

**FINGRID GROUP'S INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2008****Review of operations**Power system operation

From July to September 2008, electricity consumption in Finland totalled 19.4 terawatt hours (19.9 TWh during the corresponding period in 2007). A total of 15.5 TWh of electricity was transmitted in Fingrid's grid during the same period, representing 80 per cent of the electricity consumption in Finland. Electricity consumption in Finland from January to September was 64.6 TWh (66.3 TWh), which was 2.5 per cent less than in 2007.

Electricity transmissions between Finland and Sweden mainly consisted of exports from Finland into Sweden between July and September. Service and construction work on the grid did not really reduce the transmission capacity made available to the market.

From July to September, 0.5 TWh of electricity was imported from Sweden into Finland (1.6 TWh in 2007), and 1.3 TWh (0.4 TWh) was exported from Finland into Sweden. From January to September, 3.5 TWh (3.8 TWh) of electricity was imported from Sweden into Finland, and 2.2 TWh (3.8 TWh) was exported from Finland into Sweden (3.8 TWh).

Electricity imports from Russia into Finland between July and September were 2.8 TWh (2.2 TWh) and from Estonia 0.6 TWh (0.3 TWh). Electricity imports from Russia from January to September were 7.8 TWh (7.5 TWh) and from Estonia 1.6 TWh (1.2 TWh).

During the review period, there were no significant extensive faults in the grid. There were some short-term disturbances on the Russian cross-border connection due to the grid in Russia. At worst, these decreased the import capacity by 900 MW.

Promotion of electricity market

Nord Pool's system price during the third quarter in 2008 was on average 55.51 €/MWh (19.80 €/MWh during the corresponding period in 2007) and the area price for Finland was 65.90 €/MWh (27.16 €/MWh).

Finland and Sweden constituted a uniform wholesale price area of electricity during the review period, since congestions in cross-border transmissions limited trade for only 1 per cent of the hours during the first half of 2008. The bottleneck revenues caused by transmission congestions on the border between Finland and Sweden totalled 0.1 million euros (0.01 million euros) from July to September.

From January to September, Nord Pool's system price averaged 42.74 €/MWh (23.00 €/MWh) and the area price for Finland 50.56 €/MWh (25.98 €/MWh). The bottleneck revenues on the border between Finland and Sweden totalled 0.2 million euros (0.2 million euros) between January and September.

At the end of September, the Nordic energy ministers decided on measures towards a border-free Nordic electricity market. The ministers requested the Nordic transmission system operators to take action for dividing the inter-Nordic electricity exchange area into more numerous price and/or bidding areas than at present. Based on this, Fingrid has launched an analysis into dividing Finland into two bidding areas.

The operations of European Market Coupling Company (EMCC), which integrates the Nordic and German wholesale exchange areas for electricity, commenced at the end of September. EMCC integrates the bidding books of the Nordic and German exchange

areas and specifies the electricity transmissions between the exchange areas so that the transactions always take place from an area of a more inexpensive market price to an area of a more expensive market price.

#### Capital expenditure and grid maintenance

The Group's gross capital expenditure from July to September was 20 million euros (20 million euros during the corresponding period in 2007). Gross capital expenditure between January and September totalled 55 million euros (56 million euros).

Fingrid is making capital investments totalling 1,600 million euros in the transmission grid and reserve power in the next 10 years. This will enable the connection of one large nuclear power unit and 2,000 MW of wind power capacity to the Finnish grid by 2020.

### **Financial result**

The Group's revenue was 87 million euros (73 million euros) from July to September. The sales volume of balance power was 27 million euros (14 million euros) and purchases of balance power 19 million euros (12 million euros). The IFRS profit before taxes was 9 million euros (7 million euros).

The Group's revenue from January to September was 280 million euros (234 million euros). Transmission revenues grew slightly to 136 million euros (135 million euros). The sales volume of balance power was 76 million euros (41 million euros) and purchases of balance power 68 million euros (37 million euros). Fingrid's share of the inter-Nordic bottleneck revenues grew because of capacity restrictions between Norway, Sweden and Denmark to 21 million euros (19 million euros). The cross-border transmission revenues on the Russian and Estonian connections totalled 16 million euros (14 million euros).

Operating profit between January and September without the change in the fair value of derivatives was 63 million euros (56 million euros). The compensations for the European market place had a positive impact of 7 million euros on the operating profit. Operating profit was decreased by items such as higher depreciations.

Between January and September, the operating profit in accordance with IFRS was 61 million euros (68 million euros), which contains 2 million euros (+13 million euros) of negative change in the fair value of electricity derivatives. The IFRS profit before taxes was 28 million euros (30 million euros). The equity ratio was 29 (27) 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 nine-month result.

### **Financing**

The financial position of the Group continued to be reasonably good considering the difficult situation in the money and capital markets. The net finance costs of the Group from July to September were 7 million euros (8 million euros). The net finance costs between January and September decreased to 25 million euros (28 million euros). Financial assets recognised at fair value in the income statement, and cash and cash equivalents amounted to 213 million euros (221 million euros) at 30 September 2008. The interest-bearing liabilities, including derivative liabilities, totalled 939 million euros

(986 million euros), of which 686 million euros (768 million euros) were long-term and 254 million euros (217 million euros) were short-term.

The counterparty risk involved in the derivative contracts relating to financing was 9 million euros (7 million euros). The company has an undrawn revolving credit facility of 250 million euros.

International rating agency Standard & Poor's Rating Services (S&P) updated Fingrid Oyj's credit opinion on 11 July 2008. There were no changes from the previous rating. The long-term credit rating is A+ and the short-term rating is A-1. The outlook is stable. Fingrid's rating from Moody's Investors Service is Aa3/P-1, and from Fitch Ratings AA-/F-1+. Both Moody's and Fitch Ratings consider Fingrid's outlook to be stable.

### **Personnel**

The total personnel of the Fingrid Group averaged 240 (240) during the review period.

### **Auditing**

The consolidated figures in this Interim Report are unaudited.

### **Outlook for the remaining part of the year**

The profit of the Fingrid Group for the entire year without the change in the fair value of derivatives is expected to decrease somewhat on the previous year. Profit predictability is complicated by the difficulty to anticipate the accumulated inter-Nordic bottleneck revenues during the remaining part of the year.

Board of Directors

Appendices: Tables for the interim report

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**Appendices: Tables for the Interim Report 1 January - 30 September 2008**

Condensed consolidated income statement, million euros	2008	2007	Change	2008	2007	Change	2007
	Jan-Sep	Jan-Sep		Jul-Sep	Jul-Sep		Jan-Dec
<b>Revenue</b>	<b>280.3</b>	<b>234.3</b>	<b>46.0</b>	<b>87.1</b>	<b>73.3</b>	<b>13.8</b>	<b>334.6</b>
Other operating income	1.6	1.5	0.1	0.6	0.5	0.0	1.9
Depreciation and amortisation expense	-44.5	-38.3	-6.2	-14.9	-12.8	-2.1	-55.5
Operating expenses	-176.0	-129.0	-47.0	-57.3	-45.5	-11.8	-190.3
<b>Operating profit</b>	<b>61.4</b>	<b>68.5</b>	<b>-7.0</b>	<b>15.5</b>	<b>15.5</b>	<b>0.0</b>	<b>90.7</b>
Finance income and costs	-24.7	-28.0	3.3	-6.9	-8.3	1.5	-34.9
Portion of profit of associated companies	0.6	0.5	0.1	0.8	0.2	0.6	0.7
<b>Profit before taxes</b>	<b>37.3</b>	<b>40.9</b>	<b>-3.6</b>	<b>9.4</b>	<b>7.3</b>	<b>2.1</b>	<b>56.5</b>
Income taxes	-9.6	-10.5	1.0	-2.3	-1.9	-0.4	-14.5
<b>Profit for the period</b>	<b>27.7</b>	<b>30.3</b>	<b>-2.7</b>	<b>7.2</b>	<b>5.5</b>	<b>1.7</b>	<b>41.9</b>
Earnings per share (euros) * belonging to the owners of the parent company, calculated from profit	8 330	9 128	-798	2 156	1 645	512	12 616

\*no dilution effect

Condensed consolidated balance sheet, million euros	2008	2007	Change	2007
	30 Sep	30 Sep		
<b>ASSETS</b>				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	84.6	80.7	3.9	84.4
Property, plant and equipment	1 096.2	1 082.9	13.3	1 085.6
Investments	7.2	7.9	-0.7	7.4
Receivables	43.5	23.9	19.6	33.9
Current assets				
Inventories	4.7	4.7	0.0	4.8
Receivables	35.1	30.3	4.8	48.8
Financial assets recognised in income statement at fair value	212.3	206.9	5.4	209.0
Cash and cash equivalents	0.8	14.6	-13.7	3.0
<b>Total assets</b>	<b>1 572.2</b>	<b>1 539.7</b>	<b>32.5</b>	<b>1 564.8</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Shareholders' equity belonging to the owners of the parent company				
Shareholders' equity	461.2	410.2	51.0	430.0
Non-current liabilities				
Non-current interest-bearing liabilities	685.9	768.3	-82.4	766.5
Other non-current liabilities	122.3	103.8	18.5	110.5
Current liabilities				
Current interest-bearing liabilities	253.6	217.2	36.4	200.1
Trade and other payables	49.3	40.2	9.1	57.7
<b>Total shareholders' equity and liabilities</b>	<b>1 572.2</b>	<b>1 539.7</b>	<b>32.5</b>	<b>1 564.8</b>

Key indicators, million euros	2008 Jan-Sep	2007 Jan-Sep	2007 Jan-Dec
Revenue	280.3	234.3	334.6
Capital expenditure, gross	55.1	55.7	79.2
- % of revenue	19.7	23.8	23.7
Research and development expenses	0.6	0.7	1.2
- % of revenue	0.2	0.3	0.4
Personnel, average	240	240	241
Operating profit	61.4	68.5	90.7
- % of revenue	21.9	29.2	27.1
Profit before taxes	37.3	40.9	56.5
- % of revenue	13.3	17.4	16.9
Interest bearing liabilities, net*	726.4	764.0	754.6
Equity ratio, %*	29.3	26.6	27.5
Shareholders' equity*	461.2	410.2	430.0
Equity per share, euros*	138 697	123 366	129 338
Earnings per share, euros*	8 330	9 128	12 616

\* end of period

<b>Consolidated statement of changes in total equity, million euros</b>	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total
<b>Capital and reserves 1 Jan 2007</b>	<b>55.9</b>	<b>55.9</b>	<b>0.0</b>	<b>0.1</b>	<b>273.6</b>	<b>385.5</b>
Cash flow hedges			1.0			1.0
Change in translation				0.3		0.3
Dividend distribution					-6.9	-6.9
Profit for period					30.3	30.3
<b>Capital and reserves 30 Sep 2007</b>	<b>55.9</b>	<b>55.9</b>	<b>1.0</b>	<b>0.3</b>	<b>297.0</b>	<b>410.2</b>
Cash flow hedges			8.3			8.3
Change in translation				-0.1		-0.1
Other changes			0.0			0.0
Profit for period					11.6	11.6
<b>Capital and reserves 31 Dec 2007</b>	<b>55.9</b>	<b>55.9</b>	<b>9.4</b>	<b>0.2</b>	<b>308.6</b>	<b>430.0</b>
Cash flow hedges			10.7			10.7
Change in translation				-0.1		-0.1
Dividend distribution					-7.2	-7.2
Profit for period					27.7	27.7
<b>Capital and reserves 30 Sep 2008</b>	<b>55.9</b>	<b>55.9</b>	<b>20.1</b>	<b>0.1</b>	<b>329.1</b>	<b>461.2</b>

<b>Condensed consolidated cash flow statement, million euros</b>	2008 Jan - Sep	2007 Jan - Sep	2007 Jan - Dec
<b>Cash flow from operating activities</b>			
Profit for the financial year	27.7	30.3	41.9
Adjustments	80.2	63.9	92.0
Changes in working capital	8.3	14.0	7.2
Interests paid	-29.6	-35.1	-45.2
Interests received	6.5	5.7	8.5
Taxes paid	-1.8	-1.2	-0.8
<b>Net cash flow from operating activities</b>	<b>91.3</b>	<b>77.7</b>	<b>103.6</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	-54.7	-63.7	-78.1
Purchase of intangible assets	-1.7	-1.9	-6.2
Purchase of other assets	0.0	0.0	0.0
Proceeds from other investments	0.0	0.0	0.0
Proceeds from sale of property, plant and equipment	0.0	0.0	0.0
Repayment of loans receivable	0.1	0.1	0.1
Dividends received	0.6	0.0	0.7
<b>Net cash flow from investing activities</b>	<b>-55.7</b>	<b>-65.5</b>	<b>-83.6</b>
<b>Cash flow from financing activities</b>			
Withdrawal of loans	193.6	319.8	402.7
Repayment of loans	-221.6	-308.7	-408.7
Dividends paid	-7.2	-6.9	-6.9
<b>Net cash flow from financing activities</b>	<b>-35.1</b>	<b>4.2</b>	<b>-13.0</b>
<b>Net change in cash and cash equivalents</b>	<b>0.5</b>	<b>16.4</b>	<b>7.1</b>
Cash and cash equivalents 1 Jan	212.0	204.1	204.1
Impact of changes in fair value of investments	0.6	1.0	0.8
<b>Cash and cash equivalents 30 Sep</b>	<b>213.1</b>	<b>221.5</b>	<b>212.0</b>

Derivative agreements, million euros	30 Sep 2008		30 Sep 2007		31 Dec 2007	
	Net fair value	Notional value	Net fair value	Notional value	Net fair value	Notional value
<b>Interest and currency derivatives</b>						
Cross-currency swaps	-31	365	-45	382	-47	376
Forward contracts	1	17	-6	138	-4	72
Interest rate swaps	0	144	1	181	-1	181
Call options, bought	9	330	11	440	11	370
<b>Total</b>	<b>-21</b>	<b>857</b>	<b>-39</b>	<b>1 141</b>	<b>-40</b>	<b>1 000</b>
	30 Sep 2008		30 Sep 2007		31 Dec 2007	
	Net fair value	Volume TWh	Net fair value	Volume TWh	Net fair value	Volume TWh
<b>Electricity derivatives</b>						
Electricity forward contracts, Nord Pool Clearing designated as hedge accounting	34	3.56	11	3.17	19	3.03
Electricity forward contracts, Nord Pool Clearing	0	0.00	-1	0.06	1	0.28
Forward contracts of electricity, others	1	0.07	2	0.11	2	0.14
<b>Total</b>	<b>35</b>	<b>3.52</b>	<b>12</b>	<b>3.34</b>	<b>23</b>	<b>3.46</b>

Commitments and contingencies, million euros	30 Sep 2008	30 Sep 2007	31 Dec 2007
Pledges / bank balances	0	4	0
Rental liabilities	8	9	9
Commitment fee of revolving credit facility	0	1	0
<b>Total</b>	<b>9</b>	<b>14</b>	<b>10</b>
<b>Capital commitments</b>	<b>234</b>	<b>74</b>	<b>71</b>
<b>Other financial liabilities</b>	<b>2</b>	<b>1</b>	<b>2</b>

Changes in property, plant and equipment, million euros	30 Sep 2008	30 Sep 2007	31 Dec 2007
<b>Carrying amount at beginning of period</b>	<b>1 086</b>	<b>1 066</b>	<b>1 066</b>
Increases	54	54	74
Decreases		0	0
Depreciation and amortisation expense	-43	-37	-54
<b>Carrying amount at end of period</b>	<b>1 096</b>	<b>1 083</b>	<b>1 086</b>

Related party transactions and balances, million euros	30 Sep	30 Sep 2007	31 Dec 2007
Sales	71	64	90
Purchases	75	54	78
Receivables	7	3	8
Liabilities	2	3	5

**Accounting principles.** This interim report has been drawn up in accordance with standard IAS 34, Interim Financial Reporting. In this interim report, Fingrid has followed the same principles as in the annual financial statements for 2007.

**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 IAS 14 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.