

FINGRID OYJ
 www.fingrid.fi

27.8.2010, at 12.00 EET

FINGRID GROUP'S INTERIM REPORT 1 JANUARY - 30 JUNE 2010
Review of operations
Power system operation

From April to June, 19.5 terawatt hours of electricity (17.6 TWh in the corresponding period in 2009) was consumed in Finland. A total of 15.6 TWh of electricity was transmitted in Fingrid's grid during the same period, representing 80 per cent of the electricity consumption in Finland. Between January and June, the electricity consumption in Finland totalled 44.6 TWh (41.1 TWh), up by 8.4 per cent on the corresponding period in 2009.

Until mid-May, a clear majority of the electricity transmissions between Finland and Sweden consisted of exports from Finland. Between April and June, 0.2 TWh of electricity was imported from Sweden to Finland (0.6 TWh), and 1.6 TWh (0.9 TWh) was exported from Finland to Sweden. Between January and June, 0.6 TWh of electricity was imported from Sweden to Finland (1.0 TWh), and 3.6 TWh (2.4 TWh) was exported from Finland to Sweden.

Electricity transmissions between Finland and Estonia were dominated by imports to Finland in the early part of the year. From mid-May, the transmissions at night time and during weekends were mostly exports to Estonia. Between April and June, 0.5 TWh (0.3 TWh) of electricity was imported to Finland from Estonia. A total of 1.2 TWh (0.9 TWh) of electricity was imported to Finland from Estonia from January to June.

The full cross-border transmission capacity from Russia was in use during the review period. Maintenance work at the North West Power Plant in Russia restricted the import capacity to Finland in April. Between April and June, electricity imports to Finland from Russia were 2.9 TWh (3 TWh), and between January and June the imports from Russia were 6.0 TWh (6.1 TWh).

There were slightly more disturbances in the transmission grid in the early part of the year than in the previous years. However, there were no serious disturbances during the review period.

Power system operation	1-6/10	1-6/09	4-6/10	4-6/09
Electricity consumption in Finland TWh	44.6	41.1	19.5	17.6
Fingrid's transmission volume TWh	35.2	31.7	15.6	14.2
Fingrid's loss energy volume TWh	0.6	0.5	0.2	0.2

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Electricity transmissions
Finland-Sweden

exports to Sweden TWh	3.6	2.4	1.6	0.9
imports from Sweden TWh	0.6	1.0	0.2	0.6

Electricity transmissions
Finland-Estonia

exports to Estonia TWh	0	0	0	0.1
imports from Estonia TWh	1.2	0.9	0.5	0.3

Electricity transmissions
Finland-Russia

imports from Russia TWh	6.0	6.1	2.9	3
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Promotion of electricity market

The average price (system price) in Nord Pool's spot market between April and June 2010 was 44.87 euros per megawatt hour (34.03 €/MWh during the corresponding period in 2009), and the area price for Finland was 41.71 €/MWh (34.32 €/MWh). Between January and June, the average price in Nord Pool's spot market was 52.33 €/MWh (36.13 €/MWh), and the area price for Finland was 56.74 €/MWh (36.21 €/MWh).

In the first half of 2010, congestions in the transmission grid on the border between Finland and Sweden restricted electricity trade for 10.2 per cent of the time (5.9 per cent). It was necessary to restrict the transmissions in the early part of the year, because the transmission capacity was not sufficient to cover the extensive demand for exports from Finland to Sweden.

The congestion income on the border between Finland and Sweden, resulting from the transmission congestions, totalled 5.7 million euros (0.8 million euros) between January and June. The Nordic congestion income between January and June totalled 104.9 million euros (18.2 million euros). Most of the Nordic congestion income was created on the borders between the bidding areas of Southern Norway and Denmark.

Fingrid's counter trade costs between January and June were approx. 0.1 million euros (0.1 million euros).

The Estonian wholesale market for electricity was integrated with the Nordic electricity exchange at the beginning of April, and trading started off actively. Fingrid and its Estonian counterpart Elering rented approx. 250 megawatts of transmission capacity from the owners of the present Estlink connection for use by Nord Pool Spot. The total capacity of the link is 350 MW.

The market has primarily utilised the full transmission capacity made available to Elspot trading. Elering and Fingrid also decided to launch intraday trading between Estonia and Finland as of 3 May 2010.

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Electricity market	1-6/10	1-6/09	4-6/10	4-6/09
Nord Pool system price, average €/MWh	52.33	36.13	44.87	34.03
Area price Finland, average €/MWh	56.74	36.21	41.71	34.32
Congestion income in the Nordic countries million €	104.9	18.2	18.1	8.6
Congestion income between Finland and Sweden million €	5.7	0.5	0.8	0.07
Congestion hours between Finland and Sweden %	10.2	5.9	6.7	0.8
Fingrid's share of the congestion income in the Nordic countries million €	6.6	1.3	0.9	0.6

Capital expenditure and grid maintenance

The Group's gross capital expenditure between April and June was 40.4 million euros (37.2 million euros during the corresponding period in 2009). Gross capital expenditure between January and June totalled 63.7 million euros (53.5 million euros).

Fingrid's Board of Directors made a capital investment decision in May concerning the construction of the second direct current transmission link, EstLink 2, between Estonia and Finland. The capacity of the planned transmission link is 650 megawatts and the costs of the project total approx. 320 million euros. The submarine cable will be built in co-operation with the Estonian transmission system operator Elering. The execution of the project still requires that the positive trend continues in the Estonian electricity market opened in April.

The environmental impact assessment programme concerning the transmission line project between Forssa and Lieto was completed in May. The project covers the replacement of the existing 110 kilovolt transmission lines with 400 and 110 kilovolt lines. The contact authority, the Centre for Economic Development, Transport and the Environment in South-Western Finland, will announce the public display of the assessment programme. In the second stage of the environmental impact assessment procedure, the results of the assessment work are compiled into an assessment report, which is expected to be ready towards the end of 2010.

In June, Fingrid was awarded the PAS 55 certificate as the first enterprise in the Nordic countries. As a company specialised in the safety and risk management of companies, Lloyd's Register reviewed Fingrid's asset management operations in the spring. According to Lloyd's Register, Fingrid's performance exceeds the requirements determined in the specification.

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Financial result

The Group's revenue between April and June was 87 million euros (68 million euros). The sales of balance power were 31 million euros (19 million euros) and purchases of balance power 26 million euros (15 million euros). The IFRS profit/loss before taxes was 5 million euros (-3 million euros) between April and June.

The Group's revenue was 233 million euros (184 million euros) between January and June. The other operating income was 2.1 million euros (0.9 million euros).

Grid revenue grew from the previous year as a result of increased electricity consumption in the early part of 2010 and the 4.5 per cent raise in the grid tariff at the beginning of the year, to 112 million euros (98 million euros). Cross-border transmission income remained at the same level as in the previous year. Due to the high Nordic congestion income in the early part of the year, Fingrid's congestion income grew by approx. 5 million euros on the previous year. The sales of balance power were 79 million euros (48 million euros) and purchases 70 million euros (43 million euros).

The record-high transmission losses in the Finnish grid in the early part of 2010 together with the high area price of electricity for Finland raised Fingrid's loss energy costs by 9 million euros on the previous year. Both the maintenance management costs of the grid and the costs of the power system reserves were approx. 1 million euros higher than in 2009. Moreover, higher capital investments raised the amount of depreciation. Fingrid's portion of the European inter-TSO compensations decreased slightly. The costs of the peak load reserve system and of the feed-in tariff for peat remained at the same level as in 2009.

Revenue and other operating income	1-6/10	1-6/09	4-6/10	4-6/09
Grid service revenue	111.6	98.5	36.8	32.4
Sales of balance power	79.1	48.1	30.8	18.6
Cross-border transmission	12.3	12.5	6.0	6.2
Nordic congestion income	6.6	1.3	0.9	0.6
Peak load reserve	8.1	6.4	3.5	3.1
ITC income	9.6	14.1	6.9	6.3
Feed-in tariff for peat	0.4	0.2	0.3	0.1
Other revenue	5.0	2.5	2.4	1.0
Other operating income	2.1	0.9	1.5	0.5
Revenue and other income total	234.8	184.6	89.0	68.7
Costs	1-6/10	1-6/09	4-6/10	4-6/09
Purchase of balance power	70.0	43.3	25.9	15.4
Purchase of loss energy	34.7	25.3	12.0	10.3
Depreciation	33.3	32.4	16.7	17.1

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Reserves	10.8	9.8	5.7	5.0
Peak load reserve	6.5	6.8	3.1	3.1
Personnel	10.0	10.2	5.2	5.2
Maintenance management	9.1	7.7	5.4	4.5
ITC charges	4.4	8.5	2.3	4.2
Feed-in tariff for peat	0.4	0.1	0.2	0.0
Other costs	11.1	9.6	6.6	5.3
Costs total	190.4	153.6	83.1	70.0

The operating profit between January and June was 47 million euros (34 million euros), which contains 2 million euros (3 million euros) of positive change in the fair value of electricity derivatives. The profit before taxes was 40 million euros (26 million euros), and the total comprehensive income was 36 million euros (23 million euros). The equity ratio was 28.2 per cent (27.5 per cent) at the end of the review period.

The Group's income flow is characterised by seasonal fluctuations, which is why the financial result for the entire year cannot be directly estimated on the basis of the six-month result.

Financing

The financial position of the Group continued to be satisfactory. The company managed its long-term funding by issuing private placements totaling 86 million euros. The net financial costs of the Group between April and June were 1 million euros (3 million euros). The net financial costs of the Group also decreased between January and June to 7 million euros (9 million euros). Financial assets recognised at fair value in the income statement, and cash and cash equivalents amounted to 202 million euros (207 million euros) at 30 June 2010. The interest-bearing liabilities, including derivative liabilities, totalled 1030 million euros (953 million euros), of which 720 million euros (609 million euros) were long-term and 309 million euros (345 million euros) were short-term.

The counterparty risk involved in the derivative contracts relating to financing was 47 million euros (16 million euros). The counterparty risk primarily results from the company's long-term currency swaps, where the strengthening of the foreign currency with respect to the euro has raised the market value of currency swaps concluded with counterparties.

The company has an undrawn revolving credit facility of 250 million euros.

Personnel

The total personnel of the Fingrid Group averaged 260 (249) during the review period.

Auditing

The consolidated figures in this Interim Report are unaudited.

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Outlook for the remaining part of the year

The Commission of the European Union made a decision on 8 July 2010 concerning a subsidy of 100 million euros for the EstLink 2 transmission link between Finland and Estonia. The capacity of the new link costing a total of approx. 320 million euros is 650 megawatts, and it is due to be commissioned in early 2014. The subsidy is part of a broader recovery package of the EU, aiming to stimulate economic activity in the Union and also support the EU's strategic energy policy objectives.

The international rating agency Fitch Ratings downgraded Fingrid Oyj's long-term Issuer Default Rating (IDR) to 'A+'. Fitch Ratings issued Fingrid Oyj's senior unsecured debt the rating 'AA-'. Fingrid Oyj's short-term IDR was downgraded to 'F1'. The agency rated Fingrid Oyj's outlook to be negative.

The profit of the Fingrid Group for the entire year without the change in the fair value of derivatives is expected to improve from 2009.

Board of Directors

Appendices: Tables for the interim report 1 January - 30 June 2010

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Appendices: Tables for the Interim Report 1 January - 30 June 2010

Condensed consolidated statement of comprehensive income, million euros	2010	2009	Change	2010	2009	Change	2009
	Jan-Jun	Jan-Jun		Apr-Jun	Apr-Jun		Jan-Dec
Revenue	232.7	183.7	49.1	87.5	68.2	19.3	358.9
Other operating income	2.1	0.9	1.1	1.5	0.5	1.1	2.2
Depreciation and amortisation expense	-33.3	-32.4	-0.9	-16.7	-17.0	0.3	-64.6
Operating expenses	-154.7	-117.8	-36.9	-66.4	-52.0	-14.4	-245.8
Operating profit	46.8	34.4	12.4	5.9	-0.3	6.3	50.8
Finance income and costs	-7.3	-8.8	1.5	-1.4	-3.0	1.6	-17.8
Portion of profit of associated companies	0.2	0.2	-0.1	0.0	0.1	0.0	0.3
Profit before taxes	39.6	25.9	13.8	4.6	-3.2	7.8	33.2
Income taxes	-10.3	-6.7	-3.6	-1.2	0.8	-2.0	-8.6
Profit for the period	29.4	19.2	10.2	3.4	-2.4	5.8	24.7
Other comprehensive income							
Cash flow hedges	6.4	3.2	3.2	10.9	13.8	-2.9	11.8
Translation reserve	0.1	0.2	0.0	0.0	-0.1	0.1	0.5
Available-for-sale financial assets							0.0
Total comprehensive income for the year	35.9	22.6	13.3	14.3	11.3	3.0	36.9
Profit attributable to:							
Equity holders of the company	29.4	19.2	10.2	3.4	-2.4	5.8	24.7
Total comprehensive income attributable to:							
Equity holders of the company	35.9	22.6	13.3	14.3	11.3	3.0	36.9
Earnings per share (euros)* belonging to the owners of the parent company, calculated from profit	8 832	5 774	3 059	1 014	-718	1 732	7 417

* no dilution effect

Condensed consolidated balance sheet, million euros	2010	2009	Change	2009
	30 Jun	30 Jun		31 Dec
ASSETS				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	89.7	85.0	4.6	88.0
Property, plant and equipment	1 210.0	1 134.7	75.3	1 181.1
Investments	7.7	7.1	0.7	7.4
Receivables	48.0	18.8	29.2	18.5
Current assets				
Inventories	5.5	5.4	0.1	5.4
Receivables	42.7	32.8	9.9	56.3
Financial assets recognised in income statement at fair value	201.0	206.5	-5.5	199.8
Cash and cash equivalents	1.3	0.5	0.8	4.1
Total assets	1 693.9	1 578.9	115.1	1 648.6
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity belonging to the owners of the parent company				
Shareholders' equity	477.0	433.5	43.5	447.8
Non-current liabilities				
Non-current interest-bearing liabilities	720.4	608.6	111.8	685.4
Other non-current liabilities	144.2	147.9	-3.7	141.5
Current liabilities				
Current interest-bearing liabilities	309.1	344.6	-35.5	316.0
Trade and other payables	43.3	44.2	-0.9	57.9
Total shareholders' equity and liabilities	1 693.9	1 578.9	115.1	1 648.6

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Key indicators, million euros	2010	2009	2009
	Jan -Jun	Jan - Jun	Jan - Dec
Revenue	232.7	183.7	358.9
Capital expenditure, gross	63.7	53.5	135.6
- % of revenue	27.4	29.1	37.8
Research and development expenses	0.6	0.5	1.3
- % of revenue	0.3	0.3	0.4
Personnel, average	260	249	251
Operating profit	46.8	34.4	50.8
- % of revenue	20.1	18.7	14.1
Profit before taxes	39.6	25.9	33.2
- % of revenue	17.0	14.1	9.3
Interest bearing liabilities, net*	827.2	746.3	797.5
Equity ratio, %*	28.2	27.5	27.2
Shareholders' equity, million euros*	477.0	433.5	447.8
Equity per share, euros*	143 450	130 370	134 676
Earnings per share, euros*	8 832	5 774	7 417

* end of period

Consolidated statement of changes in total equity, million euros						
Attributable to equity holders of the parent company	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total equity
Capital and reserves 1 Jan 2009	55.9	55.9	-23.2	-0.4	329.3	417.6
Comprehensive income						
Profit or loss					19.2	19.2
Other comprehensive income						
Cash flow hedges			3.2			3.2
Translation reserve				0.2		0.2
Total other comprehensive income			3.2	0.2		3.4
Total comprehensive income			3.2	0.2	19.2	22.6
Transactions with owners						
Dividends relating to 2008					-6.7	-6.7
Capital and reserves 30 Jun 2009	55.9	55.9	-20.0	-0.2	341.8	433.5
Comprehensive income						
Profit or loss					5.5	5.5
Other comprehensive income						
Cash flow hedges			8.6			8.6
Translation reserve				0.3		0.3
Available-for-sale financial assets			0.0			0.0
Total other comprehensive income			8.6	0.3		8.9
Total comprehensive income			8.6	0.3	5.5	14.3
Capital and reserves 1 Jan 2010	55.9	55.9	-11.4	0.1	347.3	447.8
Comprehensive income						
Profit or loss					29.4	29.4
Other comprehensive income						
Cash flow hedges			6.4			6.4
Translation reserve				0.1		0.1
Total other comprehensive income			6.4	0.1		6.5
Total comprehensive income			6.4	0.1	29.4	35.9
Transactions with owners						
Dividends relating to 2009					-6.7	-6.7
Capital and reserves 30 Jun 2010	55.9	55.9	-5.0	0.2	369.9	477.0

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Condensed consolidated cash flow statement, million euros	2010	2009	2009
	Jan-Jun	Jan-Jun	Jan-Dec
Cash flow from operating activities			
Profit for the financial year	29.4	19.2	24.7
Adjustments	47.9	44.4	89.2
Changes in working capital	3.7	7.2	-5.5
Impact of changes in fair value of investments	-0.2	-1.9	-3.1
Interests paid	-10.2	-30.0	-41.5
Interests received	1.1	4.8	4.9
Taxes paid	-1.0	-0.6	-2.0
Net cash flow from operating activities	70.7	42.9	66.8
Cash flow from investing activities			
Purchase of property, plant and equipment	-65.5	-54.4	-127.6
Purchase of intangible assets	-3.0	-2.2	-6.9
Purchase of other assets	0.0		0.0
Proceeds from sale of property, plant and equipment	0.9	0.0	0.1
Dividends received	0.0	0.0	0.0
Net cash flow from investing activities	-67.6	-56.6	-134.4
Cash flow from financing activities			
Withdrawal of loans	226.7	185.3	365.4
Repayment of loans	-224.6	-164.0	-293.4
Dividends paid	-6.7	-6.7	-6.7
Net cash flow from financing activities	-4.6	14.5	65.3
Net change in cash and cash equivalents	-1.5	0.9	-2.3
Cash and cash equivalents 1 Jan	203.9	206.1	206.1
Cash and cash equivalents 30 Jun	202.3	207.0	203.9

Derivative agreements, million euros	30 Jun 2010		30 Jun 2009		31 Dec 2009	
	Net fair value	Notional value	Net fair value	Notional value	Net fair value	Notional value
Interest and currency derivatives						
Cross-currency swaps	39	439	-19	341	-1	400
Forward contracts	0	4	-1	27	0	14
Interest rate swaps	0	211	0	159	0	191
Call options, bought	6	740	10	740	11	750
Total	46	1 394	-9	1 267	10	1 355
	Net fair value	Volume TWh	Net fair value	Volume TWh	Net fair value	Volume TWh
Electricity derivatives						
Electricity forward contracts, Nord Pool Clearing designated as hedge accounting	-7	3.53	-27	3.51	-18	3.61
Electricity forward contracts, Nord Pool Clearing	0	-0.01	0	-0.01	0	0.02
Forward contracts of electricity, others			0	0.05	0	0.02
Total	-7	3.52	-28	3.56	-18	3.65

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Commitments and contingencies, million euros	30 Jun 2010	30 Jun 2009	31 Dec 2009
Pledges / bank balances	0	0	1
Rental liabilities	7	9	8
Commitment fee of revolving credit facility	0	0	0
Total	7	9	9
Capital commitments	224	238	177
Other financial liabilities	2	2	2

Changes in property, plant and equipment, million euros	30 Jun 2010	30 Jun 2009	31 Dec 2009
Carrying amount at beginning of period	1 181	1 113	1 113
Increases	60	52	129
Decreases	0	0	0
Depreciation and amortisation expense	-32	-30	-61
Carrying amount at end of period	1 210	1 135	1 181

Related party transactions and balances, million euros	30 Jun 2010	30 Jun 2009	31 Dec 2009
Sales	61	48	91
Purchases	75	50	102
Receivables	4	5	9
Liabilities	1	1	1

Accounting principles. This interim report has been drawn up in accordance with standard IAS 34, Interim Financial Reporting. In this interim report, Fingrid has followed the same principles as in the annual financial statements for 2009.

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

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

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

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