	220,000			880,000
Cross-currency swaps	112,517	33,662	41,561	99,509	149,222	82,369	518,841
Forward contracts	24,700						24,700
Total	222,217	298,662	522,561	349,509	219,222	112,369	1,724,541

TWh	2021	2013	2014	2015	2016	2016+	Total
Electricity derivatives	1.21	1.04	0.79	0.52	0.26		3.82
Total	1.21	1.04	0.79	0.52	0.26		3.82

21 February 2012

30. TRADE PAYABLES AND OTHER LIABILITIES, 1,000 €	2011	2010
Trade payables	23,344	30,805
Trade payables to associated companies	120	324
Interest liabilities	14,491	9,843
Value added tax	2,481	3,051
Electricity tax	1,507	616
Accruals	21,159	26,782
Other debt	520	644
Total	63,623	72,066
Essential items included in accruals	2011	2010
Personnel expenses	3,351	4,409
Accruals of sales and purchases	17,808	22,361
Other		12
Total	21,159	26,782

31. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €	2011	2010
Pledges		
Pledge covering property lease agreements	47	46
Pledged account in favour of the Customs Office	150	150
Pledged account covering electricity exchange purchases	127	1,878
	323	2,074
Unrecorded investment commitments	218,072	385,012
Other financial commitments		
Counterguarantee in favour of an associated company	1,700	1,700
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	401	120
Commitment fee for subsequent years	1,584	89
	3,685	1,908

32. OTHER LEASE AGREEMENTS, 1,000 €	2011	2010
Minimum rental obligations of other irrevocable lease agreements:		
In one year	1,999	2,038
In more than one year and less than five years	8,818	9,664
In more than five years	15,277	16,003
Total	26,095	27,706

The foremost lease agreements of the Group relate to office premises. The durations of the lease agreements range from less than one year to ten years, and the contracts can usually be extended after the original date of expiration. The index, renewal and other terms of the different agreements vary.

The Group has rented for instance several land areas and some 110 kilovolt transmission lines and circuit breaker bays.

33. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

There are no ongoing legal proceedings or proceedings by authorities that would have a material impact on the business of the company. In relation to transmission line projects there are many times complaints made to different instances of justice. According to the management of the company there are no ongoing legal proceedings or other such legal proceedings relating to other areas, which final outcome would have a material impact on the financial position of the Group.

In December 2008 the Market Court reached a decision concerning Fingrid's appeal to the Energy Market Authority's decision 13 December 2007 "Determination of the methodology for the assessment of the return of the grid owners' grid operations transmission services pricing for the review period starting on 1 January 2008 and ending on 31 December 2011". The Market Court partly changed the Energy Market Authority's decision according to Fingrid's appeal. The Energy Market Authority in turn

21 February 2012

appealed the decision to the Supreme Administrative Court. The Supreme Administrative Court partly approved the Energy Market Authority's appeal.

Fingrid has lodged an appeal with the Market Court against a decision issued by the Energy Market Authority on 23 November 2011 (record number 831/430/2011), concerning the confirmation of the methodology for the assessment of the return of the grid owner's grid operations and of the fees levied for the transmission service for the review period starting on 1 January 2012 and finishing on 31 December 2015.

34. RISK MANAGEMENT

The objective of Fingrid's risk management is to make preparations for cost-effective measures providing protection against damage and loss relating to risks and to make the entire personnel committed to considering the risks pertaining to the company, its various organisational units and each employee. In order to fulfil these objectives, risk management is continuous and systematic. The significance of individual risks or risk entities is assessed against the present level of protection, taking into account the probability of a disadvantageous event, its financial impact and impact on corporate image or on the attainment of the business goals. The Board of Directors approves the primary principles for risk management and any amendments to them. The Board of Directors approves the primary action for risk management as part of the corporate strategy, indicators, operating plan, and budget. The control committee of the Board of Directors receives a situation report of the major risks relating to the operations of the company and of the management of such risks.

FINANCIAL RISK MANAGEMENT

Fingrid Oyj is exposed to market, liquidity and credit risks when managing the financial position of the company. The company's objective is to reduce risks such that the fluctuations of Fingrid's cash flow remain low.

Primary principles for financing

The Board of Directors of Fingrid Oyj approves the primary principles for financing, stating the guidelines for external funding, financial asset management, market, liquidity, refinancing and credit risks.

Risk management execution and reporting

The treasury is responsible for executing the external funding, the financial asset management and manages the market risks which the company is exposed to. The financial activities of the company are reported four times a year to the Board of Directors. The treasury is responsible for identifying, measuring and reporting the financial risks, which the company may be exposed to.

Risk management processes

The treasury is in charge of risk management monitoring, systems and models as well as methods, for risk calculation and assessment. The internal audit additionally ensures that there is compliance with the primary principles for financing activities and the internal guidelines.

Market risks

Fingrid Oyj uses derivative agreements in order to hedge market risks such as foreign exchange, interest rate risk and commodity risks. Derivatives are only used for hedging purposes, and therefore the company does not enter into any deals for market speculation. The hedging instruments are defined in the primary principles for financing or in the loss power procurement policy, and chosen in order to achieve efficient hedging of a risk exposure.

Foreign exchange risk

The functional currency of the company is the euro. The basic rule of the company is to hedge against foreign exchange risks, but can according to the primary principals for financing, leave an exposure unhedged, which may not exceed 10 % of the financial assets.

Transaction exposure

The company issues securities in the domestic and international money and capital markets. The loan portfolio of the company is distributed between different convertible currencies and the total debt portfolio and the related interest rate flows are hedged against currency risk. The foreign exchange risk of each bond is done in conjunction with the underlying debt issuance. Business related currency risks are small and they are hedged. Therefore there is no sensitivity analysis presentation. During the financial year the company used foreign exchange forwards and cross currency swaps for hedging the transaction exposure. The tables below first illustrate currency distribution and the hedging rate of the interest bearing debt of the company and then the sensitivity analysis of the euro against the foreign currencies, which also proves that the company does not have any open foreign exchange risk.

Currency distribution and hedging degree of borrowings, 1,000 €

Currency distribution 31 Dec 2011				Currency distribution 31 Dec 2010			
Carrying amount	Portion %	Hedging degree		Carrying amount	Portion %	Hedging degree	
EUR	678,734	55		EUR	647,936	60	
CHF	56,737	5	100	CHF	31,190	3	100
JPY	64,870	5	100	JPY	87,437	8	100

21 February 2012

NOK	125,097	10	100	NOK	124,359	12	100
SEK	298,556	24	100	SEK	185,936	17	100
Total	1,223,995	100	100	Total	1,076,858	100	100

The sensitivity analysis of foreign exchange rate is measured as a 10 % change between the euro and the currency in question. The company's result will not be subject to exchange rate differentials, since the debt denominated in foreign currencies are hedged against foreign exchange changes. In the figures presented in the tables below, a negative figure would increase foreign exchange loss and a positive figure would correspondingly increase foreign exchange gain.

Exchange rate changes, 1,000 €

31 Dec 2011		Bonds	Commercial papers	Total	Cross-currency swaps	Forward contracts	Total	Net exposure
								Total
CHF	+10 %	-3,651	-2,742	-6,392	3,651	2,742	6,392	0
	-10 %	2,987	2,243	5,230	-2,987	-2,243	-5,230	0
JPY	+10 %	-7,375		-7,375	7,375		7,375	0
	-10 %	6,033		6,033	-6,033		-6,033	0
NOK	+10 %	-14,594		-14,594	14,594		14,594	0
	-10 %	11,941		11,941	-11,941		-11,941	0
SEK	+10 %	-33,251		-33,251	33,251		33,251	0
	-10 %	27,206		27,206	-27,206		-27,206	0

Exchange rate changes, 1,000 €

31 Dec 2010		Bonds	Commercial papers	Total	Cross-currency swaps	Forward contracts	Total	Net exposure
								Total
CHF	+10 %	-3,608		-3,608	3,608		3,608	0
	-10 %	2,952		2,952	-2,952		-2,952	0
JPY	+10 %	-9,442		-9,442	9,442		9,442	0
	-10 %	8,135		8,135	-8,135		-8,135	0
NOK	+10 %	-14,280		-14,280	14,280		14,280	0
	-10 %	11,684		11,684	-11,684		-11,684	0
SEK	+10 %	-20,583		-20,583	20,583		20,583	0
	-10 %	16,841		16,841	-16,841		-16,841	0

Translation exposure

The company holds an equity investment in an associated company denominated in a foreign currency. This translation risk is unhedged. The sensitivity analysis (10 % changes) is presented in the following table. The table shows a 10 % change of the Norwegian krone and the impact of the change on the company's equity.

Translation exposure, 1,000 €		2011	2010
		Equity	Equity
		31 Dec 2011	31 Dec 2010
NOK	+10 %	505	481
	-10 %	-413	-393

Interest rate risk

The company is only exposed to interest rate risk in euros, because the interest bearing debt are both in terms of principal and interest payments hedged against exchange rate risk, and the financial assets are denominated in euros. The interest-bearing liabilities are mainly linked to floating rates.

Interest rate risk is managed in accordance with the main principles of financing so that 30 - 70 % of the interest costs are hedged over the next five years. When the interest rates are high, the hedging level is kept close to the lower limit of the range, and when the interest rates are low, the hedging level is kept close to the upper limit of the range. The specified low level of interest rates is when 6 month Euribor interest rate is 3 % or less. The high level of interest rates is when the 6 month Euribor interest rate is 5 % or more. At the end of 2011, 65 % of the interest costs for the next five years were hedged, and correspondingly 70 % were hedged at the end of 2010.

21 February 2012

The sensitivity of the interest rate risk is measured as a 1 percentage unit interest rate fluctuation and by using the CfaR method (Cashflow at Risk). The assumed fluctuation in interest rates is the effect of a 1 percentage unit fluctuation during the next 12 months from the closing date. The analysis of interest rate sensitivity is carried out on borrowings including exchange rate hedging, the derivatives portfolio hedging the interest rate exposure, and on cash and cash equivalents, which result in a net debt position exposed to interest rate fluctuations.

Interest rate sensitivity, 1,000 €	2011		2010	
	-1 %-unit	+1%-unit	-1%-unit	+1%-unit
Borrowings	7,325	-7,325	6,692	-6,692
Interest rate derivatives	-1,350	1,350	-1,034	1,034
Borrowings total	5,975	-5,975	5,658	-5,658
Cash and cash equivalents	-1,624	1,624	-1,772	1,772
Net borrowings total	4,351	-4,351	3,887	-3,887

The following table presents how the CfaR method is used for measuring the impact of borrowings, derivatives, and cash and cash equivalents, with a given confidence level and a time horizon of 12 months, on the cash flow of the company. The other finance costs of the company are not included in the calculation.

Cashflow at Risk, 1,000 €	2011		2010		
	31 Dec 2011		31 Dec 2010		
Confidence level	Net finance costs		Confidence level	Net finance costs	
96 %	min.	19,747	96 %	min.	16,511
	max.	26,898		max.	22,339
98 %	min.	19,200	98 %	min.	16,264
	max.	27,058		max.	22,642

Commodity risk

The company is exposed to price and volume risk through transmission losses. Loss energy purchases are hedged in accordance with the loss energy purchasing principles accepted by the Board of Directors. The time span of price hedging is five years, divided into three parts: basic, budgetary and operative hedging. Moreover, the company has a loss energy purchasing policy for hedging and for physical electricity purchases and operative instructions, instructions for price hedging and control room instructions. For the price hedging of loss energy purchases the company mainly uses NASDAQ OMX Commodities quoted products. The company can also use OTC products, corresponding products at NASDAQ OMX Commodities, these products are settled at the power exchange.

If the market prices of electricity derivatives had been 20 % higher or lower on the closing date, the change in the fair value of electricity derivatives would have been 31.2 million euros higher or lower (39.9 million euros in 2010).

Liquidity risk and refinancing risk

Fingrid is exposed to liquidity and refinancing risk deriving from redemption of loans, payments and fluctuations in cash flow from operating activities.

The liquidity of the company must be arranged so that 100 % of the refinancing need for the next 12 months is covered by means of liquid assets and available long-term committed credit lines; however, so that the refinancing need may not account for more than 45 % of the total amount of the company's debt financing. As back-up for the liquidity the company has a revolving credit facility of 250 million euros. The revolving credit facility will mature on 18 April 2016. The revolving credit facility has not been drawn.

The company's funding is carried out through debt issuance programmes. The company operates in the international capital market by issuing bonds under the Medium Term Note Programme: The Programme size is 1.5 billion euros. Short-term funding is arranged through commercial paper programmes; a Euro Commercial Paper Programme of 600 million euros and a domestic commercial paper programme of 150 million euros. The refinancing risk is reduced by an even maturity profile so that the refinancing need over periods of 12 months in excess of one year must not exceed 30 % of the company's amount of debt financing. Contractual repayments and interest costs of borrowings are presented in the next table. The interest rate percentages of variable-interest loans are defined using the zero coupon curve. The repayments and interest amounts are undiscounted values. Finance costs relating to cross-currency swaps, interest rate swaps and forward contracts are often paid in net amounts depending on their nature. In the following table, they are presented in gross amounts.

Fingrid's existing loan agreements, debt or commercial paper programmes are uncollateralized. These agreements or programmes do not include any financial covenants related to the financial key indicators.

21 February 2012

Contractual repayments and interest costs of borrowings and payments and receivables of financial derivatives, which are paid in cash 1,000 €

31 Dec 2011		2012	2013	2014	2015	2016	2016+	Total
Bonds	- repayments	162,517	110,571	101,561	101,412	149,085	157,369	782,515
	- interest costs	24,705	19,751	16,464	14,210	12,072	8,401	95,603
Loans from financial institutions	- repayments	9,156	11,156	4,000	16,424	20,710	172,866	234,312
	- interest costs	6,502	5,251	5,417	5,918	5,470	27,110	55,668
Commercial papers	- repayments	207,168						207,168
	- interest costs	812						812
Cross-currency swaps	- payments	108,685	36,624	45,296	94,077	151,129	80,512	516,324
Interest rate swaps	- payments	6,623	4,810	3,329	2,804	2,375	510	20,451
Forward contracts	- payments	25,084						25,084
Guarantee commitment*	- payments	1,700						1,700
Total		552,952	188,164	176,067	234,845	340,841	446,768	1,939,637
Cross-currency swaps	- receivables	130,332	47,934	55,110	111,544	158,894	89,208	593,022
Interest rate swaps	- receivables	6,086	3,767	3,078	2,769	2,567	921	19,188
Forward contracts	- receivables	24,679						24,679
Total		161,097	51,701	58,188	114,313	161,461	90,129	636,889
Grand total		391,856	136,462	117,879	120,532	179,380	356,639	1,302,748

*Counterguarantee in favour of an associated company. No payment claims have been presented to Fingrid.

31 Dec 2010		2011	2012	2013	2014	2015	2015+	Total
Bonds	- repayments	97,612	158,994	110,371	101,314	99,220	193,319	760,830
	- interest costs	19,783	19,224	17,421	14,616	11,095	17,101	99,240
Loans from financial institutions	- repayments	7,156	9,156	11,156	4,000	16,424	173,576	221,469
	- interest costs	5,543	5,757	6,145	6,256	6,486	31,746	61,933
Commercial papers	- repayments	94,559						94,559
	- interest costs	441						441
Cross-currency swaps	- payments	33,729	105,101	38,878	46,613	93,957	121,436	439,715
Interest rate swaps	- payments	4,142	4,353	4,222	2,277	1,829	2,037	18,860
Forward contracts	- payments	1,501						1,501
Guarantee commitment*	- payments	1,700						1,700
Total		266,166	302,586	188,194	175,076	229,011	539,215	1,700,248
Cross-currency swaps	- receivables	40,966	122,059	44,602	51,635	105,320	130,876	495,457
Interest rate swaps	- receivables	3,811	3,941	3,573	2,429	1,941	1,842	17,537
Forward contracts	- receivables	1,743						1,743
Total		46,520	126,000	48,175	54,064	107,261	132,718	514,737
Grand total		219,646	176,586	140,019	121,012	121,750	406,497	1,185,511

*Counterguarantee in favour of an associated company. No payment claims have been presented to Fingrid.

Credit risk

21 February 2012

Credit risk arises from a counterparty not fulfilling its contractual commitments towards Fingrid. Such commitments arise in the company's operations and financial activities.

Credit risk in operations

The company measures and monitors its counterparty risks as part of business monitoring and reporting. The credit rating and payment behaviour of all counterparties and suppliers are regularly monitored. The company has no significant credit risk concentrations. The company did not incur credit losses or rearrange the terms of trade receivables during the financial year.

Credit risk in financing

The company is exposed to credit risk through derivative agreements and financial investments. The company only has derivatives outstanding and invests its funds within the permitted risk limits. There is an upper limit in euros for each counterparty. The company signs the International Swap Dealers Association's (ISDA) Master Agreement with each counterparty before entering into a derivative transaction. The company has not received any collaterals decreasing the credit risks covering the financial assets or derivative contracts. The counterparty risks of financial instruments did not incur any losses during the financial year.

35. OPERATING CASH FLOW ADJUSTMENTS, 1,000 €	2011	2010
Business transactions not involving a payment transaction		
Depreciation	67,879	66,813
Capital gains/losses (-/+) on property, plant and equipment and intangible assets	104	-404
Portion of profit of associated companies	-193	-384
Gains/losses from the valuation of assets and liabilities recognised in income statement at fair value	4,971	-2,349
Total	72,761	63,677

36. RELATED PARTY TRANSACTIONS

The State of Finland acquired in 2011 approx. 81 per cent of the shares held previously by Fortum and Pohjolan Voima. After the share transaction, the holding of the State of Finland in Fingrid is 53.1 per cent. Related party transactions cover transactions concluded with entities where the State of Finland has a holding in excess of 50%.

Fingrid Group's related parties comprise the addition of associated companies Porvoon Alueverkko Oy and Nord Pool Spot AS and top management with its related parties. The top management is composed of the Board of Directors, President, and management team.

The company has not lent money to the top management, and the company has no transactions with the top management. Fingrid Oyj has granted Porvoon Alueverkko Oy a counter guarantee of 1.7 million euros.

Business with related parties is conducted at market prices.

Employee benefits of top management, 1,000 €	2011	2010
Salaries and other short-term employee benefits	1,564	1,376
Transactions with associated companies, 1,000 €	2011	2010
Sales	4,290	4,155
Purchases	62,510	71,154
Receivables	708	3,219
Liabilities	120	324
Transactions with related parties, 1,000 €	2011	2010
Owners:		
Sales	49,911	106,742
Purchases	32,961	72,631
Receivables		8,341
Liabilities		1,738
Other related parties:		
Sales	36,356	
Purchases	34,399	
Receivables	6,125	
Liabilities	4,946	

General procurement principles

21 February 2012

The group follows three alternative procurement methods when purchasing goods or services. When the costs and value of the purchase are less than 30,000 euros, an oral call for bid is usually made in addition to a written order or a purchasing contract. When the estimated value of the procurement exceeds 30,000 euros but is below the values applied to public procurements, the procurement is subjected to competitive bidding by requesting written bids from the supplier candidates. When the limits for public procurements concerning Fingrid (approx. 0.4 million euros for goods and services and approx. 5 million euros for construction projects) are exceeded, the company follows the public procurement procedure applied to special areas.

37. EMISSION RIGHTS

Fingrid was granted emission rights in total 126.3 thousand tonnes for the years 2008-2012, of which Olkiluoto power station was granted a share of 112.3 thousand tonnes. As a rule, the emission rights held by Fingrid at 31 December correspond at least to the annual CO₂ emissions.

	2011	2010
	tCO₂	tCO₂
Emission rights received free of charge	25,261	25,261
Emission volumes, Olkiluoto	526	674
Emission volumes, other power plants total	1,908	2,218
Sales of emission rights		9,000

38. EVENTS AFTER CLOSING DATE

The Group management is not aware of such essential events after the closing date that would affect the financial statements.

21 February 2012

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

PARENT COMPANY PROFIT AND LOSS ACCOUNT	Notes	1 Jan - 31 Dec 2011 €	1 Jan - 31 Dec 2010 €
TURNOVER	2	433,829,531.17	455,655,341.59
Other operating income	3	2,975,592.24	6,977,724.05
Materials and services	4	-236,927,584.93	-252,934,683.61
Staff expenditure	5	-20,333,921.19	-20,385,296.72
Depreciation and amortisation expense	6	-77,448,711.28	-76,334,772.29
Other operating expenses	7, 8	-50,141,675.40	-50,392,640.16
OPERATING PROFIT		51,953,230.61	62,585,672.86
Finance income and costs	9	-24,011,192.98	-14,238,443.93
PROFIT BEFORE EXTRAORDINARY ITEMS		27,942,037.63	48,347,228.93
PROFIT BEFORE PROVISIONS AND TAXES		27,942,037.63	48,347,228.93
Provisions	10	1,817,115.05	-39,918,607.06
Income taxes	11	-7,715,876.02	-2,206,584.38
PROFIT FOR THE FINANCIAL YEAR		22,043,276.66	6,222,037.49

Notes are an integral part of the financial statements.

21 February 2012

PARENT COMPANY BALANCE SHEET

ASSETS	Notes	31 Dec 2011 €	31 Dec 2010 €
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	12	36,454,732.95	42,887,921.11
Other non-current expenses	13	88,331,632.26	73,829,424.65
		124,786,365.21	116,717,345.76
Tangible assets			
	14		
Land and water areas		13,671,030.45	13,508,605.63
Buildings and structures		98,298,091.08	82,942,332.94
Machinery and equipment		448,490,783.67	401,268,462.18
Transmission lines		671,539,513.14	607,095,469.42
Other tangible assets		117,516.35	117,516.35
Advance payments and purchases in progress		162,317,923.59	142,767,394.87
		1,394,434,858.28	1,247,699,781.39
Investments			
	15		
Equity investments in Group companies		504,563.77	504,563.77
Equity investments in associated companies		6,641,360.21	6,641,360.21
Other shares and equity investments		1,134,892.55	913,125.03
		8,280,816.53	8,059,049.01
TOTAL NON-CURRENT ASSETS		1,527,502,040.02	1,372,476,176.16
CURRENT ASSETS			
Inventories	16	6,706,182.09	6,100,556.12
Receivables			
Current receivables			
Trade receivables		44,109,058.75	45,300,257.51
Receivables from Group companies		104,809.25	276,750.00
Receivables from associated companies	17	707,752.76	3,218,535.01
Other receivables		53,228.12	43,066.26
Prepayments and accrued income	18, 19	27,355,285.45	28,514,948.37
		72,330,134.33	77,353,557.15
Financial assets	20	201,305,951.47	217,467,915.94
Cash in hand and bank receivables	20	1,454,207.08	3,779,895.40
TOTAL CURRENT ASSETS		281,796,474.97	304,701,924.61
TOTAL ASSETS		1,809,298,514.99	1,677,178,100.77

Notes are an integral part of the financial statements.

21 February 2012

PARENT COMPANY BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec 2011	31 Dec 2010
		€	€
SHAREHOLDERS' EQUITY	21		
Share capital		55,922,485.55	55,922,485.55
Share premium account		55,922,485.55	55,922,485.55
Profit from previous financial years		497,917.81	986,578.59
Profit for the financial year		22,043,276.66	6,222,037.49
TOTAL SHAREHOLDERS' EQUITY		134,386,165.57	119,053,587.18
ACCUMULATED PROVISIONS	22	434,541,613.33	436,358,728.38
PROVISIONS FOR LIABILITIES AND CHARGES	29	1,897,446.78	1,898,946.78
LIABILITIES			
Non-current liabilities			
Bonds	23, 24	591,622,542.18	630,558,105.45
Loans from financial institutions		225,156,064.52	214,312,494.90
		816,778,606.70	844,870,600.35
Current liabilities			
Bonds	23	148,735,179.54	98,200,000.00
Loans from financial institutions		9,156,429.94	7,156,430.08
Trade payables		23,340,117.28	30,804,861.93
Liabilities to Group companies	25	459,625.50	586,368.95
Liabilities to associated companies	26	120,118.18	324,440.99
Other liabilities	27	211,878,601.87	98,824,331.09
Accruals	28	28,004,583.30	39,099,805.04
		421,694,682.61	274,996,238.08
TOTAL LIABILITIES		1,238,473,289.31	1,119,866,838.43
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,809,298,514.99	1,677,178,100.77

Notes are an integral part of the financial statements.

21 February 2012

PARENT COMPANY CASH FLOW STATEMENT

	Notes	1 Jan - 31 Dec 2011 €	1 Jan - 31 Dec 2010 €
Cash flow from operating activities:			
Profit for the financial year	21	22,043,276.66	6,222,037.49
Adjustments:			
Business transactions not involving a payment transaction	31	75,735,593.41	115,810,485.26
Interest and other finance costs		31,456,287.80	22,012,788.21
Interest income		-7,233,286.64	-7,713,629.23
Dividend income		-211,808.18	-60,715.05
Taxes		7,715,876.02	2,206,584.38
Changes in working capital:			
Change in trade receivables and other receivables		2,630,494.62	-6,984,934.21
Change in inventories		-605,625.97	-685,809.33
Change in trade payables and other liabilities		-14,230,928.03	3,086,305.82
Change in provisions		-1,500.00	-22,500.00
Interests paid		-24,250,843.24	-23,219,684.77
Interests received		2,898,710.93	5,835,751.33
Taxes paid	11	-2,343,505.78	-1,761,915.96
Net cash flow from operating activities		93,602,741.60	114,724,763.94
Cash flow from investing activities:			
Purchase of tangible assets	14	-221,489,627.11	-138,106,461.73
Purchase of intangible assets	13	-21,235,186.68	-4,563,487.45
Investments in other assets	15	-221,767.52	-23,685.92
Proceeds from sale of tangible assets	14	50,000.00	903,900.00
Dividends received	9	211,808.18	60,715.05
Contributions received		142,500.00	15,000,000.00
Net cash flow from investing activities		-242,542,273.13	-126,729,020.05
Cash flow from financing activities:			
Withdrawal of short-term loans		620,754,894.13	474,878,862.04
Repayment of short-term loans		-507,247,826.61	-601,994,983.73
Withdrawal of long-term loans		129,183,417.22	256,519,369.47
Repayment of long-term loans		-105,527,907.73	-92,730,348.73
Dividends paid	21	-6,710,698.27	-6,724,119.67
Net cash flow from financing activities		130,451,878.74	29,948,779.38
Net change in cash and cash equivalents		-18,487,652.79	17,944,523.27
Cash and cash equivalents 1 Jan		221,247,811.34	203,303,288.07
Cash and cash equivalents 31 Dec	20	202,760,158.55	221,247,811.34

Notes are an integral part of the financial statements.

21 February 2012

NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY

1. ACCOUNTING PRINCIPLES

Fingrid Oyj's financial statements have been drawn up in accordance with Finnish Accounting Standards (FAS). The items in the financial statements are valued at original acquisition cost.

Foreign currency transactions

Commercial flows and financial items denominated in foreign currencies are booked at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction value date. Interest-bearing liabilities and assets and the derivatives hedging these items are valued at the mid-rate quoted by ECB at the closing day. Realised foreign exchange gains and losses of interest-bearing liabilities and assets and of the related derivatives are booked under finance income and costs at maturity. The realised foreign exchange rate differences of derivatives hedging commercial flows adjust the corresponding item in the income statement.

Interest rate and currency derivatives

In accordance with the financial policy, interest rate and cross-currency swaps, foreign exchange forwards and interest rate options are used for hedging Fingrid's interest and foreign exchange exposure of balance sheet items, interest flows and commercial flows. The accounting principles for derivatives are the same as for the underlying items. The interest flow of interest rate and cross-currency swaps and interest rate options is accrued and booked under interest income and expenses. The interest portion of forward foreign exchange contracts hedging the interest-bearing liabilities and assets is accrued over their maturity and booked under finance income and costs. Up-front paid or received premiums for interest rate options are accrued over the hedging period.

Electricity derivatives

Fingrid hedges the loss energy purchases by using bilateral contracts and electricity exchange products, such as forwards, futures and options. The price differentials arising from these contracts are booked at maturity adjusting the loss energy purchases in the income statement. Up-front paid or received premiums for options are accrued over the hedging period.

Research and development expenses

Research and development expenses are entered as annual expenses.

Valuation of fixed assets

Fixed assets are capitalised under immediate acquisition cost. Planned straight-line depreciation on the acquisition price is calculated on the basis of the economic lives of fixed assets. Depreciation on fixed assets taken into use during the financial year is calculated asset-specifically from the month of introduction.

The depreciation periods are as follows:

Goodwill	20 years
Other non-current expenses	
Rights of use to line areas	30-40 years
Other rights of use according to economic lives, maximum	10 years
Computer systems	3 years
Buildings and structures	
Substation buildings and separate buildings	40 years
Substation structures	30 years
Buildings and structures at gas turbine power plants	20-40 years
Separate structures	15 years
Transmission lines	
Transmission lines 400 kV	40 years
Direct current lines	40 years
Transmission lines 110-220 kV	30 years
Creosote-impregnated towers and related disposal expenses*	30 years
Aluminium towers of transmission lines (400 kV)	10 years
Optical ground wires	10-20 years
Machinery and equipment	
Substation machinery	10-30 years
Gas turbine power plants	20 years
Other machinery and equipment	3-5 years

* The disposal expenses are discounted at present value and added to the value of fixed assets and booked under provisions for liabilities and charges.

Goodwill is depreciated over a 20-year period, since power transmission operation is a long-term business in which income is accrued over several decades.

21 February 2012

Emission rights

Emission rights are treated in accordance with the net procedure in conformance with statement 1767/2005 of the Finnish Accounting Board.

Valuation of inventories

Inventories are entered according to the FIFO principle at the acquisition cost, or at the lower of replacement cost or probable market price.

Cash in hand, bank receivables and financial securities

Cash in hand and bank receivables include cash assets and bank balances. Financial securities include certificates of deposit, commercial papers, treasury bills and investments in short-term money-market funds. Quoted securities and comparable assets are valued at the lower of original acquisition cost or probable market price.

Interest-bearing liabilities

Fingrid's non-current interest-bearing liabilities consist of loans from financial institutions and bonds issued under the international and domestic Debt Issuance Programmes. The current interest-bearing liabilities consist of commercial papers issued under the domestic and international programmes and of the current portion of noncurrent debt and bonds maturing within a year. The outstanding notes under the programmes are denominated in euros and foreign currencies. Fingrid has both fixed and floating rate debt and debt with interest rate structures. The interest is accrued over the maturity of the debt. The differential of a bond issued over or under par value is accrued over the life of the bond. The arrangement fees of the revolving credit facilities are as a rule immediately entered as expenses and the commitment fees are accrued over the maturity of the facility.

Financial risk management

The principles applied to the management of financial risks are presented in the notes of the Group under item 34.

Income taxes

The taxes include the accrued tax corresponding to the profit of the financial year as well as adjustments of taxes for previous financial years.

Deferred taxes

Deferred tax assets and liabilities are not recorded in the profit and loss statement or balance sheet. Information concerning these is presented in the notes.

2. REVENUE BY BUSINESS AREAS

The business of Fingrid Oyj comprises entirely transmission grid business with system responsibility. Because of this there is no division of revenue into separate business areas.

REVENUE, 1, 000 €	2011	2010
Grid service revenue	210,207	211,464
Sale of imbalance power	145,861	159,812
Cross-border transmission	22,399	23,865
ITC income	22,181	19,298
Peak load capacity	2,510	13,962
Estlink congestion income	9,632	9,465
Nordic congestion income	15,765	9,045
Service fee for feed-in tariff		225
Income from peak load capacity services	85	
Other operating revenue	5,188	8,520
Total	433,830	455,655

3. OTHER OPERATING INCOME, 1,000 €

	2011	2010
Rental income	1,740	1,632
Contributions received	205	138
Other income	1,031	5,207
Total	2,976	6,978

4. MATERIALS AND SERVICES, 1,000 €

	2011	2010
Purchases during the financial year	162,748	177,788
Loss energy purchases	62,590	65,212
Change in inventories, increase (-) or decrease (+)	-606	-686

21 February 2012

Materials and supplies	224,732	242,314
Grid service charges	53	49
Other external services	12,142	10,571
Services	12,195	10,620
Total	236,928	252,935

5. STAFF EXPENDITURE, 1,000 €	2011	2010
Salaries and bonuses	17,213	17,177
Pension expenses	2,356	2,435
Other additional personnel expenses	765	773
Total	20,334	20,385

Salaries and bonuses of the members of the Board of Directors and President	436	385
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Helena Walldén, Chairman (since 3.5.2011)	24	
Arto Lepistö, Vice Chairman (since 3.5.2011, Board member 23.3. 2006-)	23	19
Elina Engman, Member of the Board (since 3.5.2011)	11	
Timo Kärkkäinen, Member of the Board (since 3.5.2011)	13	
Esko Raunio, Member of the Board (since 3.5.2011)	10	
Antti Riivari, Deputy Member of the Board (since 3.5.2011)	4	
Timo Ritonummi, Deputy Member of the Board (Board member 3.5.2001-)	5	5
Marja Hanski, Deputy Member of the Board (since 3.5.2011)	4	
Mikko Räsänen, Deputy Member of the Board (since 3.5.2011)	4	
Jari Eklund, Deputy Member of the Board (since 3.5.2011)	4	
Jarmo Väisänen, Member of the Board (3-13.5.2011)	0	
Jarmo Kilpelä, Member of the Board (3-13.5.2011)	0	
Ilpo Nuutinen, Deputy Member of the Board (3-13.5. 2011)	0	
Petri Vihervuori, Deputy Member of the Board (3-13.5. 2011)	0	
Lauri Virkkunen, Chairman (1.7.2010-3.5.2011)	8	11
Timo Karttinen, First Deputy Chairman (until 3.5. 2011)	7	17
Risto Autio, Member of the Board (until 3.5.2011)	4	13
Ari Koponen, Member of the Board (until 3.5.2011)	4	12
Ritva Nirkkonen, Member of the Board (until 3.5.2011)	4	13
Anja Silvennoinen, Member of the Board (until 3.5.2011)	4	12
Jorma Tammenaho, Deputy Member of the Board (until 3.5.2011)	2	5
Jussi Hintikka, Deputy Member of the Board (until 31.12.2010)		5
Pekka Kettunen, Deputy Member of the Board (until 3.5.2011)	2	5
Kari Koivuranta, Deputy Member of the Board (until 3.5.2011)	2	5
Jukka Mikkonen, Deputy Member of the Board (until 3.5. 2011)	2	5
Juha Laaksonen, Deputy Member of the Board (until 3.5.2011)	2	5
Timo Rajala, Chairman (until 30.6.2010)		9
Minna Korkea-oja, Deputy Member of the Board (1.1.- 3.5.2011)	2	
Jukka Ruusunen, President and CEO	293	241

Number of salaried employees in the company during the financial year:

Personnel, average	263	260
Personnel, 31 Dec	266	263

21 February 2012

6. DEPRECIATION ACCORDING TO PLAN, 1,000 €	2011	2010
Goodwill	6,433	6,433
Other noncurrent expenses	6,733	6,409
Buildings and structures	4,050	3,667
Machinery and equipment	32,405	32,537
Transmission lines	27,827	27,289
Total*	77,449	76,335
*Depreciation on the electricity grid (notes 13 and 14)	63,821	63,275

7. OTHER OPERATING EXPENSES, 1,000 €	2011	2010
Contracts, assignments etc. undertaken externally	31,808	32,606
Grid rents	9,603	9,860
Other rental expenses	1,935	1,684
Other expenses	6,796	6,243
Total	50,142	50,393

8. AUDITORS FEES, 1,000 €	2011	2010
Auditing fee	32	42
Other fees	6	46
Total	38	88

9. FINANCE INCOME AND COSTS, 1,000 €	2011	2010
Dividend income from Group companies	-1	-56
Dividend income from others	-212	-4
Interest and other finance income from Group companies		
Interest and other finance income from others	-7,233	-7,714
	-7,446	-7,774
Interest and other finance costs to Group companies	7	2
Interest and other finance costs to others	31,449	22,010
	31,456	22,013
Total	24,011	14,238

10. PROVISIONS, 1,000 €	2011	2010
Difference between depreciation according to plan and depreciation carried out in taxation	-1,817	39,919

11. INCOME TAXES, 1,000 €	2011	2010
Income taxes for the financial year	7,716	2,207
Total	7,716	2,207

Deferred tax assets and liabilities, 1,000 €		
Deferred tax assets		
On temporary differences	493	494
	493	494
Deferred tax liabilities		
On temporary differences	404	422
On provisions	106,463	113,453

21 February 2012

	106,867	113,875
Total	106,373	113,382
<hr/>		
12. GOODWILL, 1,000 €	2011	2010
<hr/>		
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	128,664	128,664
Accumulated depreciation according to plan 1 Jan	-85,776	-79,343
Depreciation according to plan 1 Jan - 31 Dec	-6,433	-6,433
Carrying amount 31 Dec	36,455	42,888
<hr/>		
Accumulated depreciation difference 1 Jan	-42,888	-49,321
Increase in depreciation difference reserve 1 Jan - 31 Dec		
Decrease in depreciation difference reserve 1 Jan - 31 Dec	6,433	6,433
Accumulated depreciation in excess of plan 31 Dec	-36,455	-42,888
<hr/>		
13. OTHER NON-CURRENT EXPENSES, 1,000 €	2011	2010
<hr/>		
Cost at 1 Jan	141,001	136,473
Increases 1 Jan - 31 Dec	21,235	4,622
Decreases 1 Jan - 31 Dec		-95
Cost at 31 Dec	162,236	141,001
Accumulated depreciation according to plan 1 Jan	-67,171	-60,798
Decreases, depreciation according to plan 1 Jan - 31 Dec		36
Depreciation according to plan 1 Jan - 31 Dec	-6,733	-6,409
Carrying amount 31 Dec*	88,332	73,829
<hr/>		
Accumulated depreciation difference 1 Jan	-59,326	-61,766
Increase in depreciation difference reserve 1 Jan - 31 Dec	-5,542	-4,433
Decrease in depreciation difference reserve 1 Jan - 31 Dec	6,733	6,873
Accumulated depreciation in excess of plan 31 Dec	-58,135	-59,326
<hr/>		
*Net capital expenditure in electricity grid, 1,000 €	2011	2010
<hr/>		
Carrying amount 31 Dec	86,763	72 067
Carrying amount 1 Jan	-72,067	-73 747
Depreciation according to plan 1 Jan - 31 Dec	5,887	5,811
Decreases 1 Jan - 31 Dec		59
Total	20,583	4,189
<hr/>		
14. TANGIBLE ASSETS, 1,000 €	2011	2010
<hr/>		
Land and water areas		
Cost at 1 Jan	13,509	11,410
Increases 1 Jan - 31 Dec	162	2,098
Cost at 31 Dec	13,671	13,509
<hr/>		
Buildings and structures		
Cost at 1 Jan	105,946	96,164
Increases 1 Jan - 31 Dec	19,432	9,783
Decreases 1 Jan - 31 Dec	-43	0
Cost at 31 Dec	125,336	105,946
Accumulated depreciation according to plan 1 Jan	-23,004	-19,337
Decreases, depreciation according to plan 1 Jan - 31 Dec	17	
Depreciation according to plan 1 Jan - 31 Dec	-4,050	-3,667
Carrying amount 31 Dec	98,298	82,942
<hr/>		
Accumulated depreciation difference 1 Jan	-9,614	-9,577
Increase in depreciation difference reserve 1 Jan - 31 Dec	-4,373	-3,704
Decrease in depreciation difference reserve 1 Jan - 31 Dec	4,062	3,667
Accumulated depreciation in excess of plan 31 Dec	-9 925	-9,614

21 February 2012

Machinery and equipment

Cost at 1 Jan	664,281	640,486
Increases 1 Jan - 31 Dec	79,755	23,799
Decreases 1 Jan - 31 Dec	-255	-4
Cost at 31 Dec	743,781	664,281
Accumulated depreciation according to plan 1 Jan	-263,013	-230,476
Decreases, depreciation according to plan 1 Jan - 31 Dec	127	0
Depreciation according to plan 1 Jan - 31 Dec	-32,405	-32,537
Carrying amount 31 Dec	448,491	401,268

Accumulated depreciation difference 1 Jan	-104,170	-89,485
Increase in depreciation difference reserve 1 Jan - 31 Dec	-29,028	-47,222
Decrease in depreciation difference reserve 1 Jan - 31 Dec	32,509	32,537
Accumulated depreciation in excess of plan 31 Dec	-100,690	-104,170

Transmission lines

Cost at 1 Jan	896,062	869,600
Increases 1 Jan - 31 Dec	92,271	27,130
Decreases 1 Jan - 31 Dec		-668
Cost at 31 Dec	988,334	896,062
Accumulated depreciation according to plan 1 Jan	-288,967	-261,908
Decreases, depreciation according to plan 1 Jan - 31 Dec		230
Depreciation according to plan 1 Jan - 31 Dec	-27,827	27,289
Carrying amount 31 Dec	671,540	607,095

Accumulated depreciation difference 1 Jan	-220,360	-186,290
Increase in depreciation difference reserve 1 Jan - 31 Dec	-36,804	-61,472
Decrease in depreciation difference reserve 1 Jan - 31 Dec	27,827	27,402
Accumulated depreciation in excess of plan 31 Dec	-229,337	-220,360

Other tangible assets

Cost at 1 Jan	118	118
Cost at 31 Dec	118	118

Advance payments and purchases in progress

Cost at 1 Jan	142,767	69,384
Increases 1 Jan - 31 Dec	224,097	127,274
Decreases 1 Jan - 31 Dec	-204,546	-53,890
Cost at 31 Dec	162,318	142,767

Total*	1,394,435	1,247,700
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* Net capital expenditure in electricity grid, 1,000 €	2011	2010
Carrying amount 31 Dec	1,228,861	1,144,803
Carrying amount 1 Jan	-1,144,803	-1,098,811
Depreciation according to plan 1 Jan - 31 Dec	57,935	57,464
Decreases 1 Jan - 31 Dec	154	442
Total	142,147	103,898

15. INVESTMENTS, 1,000 €**Equity investments in Group companies**

Cost at 1 Jan	505	505
Cost at 31 Dec	505	505

Equity investments in associated companies

Cost at 1 Jan	6,641	6,641
Cost at 31 Dec	6,641	6,641

Other shares and equity investments

21 February 2012

Cost at 1 Jan	913	850
Increases 1 Jan - 31 Dec	222	66
Decreases 1 Jan - 31 Dec		-3
Cost at 31 Dec	1,135	913
Total	8,281	8,059

16. INVENTORIES, 1,000 €	2011	2010
Materials and supplies	6,642	5,542
Work in progress	65	559
Total	6,706	6,101

17. RECEIVABLES FROM ASSOCIATED COMPANIES, 1,000 €	2011	2010
Current:		
Trade receivables	708	3,219
Total	708	3,219

18. PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2011	2010
Interests and other financial items	21,650	24,043
Accruals of sales and purchases	5,502	4,267
Other	203	205
Total	27,355	28,515

19. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2011	2010
Par value differentials	2,167	2,588

20. CASH AND CASH EQUIVALENTS, 1,000 €	2011	2010
Certificates of deposit	99,206	99,484
Commercial papers	102,100	117,984
	201,306	217,468
Cash in hand and bank receivables	152	1 111
Pledged accounts	1,302	2,669
	1,454	3,780
Total	202,760	221,248

21. SHAREHOLDERS' EQUITY, 1,000 €	2011	2010
Share capital 1 Jan	55,922	55,922
Share capital 31 Dec	55,922	55,922
Share premium account 1 Jan	55,922	55,922
Share premium account 31 Dec	55,922	55,922
Profit from previous financial years 1 Jan	7,209	7,711
Dividend distribution	-6,711	-6,724
Profit from previous financial years 31 Dec	498	987
Profit for the financial year	22,043	6,222

21 February 2012

Shareholders' equity 31 Dec	134,386	119,054
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Distributable shareholders' equity	22,541	7,209
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Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2011	2,078	1,247	3,325
31 Dec 2011	2,078	1,247	3,325

Series A shares confer three votes each at a shareholders' meeting and series B shares one vote each. When electing members of the Board of Directors, series A share confers 10 votes each at a shareholders' meeting and each series B share one vote each.

Series B shares have the right before series A shares to obtain the annual dividend specified below from the funds available for profit distribution. After this, a corresponding dividend is distributed to series A shares. If the annual dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available for profit distribution in the subsequent years; however so that series B shares have the right over series A shares to receive the annual dividend and the undistributed amount. Series B shares have no right to receive any other dividend.

The shareholders' meeting decides on the annual dividend.

The determination of the dividend: the amount of the annual dividend is calculated on the basis of calendar years so that the subscription price of a share, added by amounts paid in conjunction with potential increases of share capital and reduced by potential amounts paid in refunds of equity, is multiplied by the dividend percentage; however so that the minimum dividend is 6%. The dividend percentage is defined on the basis of the yield of the 30-year German Government Bond.

The dividend proposal for series B shares for 2011 is 6.0 per cent.

There are no minority interests.

22. ACCUMULATED PROVISIONS, 1,000 €	2011	2010
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Accumulated depreciation in excess of plan, the difference between depreciation according to plan and depreciation carried out in taxation	434,542	436,359
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23. BONDS, 1,000 €	2010	2010
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International:		Maturity date	Interest		
EUR	10,000	16.03.2011	3.625 %		10,000
EUR	25,000	23.03.2011	variable interest		25,000
EUR	15,000	24.03.2011	variable interest		15,000
EUR	20,000	07.04.2011	variable interest		20,000
EUR	25,000	16.03.2012	variable interest	25,000	25,000
EUR	25,000	12.04.2012	variable interest	25,000	25,000
EUR	10,000	16.04.2013	variable interest	10,000	10,000
EUR	20,000	28.04.2013	variable interest	20,000	20,000
EUR	20,000	15.10.2013	4.30 %	20,000	20,000
EUR	24,000	02.07.2014	variable interest	24,000	24,000
EUR	18,000	11.11.2014	variable interest	18,000	18,000
EUR	8,000	11.11.2014	variable interest	8,000	8,000
EUR	10,000	20.11.2014	3.26 %	10,000	10,000
EUR	20,000	11.04.2017	variable interest	20,000	20,000
EUR	25,000	11.04.2017	variable interest	25,000	25,000
EUR	30,000	15.06.2017	3.07 %	30,000	30,000
				235,000	305,000
FIM	160,000	19.08.2013	5.20 %	26,910	26,910
				26,910	26,910
JPY	3,000,000	05.07.2011	1.31 % *		28,200
JPY	3,000,000	25.07.2012	1.3575 % **	25,400	25,400

21 February 2012

JPY	3,000,000	20.04.2015	1.45 %	21,563	21,563
JPY	500,000	22.06.2017	1.28 %	4,507	4,507
				51,470	79,670
RIVIT POIS					
CHF	39,000	22.05.2012	2.475 %	25,000	25,000
				25,000	25,000
NOK	170,000	19.11.2014	4.68 %	20,166	20,166
NOK	200,000	17.10.2016	5.15 %	24,620	24,620
NOK	200,000	11.04.2017	5.16 %	24,620	24,620
NOK	200,000	10.11.2017	5.12 %	23,725	23,725
NOK	200,000	12.11.2019	5.37 %	23,725	23,725
				116,856	116,856
SEK	225,000	03.04.2012	variable interest	24,194	24,194
SEK	225,000	11.04.2012	variable interest	24,142	24,142
SEK	100,000	21.03.2013	variable interest	10,560	10,560
SEK	200,000	03.04.2013	3.70 %	21,305	21,305
SEK	175,000	04.04.2014	4.30 %	18,811	18,811
SEK	300,000	15.06.2015	3.195 %	31,168	31,168
SEK	100,000	17.06.2015	3.10 %	10,417	10,417
			interest rate		
SEK	220,000	01.12.2015	structure	24,336	24,336
SEK	100,000	15.01.2016	3.297 %	10,390	10,390
SEK	500,000	18.10.2016	variable interest	54,900	
SEK	500,000	18.10.2016	3.50 %	54,900	
				285,122	175,321
Bonds, long-term total				591,622	630,557
Bonds, short-term total				148,736	98,200
Total				740,358	728,757

*call option not exercised 5 July 2004

**call option not exercised 25 July 2006

24. LOANS FALLING DUE FOR PAYMENT IN FIVE YEARS OR MORE, 1,000 €

	2011	2010
Bonds	151,577	186,586
Loans from financial institutions	172,866	173,576
Total	324,443	360,162

25. LIABILITIES TO GROUP COMPANIES, 1,000 €

	2011	2010
Current:		
Other debts	460	586
Total	460	586

26. LIABILITIES TO ASSOCIATED COMPANIES, 1,000 €

	2011	2010
Current:		
Trade payables	120	324
Total	120	324

21 February 2012

27. OTHER LIABILITIES, 1,000 €	2011	2010
Current:		
Other loans / Commercial papers (international and domestic)	207,405	94,559
Value added tax	2,481	3,051
Electricity tax	1,507	616
Other debts	485	598
Total	211,879	98,824

28. ACCRUALS, 1,000 €	2011	2010
Current:		
Interests and other financial items	13,136	12,658
Salaries and additional personnel expenses	3,351	4,409
Accruals of sales and purchases	11,517	22,032
Total	28,005	39,100

29. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €	2011	2010
Creosote-impregnated and CCA-impregnated wooden towers, disposal expenses	1,897	1,898
Total	1,897	1,898

30. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €	2011	2010
Rental liabilities		
Liabilities for the next year	1,999	2,038
Liabilities for subsequent years	24,096	25,667
	26,095	27,706
Pledges		
Pledge covering property lease agreements	47	46
Pledged account in favour of the Customs Office	150	150
Pledged account covering electricity exchange purchases	127	1,878
	323	2,074
Other financial commitments		
Counterguarantee in favour of an associated company	1,700	1,700
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	401	120
Commitment fee for subsequent years	1,584	89
	3,685	1,908

31. OPERATING CASH FLOW ADJUSTMENTS, 1,000 €	2011	2010
Business transactions not involving a payment transaction		
Depreciation	77,449	76,335
Increase or decrease in accumulated depreciation difference	-1,817	39,919
Capital gains/losses (-/+) on tangible and intangible assets	104	-404
Other		-39
Total	75,736	115,810

32. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

There are no ongoing legal proceedings or proceedings by authorities that would have a material impact on the business of the company. In relation to transmission line projects there are many times complaints made to different instances of justice. According to the management of the company there are no ongoing legal proceedings or other such legal proceedings relating to other areas, which final outcome would have a material impact on the financial position of the Group. In December 2008 the Market Court reached a decision concerning Fingrid's appeal to the Energy Market Authority's decision 13 December 2007 "Determination of the methodology for the assessment of the return of the grid owners' grid operations transmission services

21 February 2012

pricing for the review period starting on 1 January 2008 and ending on 31 December 2011". The Market Court partly changed the Energy Market Authority's decision according to Fingrid's appeal. The Energy Market Authority in turn appealed the decision to the Supreme Administrative Court. The Supreme Administrative Court partly approved the Energy Market Authority's appeal.

Fingrid has lodged an appeal with the Market Court against a decision issued by the Energy Market Authority on 23 November 2011 (record number 831/430/2011), concerning the confirmation of the methodology for the assessment of the return of the grid owner's grid operations and of the fees levied for the transmission service for the review period starting on 1 January 2012 and finishing on 31 December 2015.

33. SEPARATION OF BUSINESSES IN ACCORDANCE WITH THE ELECTRICITY MARKET ACT

Imbalance power and regulating power

Each electricity market party must ensure that its electricity balance is in balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to balance the hourly power balance of an electricity market party (balance provider). Imbalance power trade and pricing of imbalance power are based on a balance service agreement with equal and public terms and conditions.

Fingrid is responsible for the continuous power balance in Finland by buying and selling regulating power in Finland. The balance providers can participate in the Nordic balancing power market by submitting bids of their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

Management of balance operation

In accordance with a decision by the Energy Market Authority, Fingrid Oyj shall separate the duties pertaining to national power balance operation from the other businesses by virtue of Chapter 7 of the Electricity Market Act.

The profit and loss account of the balance operation unit is separated by means of cost accounting as follows:

Income	direct
Separate costs	direct
Production costs	matching principle
Administrative costs	matching principle
Depreciation	matching principle in accordance with Fingrid Oyj's depreciation principles
Finance income and costs	on the basis of imputed debt
Income taxes	based on result

The average number of personnel during 2011 was 16 (16). The operating profit was -1.5 (1.8) per cent of turnover.

MANAGEMENT OF BALANCE OPERATION, SEPARATED PROFIT AND LOSS ACCOUNT	1 Jan - 31 Dec 2011 1,000 €	1 Jan - 31 Dec 2010 1,000 €
TURNOVER*	154,927	167,073
Other operating income	12	
Materials and services*	-153,735	-160,913
Staff expenditure	-1,388	-1,202
Depreciation and amortisation expense	-733	-943
Other operating expenses	-1,477	-1,000
OPERATING PROFIT	-2,393	3,015
PROFIT BEFORE PROVISIONS AND TAXES	-2,393	3,015
Provisions	43	173
Income taxes		-829
PROFIT FOR THE FINANCIAL YEAR	-2 350	2,359

*Turnover includes 8.5 (6.5) million euros of sales of imbalance power to balance provider Fingrid Oyj, and Materials and services includes 8.0 (6.8) million euros of its purchases.

21 February 2012

MANAGEMENT OF BALANCE OPERATION, SEPARATED BALANCE SHEET

ASSETS	31 Dec 2011	31 Dec 2010
	1,000 €	1,000 €
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	232	630
Tangible assets		
Machinery and equipment	463	673
	463	673
TOTAL NON-CURRENT ASSETS	695	1,303
CURRENT ASSETS		
Current receivables		
Trade receivables	8,654	4,480
Receivables from Group companies	4,307	
Other receivables	770	7,958
	13,731	12,438
Cash in hand and bank receivables	1	1
TOTAL CURRENT ASSETS	13,732	12,439
TOTAL ASSETS	14,427	13,741
SHAREHOLDERS' EQUITY AND LIABILITIES		
	31 Dec 2011	31 Dec 2010
	1,000 €	1,000 €
SHAREHOLDERS' EQUITY		
Share capital	32	32
Share premium account	286	286
Profit from previous financial years	13,697	11,338
Profit for the financial year	-2,350	2,359
TOTAL SHAREHOLDERS' EQUITY	11,665	14,015
ACCUMULATED PROVISIONS	-506	-463
LIABILITIES		
Current liabilities		
Liabilities to Group companies	3,268	
Other liabilities		190
	3,268	190
TOTAL LIABILITIES	3,268	190
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14,427	13,741

Transmission system operation

Transmission system operation is deemed to cover the entire business of Fingrid Oyj, including system responsibility, which in turn includes balance operation.

Therefore, Fingrid Oyj's financial statements represent the financial statements of transmission system operation.

21 February 2012

34. KEY INDICATORS OF TRANSMISSION SYSTEM OPERATION

	2011	2010
Return on investment (ROI) in transmission system operation, %	3.8	4.8

Return on investment, % = $\frac{\text{profit before extraordinary items} + \text{interest and other finance costs} + \text{interest portions of leasing fees and rents of electricity grid}}{\text{balance sheet total} - \text{non-interest-bearing liabilities} + \text{leasing and rent liabilities related to electricity grid (average for the year)}} \times 100$

35. EMISSION RIGHTS

Fingrid was granted emission rights totaling 126.3 thousand tonnes for the years 2008 - 2012, of which Olkiluoto power station was granted a share of 112.3 thousand tonnes. As a rule, the emission rights held by Fingrid at 31 December correspond at least to the annual CO₂ emissions.

	2011 tCO ₂	2010 tCO ₂
Emission rights received free of charge	25,261	25,261
Emission volumes, Olkiluoto	526	674
Emission volumes, other power plants total	1,908	2,218
Sales of emission rights		9,000

21 February 2012

3. Signatures for the annual review and for the financial statements

Helsinki, 16 February 2012

Helena Walldén
ChairmanArto Lepistö
1st Deputy Chairman

Elina Engman

Timo Kärkkäinen

Esko Raunio

Jukka Ruusunen
President & CEO**Auditor's notation**

The financial statements for the financial year 2011 have been prepared in accordance with Generally Accepted Accounting Principles. A report on the audit carried out has been submitted today.

Helsinki, 17 February 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Tuomala, Authorised Public Accountant