FINGRID GROUP'S INTERIM REPORT 1 JANUARY – 31 MARCH 2006

Review of operations

A total of 26 terawatt hours of electricity was consumed in Finland during the first three months of 2006. This was 4.0 per cent more than during the corresponding period in 2005.

In the winter period, electricity transmissions between Finland and Sweden mainly consisted of imports into Finland.

The replacement of aluminium towers, which had started in Northern Finland at the end of January, continued throughout the review period, causing restrictions in the transmission capacity made available to the market. Svenska Kraftnät, the transmission system operator in Sweden, restricted the import capacity into Finland through the Fenno-Skan connection on several occasions because of the internal transmission situation in Sweden. Finland was separated into a price area of its own for approx. 10 per cent of the time during the period examined.

In January at the end of week 3, the weather in the whole of Finland was exceptionally cold. A new record was reached in electricity consumption on 20 January, when the peak consumption was approx. 14,800 megawatts. This peak consumption was about 800 megawatts larger than the peak consumption realised on 3 January 2003. Russia restricted during the cold winter period electricity deliveries to Finland at a short notice. Electricity was available from Sweden within the limits of transmission capacity, because no simultaneous peak load was experienced in Sweden due to the mild weather there. For the first time ever, Fingrid gave the market notices of a threat of power shortage. However, the actual operating situation did not lead to restrictions in electricity supply. Fingrid’s systems worked in all respects as planned during the peak load situation.

Transmission capacity from Russia to Finland was in almost full use with the exception of a period of high consumption in Russia during weeks 3 and 4. Fingrid brought to conclusion a two-year development programme aiming at improved operating reliability on the existing import connections, for example better lightning resistance.

As a result of a fault in the transformer which feeds the Fenno-Skan sea cable link between Finland and Sweden, the cable was out of use for more than a week at the turn of February and March. There were no other significant disturbances in the main grid during the period examined.

Fingrid gave statements concerning the 1,000 megawatt cable connection from Russia to Finland being planned by United Power Oy to the Ministry of Trade and Industry, which serves as the permit authority in the matter. In its statements, Fingrid has pointed out the problems of the project for the system security of the Finnish power system and on the functioning of the Nordic market, and stated that the project does not fulfil the basic conditions of connection to the main grid.

The company made a decision on the construction of a 400 kilovolt transmission line between Petäjäskoski and Keminmaa, series compensation of the 400 kilovolt lines between Kemijoki and Oulujoki, and adding control equipment for reactive power at the Kangasala substation. The total value of these projects which will also raise the transmission capacity between Finland and Sweden is approx. 50 million euros, and the projects are due to be ready in 2009.

An environmental impact assessment was launched on the route Petäjäskoski-Kittilä-Vajukoski of the 220 kilovolt transmission line.

During the review period, the verifier prescribed in the Finnish Emissions Trading Act inspected Fingrid's all gas turbine power plants and the monitoring methods for carbon dioxide emissions. The monitoring methods for emissions and the emission volumes declared by Fingrid were accepted as correct.

Fingrid participated in an international benchmarking examining local operation and maintenance by 25 transmission system operators. The comparison concluded that Fingrid produces high quality at low costs.

Capital expenditure

Gross capital expenditure during the period examined totalled 10 million euros (11 million euros during the corresponding period in 2005).

Financial result

The Group's revenue during the review period was 114 million euros (99 million euros). Revenue grew because of increased electricity consumption and higher sales volume of balance power.

Operating profit without the change in the fair value of derivatives increased to 47 million euros (43 million euros). The operating profit in accordance with IFRS was 61 million euros (50 million euros), which contains 14 million euros (7 million euros) of positive change in the fair value of electricity derivatives. The IFRS profit before taxes was 54 million euros (41 million euros). The equity ratio was 25.7 per cent (22.4 per cent) at the end of the review period.

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

Financing

The financial position of the Group continued to be good throughout the review period. The net finance costs of the Group were 8 million euros (9 million euros). Financial assets recognised at fair value in the income statement, and cash and cash equivalents amounted to 201 million euros (197 million euros) at 31 March 2006. The interest-bearing liabilities, including derivative liabilities, totalled 965 million euros (1,014 million euros), of which 775 million euros (710 million euros) were non-current and 191 million euros (303 million euros) were current liabilities.

The counterparty risk involved in the derivative contracts relating to financing was 6 million euros (7 million euros). The company has an undrawn revolving credit facility of 250 million euros, which replaces the earlier revolving credit facility of 400 million euros.

Personnel

The total personnel of the Fingrid Group averaged 234 (222) during the review period.

Annual General Meeting

Fingrid Oyj's Annual General Meeting was held in Helsinki on 17 March 2006. The Annual General Meeting accepted the financial statements for 2005, adopted the income statement and balance sheet, and granted discharge from liability to the members of the Board of Directors and to the President.

Tapio Kuula, President, Fortum Power and Heat Oy, was elected as the Chairman of the Board, Arto Lepistö, Industrial Counsellor, Ministry of Trade and Industry, as the First Deputy Chairman of the Board, and Timo Rajala, President and CEO, Pohjolan Voima Oy, as the Second Deputy Chairman of the Board. The Board members elected were Marjukka Aarnio, Industrial Counsellor, Ministry of Trade and Industry, Risto Autio, Director, Alternatives, Varma Mutual Pension Insurance Company, Timo Karttinen, Senior Vice President, Fortum Oyj, and Anja Silvennoinen, Vice President, Energy, UPM-Kymmene Oyj.

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 due to the tariff reductions.

Board of Directors

Appendices: Tables for the interim report 1 January – 31 March 2006 (Appendix)

Further information:

Timo Toivonen, President & CEO, +358 (0)30 395 5250 or +358 (0)40 560 5250
Tom Pippingsköld, CFO, +358 (0)30 395 5157 or +358 (0)40 519 5041

Appendix: Tables for the interim report 1 January – 31 March 2006

Condensed consolidated income statement, million euros	2006 Jan - Mar	2005 Jan - Mar	Change	2005 Jan - Dec
Revenue	**113.5**	**98.7**	**14.8**	**316.7**
Other operating income	0.4	0.4	0.0	2.4
Depreciation	-12.5	-11.2	-1.3	-48.6
Operating expenses	-40.0	-37.4	-2.6	-160.5
Operating profit	**61.3**	**50.5**	**10.9**	**110.0**
Finance income and costs	-7.8	-9.1	1.3	-35.7
Portion of profit of associated companies	0.2	0.1	0.1	0.7
Profit before taxes	**53.8**	**41.5**	**12.3**	**75.1**
Income taxes	-13.9	-10.7	-3.2	-19.3
Profit for period	**39.9**	**30.7**	**9.1**	**55.7**
Earnings per share (euros)* belonging to the owners of the parent company, calculated from profit	11,986	9,236	2,750	16,761

*no dilution effect

Condensed consolidated balance sheet, million euros	2006 31 Mar	2005 31 Mar	Change	2005 31 Dec
ASSETS				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	80.8	80.7	0.1	80.4
Property, plant and equipment	1,045.7	1,037.9	7.8	1,048.4
Investments	6.9	6.8	0.2	6.7
Receivables	38.5	13.9	24.5	20.5
Current assets				
Inventories	2.8	2.9	0.0	2.9
Receivables	43.0	43.4	-0.4	47.4
Financial assets recognised in income statement at fair value	198.4	189.5	8.9	184.9
Cash and cash equivalents	2.8	7.4	-4.6	3.0
Total assets	**1,506.7**	**1,470.3**	**36.4**	**1,482.2**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity belonging to the owners of the parent company				
Shareholders' equity	387.1	328.8	58.3	353.9
Non-current liabilities				
Non-current interest-bearing liabilities	774.6	710.2	64.4	693.8
Other non-current liabilities	96.5	76.3	20.3	83.3
Current liabilities				
Current interest-bearing liabilities	190.8	303.5	-112.7	292.0
Trade and other payables	57.7	51.6	6.1	59.2
Total shareholders' equity and liabilities	**1,506.7**	**1,470.3**	**36.4**	**1,482.2**

Key indicators, million euros (* end of period)	2006 Jan - Mar	2005 Jan - Mar	2005 Jan - Dec
Revenue	113.5	98.7	316.7
Capital expenditure, gross	10.5	11.0	63.3
- % of turnover	9.2	11.1	20.0
Research and development expenses	0.2	0.3	1.6
- % of turnover	0.2	0.3	0.5
Personnel, average	234	222	228
Operating profit	61.3	50.5	110.0
- % of turnover	54.0	51.1	34.7
Profit before taxes	53.8	41.5	75.1
- % of turnover	47.4	42.0	23.7
Equity ratio, %*	25.7	22.4	23.9
Shareholders' equity*	387.1	328.8	353.9
Equity per share, euros*	116,433	98,892	106,439
Earnings per share, euros*	11,986	9,236	16,761

* end of period

Consolidated statement of changes in total equity, million euros	Share capital	Share premium account	Reval-uation reserve	Trans-lation reserve	Retained earnings	Total
Capiltal and reserves 1 Jan 2005	**55.9**	**55.9**	**0.0**	**0.1**	**192.8**	**304.7**
Change in translation				0.0		0.0
Dividend distribution					-6.6	-6.6
Profit for period					30.7	30.7
Capiltal and reserves 31 Mar 2005	**55.9**	**55.9**	**0.0**	**0.1**	**216.8**	**328.8**
Change in translation				0.0		0.0
Profit for period					25.0	25.0
Other changes			0.0			0.0
Capiltal and reserves 31 Dec 2005	**55.9**	**55.9**	**0.0**	**0.2**	**241.9**	**353.9**
Change in translation				0.0		0.0
Dividend distribution					-6.6	-6.6
Profit for period					39.9	39.9
Capiltal and reserves 31 Mar 2006	**55.9**	**55.9**	**0.0**	**0.2**	**275.1**	**387.1**

Condensed consolidated cash flow statement, million euros	2006 Jan - Mar	2005 Jan - Mar	2005 Jan - Dec
Cash flow from operating activities			
Cash from sales	114.5	94.7	315.5
Cash from other operating income	0.5	0.6	2.1
Charges paid for operating expenses	-52.4	-36.3	-169.3
Cash flow from operations before financial items and taxes	62.6	59.0	148.4
Interests and charges paid for other financial costs of operating activities	-3.4	-15.7	-48.6
Interests received from operating activities	-2.5	6.2	8.9
Direct taxes paid	-0.6	-0.7	-2.5
	56.1	**48.8**	**106.2**
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	-16.2	-11.9	-53.8
Proceeds from sale of property, plant and equipment and intangible assets			4.2
Investments in other assets			0.0
Repayment of loans receivable			0.1
Dividends received from investing activities		0.0	0.7
	-16.2	**-11.8**	**-48.8**
Cash flow from financing activities			
Withdrawal of short-term loans	4.9	4.0	124.1
Repayment of short-term loans	-48.8		-89.3
Withdrawal of long-term loans	110.4	19.0	140.6
Repayment of long-term loans	-86.9		-181.7
Dividends paid and other profit distribution	-6.6	-6.6	-6.6
	-27.0	**16.4**	**-12.9**
Change in cash and cash equivalents increase (+) / decrease (-)	**12.9**	**53.3**	**44.5**
Cash and cash equivalents at beginning of period	187.9	143.4	143.4
Change in fair value of investments	0.4	0.3	0.0
Cash and cash equivalents at end of period	**201.2**	**196.9**	**187.9**

Derivative agreements, million euros	31 Mar 2006 Net fair value	31 Mar 2006 Notional value	31 Mar 2005 Net fair value	31 Mar 2005 Notional value	31 Dec 2005 Net fair value	31 Dec 2005 Notional value
Interest and currency derivatives						
Cross-currency swaps	-29	314	-61	358	-25	301
Forward contracts	0	73	1	99	3	126
Interest rate swaps	-2	228	-5	248	-3	218
Call options, bought	7	470	3	410	3	420
Total	**-24**	**1,085**	**-62**	**1,115**	**-22**	**1,066**
	Net fair value	Volume TWh	Net fair value	Volume TWh	Net fair value	Volume TWh
Electricity derivatives						
Futures contracts, Nord Pool						
Forward contracts of electricity, Nord Pool	28	1.63	8	1.78	15	1.94
Forward contracts of electricity, others	2	0.15	1	0.35	1	0.20
Call options, bought						
Total	**31**	**1.78**	**10**	**2.13**	**16**	**2.14**

Commitments and contingensies, million euros	31 Mar 2006	31 Mar 2005	31 Dec 2005
Pledges / bank balances	0	1	1
Rental liabilities	8	9	8
Commitment fee of revolving credit facility	1	1	1
Total	**9**	**11**	**10**
Capital commitments	**80**	**41**	**86**
Other financial liabilities	**1**	**1**	**2**

Changes in property, plant and equipment, million euros	31 Mar 2006	31 Mar 2005	31 Dec 2005
Carrying amount at beginning of period	**1,048**	**1,040**	**1,040**
Increases	9	11	62
Decreases		-2	-6
Depreciation and impairment losses	-12	-11	-47
Carrying amount at end of period	**1,046**	**1,038**	**1,048**

Related party transactions and balances, milllion euros	31 Mar 2006	31 Mar 2005	31 Dec 2005
Sales	21	18	59
Purchases	27	15	72
Receivables	1	1	1
Liabilities	0	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 2005; however, so that the company introduced the following new standards and revisions of standards on 1 January 2006: IFRIC 4 (Determining whether an Arrangement Contains a Lease) and IFRS 7 (Financial Instruments: Disclosures). The Group has analysed the potential impacts of these revised standards and interpretations, and they are not expected to be significant.

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.