FINGRID GROUP'S INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2006

Review of operations

A total of 66 terawatt hours of electricity was consumed in Finland from the beginning of 2006 to the end of September. This was 8.3 per cent more than during the corresponding period in 2005. Most of the increase came from the impact of the labour market dispute in the Finnish forest product industry in 2005.

Deteriorated water reservoir situation in the Nordic countries together with standstills at nuclear power plants in Sweden, ordered by authorities in late summer, changed the transmission flows from Finland to Sweden. Transmission capacity from Finland to Sweden was occasionally insufficient at night time. In September, it was necessary to interrupt the annual maintenance of the sea cable link between Finland and Sweden and to reschedule it to a later date because of the difficult electricity transmission and production situation in Southern Sweden.

Transmission capacity from Russia to Finland was in almost full use. In addition to the transmission restriction during the cold period in January, which was given at a short notice, electricity deliveries from Russia to Finland were surprisingly restricted also in August as a result of a disturbance in the grid in the St Petersburg region. Due to inadequate capacity in the northwest Russia region, export restrictions are used more clearly as a reserve for the power system in St Petersburg region.

In mid-October, Nordel, the co-operation organisation of the Nordic transmission system operators, published its annual forecast of the sufficiency of electricity during the following winter period. According to this forecast availability of power and energy in the Nordic countries appears to be secured despite scant water reservoirs. However, if the cold weather remains in a large region and an extended period, this can according to Fingrid lead to a situation, where there is not enough electricity production capacity.

In October, Fingrid signed a contract package with the parties executing the sea cable link between Estonia and Finland. The objective is to connect the link to Fingrid’s grid as the trial operation commences in November.

Fingrid submitted its final statement to the Ministry of Trade and Industry concerning the permit application for the sea cable project by United Power Oy. In its statement, Fingrid repeats its earlier notion of the major negative impacts of the project on system security in the Finnish power system and on the functioning of the electricity market.

A law proposal concerning the feed tariff of electricity produced from fuel peat in condensing power plants is being considered by the Finnish Parliament. The proposal puts forward Fingrid as the party managing feed tariff system. The Ministry of Trade and Industry is also preparing a law on maintaining condensing power capacity, which is under a threat of being closed down, in readiness for use. It is proposed that Fingrid maintain this system to be introduced at the turn of the year.

Environmental impact assessments were launched on the 400 kV lines Hyvinkää-Hikiä and Seinäjoki-Tuovila.

Capital expenditure

Gross capital expenditure during the period examined totalled 44 million euros (41 million euros during the corresponding period in 2005).

Financial result

The Group's revenue during the review period was 256 million euros (223 million euros). Revenue grew regardless of lower tariffs because of increase in electricity consumption and higher sales volume of balance power.

Operating profit without the change in the fair value of derivatives increased to 68 million euros (67 million euros). The operating profit in accordance with IFRS was 85 million euros (81 million euros), which contains 17 million euros (14 million euros) of positive change in the fair value of electricity derivatives. The IFRS profit before taxes was 63 million euros (55 million euros). The equity ratio was 26.0 per cent (23.1 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 good throughout the review period. The net finance costs of the Group were 23 million euros (27 million euros). Financial assets recognised at fair value in the income statement, and cash and cash equivalents amounted to 204 million euros (191 million euros) at 30 September 2006. The interest-bearing liabilities, including derivative liabilities, totalled 986 million euros (1,016 million euros), of which 757 million euros (693 million euros) were non-current and 229 million euros (322 million euros) were current liabilities.

The counterparty risk involved in the derivative contracts relating to financing was 9 million euros (10 million euros). The company has an unraised revolving credit facility of 250 million euros.

Personnel

The total personnel of the Fingrid Group averaged 238 (228) 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 remain on the previous year's level.

Board of Directors

Appendix: Tables for the interim report 1 January – 30 September 2006

Further information:

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Appendix: Tables for the interim report 1 January - 30 September 2006

Condensed consolidated income statement, million euros	2006 Jan - Sep	2005 Jan - Sep	Change	2006 Jul - Sep	2005 Jul - Sep	Change	2005 Jan - Dec
Revenue	**255.7**	**223.1**	**32.6**	**75.2**	**66.0**	**9.2**	**316.7**
Other operating income	1.4	1.4	0.0	0.5	0.5	0.1	2.4
Depreciation	-38.1	-33.8	-4.4	-12.7	-11.3	-1.4	-48.6
Operating expenses	-133.6	-109.7	-23.9	-45.9	-43.7	-2.2	-160.5
Operating profit	**85.4**	**81.1**	**4.3**	**17.2**	**11.5**	**5.7**	**110.0**
Finance income and costs	-22.8	-27.1	4.2	-7.5	-8.5	1.0	-35.7
Portion of profit of associated companies	0.8	0.5	0.3	0.3	0.1	0.2	0.7
Profit before taxes	**63.4**	**54.5**	**8.9**	**10.0**	**3.1**	**6.9**	**75.1**
Income taxes	-16.3	-14.0	-2.3	-2.5	-0.8	-1.8	-19.3
Profit for the period	**47.1**	**40.5**	**6.6**	**7.4**	**2.3**	**5.1**	**55.7**
Earnings per share (euros)* belonging to the owners of the parent company, calculated from profit	14 167	12 177	1 990	2 238	695	1 543	16 761

*no dilution effect

Condensed consolidated balance sheet, million euros	2006 30 Sep	2005 30 Sep	Change	2005 31 Dec
ASSETS				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	80.4	80.6	-0.2	80.4
Property, plant and equipment	1 054.4	1 044.1	10.4	1 048.4
Investments	6.8	6.5	0.3	6.7
Receivables	43.0	20.2	22.7	20.5
Current assets				
Inventories	3.1	3.2	-0.1	2.9
Receivables	36.0	33.4	2.6	47.4
Financial assets recognised in income statement at fair value	200.8	188.2	12.6	184.9
Cash and cash equivalents	3.0	2.8	0.3	3.0
Total assets	**1 515.4**	**1 466.8**	**48.6**	**1 482.2**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity belonging to the owners of the parent company				
Shareholders' equity	394.3	338.7	55.6	353.9
Non-current liabilities				
Non-current interest-bearing liabilities	757.0	693.2	63.8	693.8
Other non-current liabilities	97.8	79.4	18.4	83.3
Current liabilities				
Current interest-bearing liabilities	229.2	322.5	-93.3	292.0
Trade and other payables	37.1	33.0	4.1	59.2
Total sharehoulders' equity and liabilities	**1 515.4**	**1 466.8**	**48.6**	**1 482.2**

Key indicators, million euros	2006 Jan - Sep	2005 Jan - Sep	2005 Jan - Dec
Revenue	255.7	223.1	316.7
Capital expenditure, gross	44.1	40.6	63.3
- % of revenue	17.2	18.2	20.0
Research and development expenses	0.8	1.0	1.6
- % of revenue	0.3	0.4	0.5
Personnel, average	238	228	228
Operating profit	85.4	81.1	110.0
- % of revenue	33.4	36.4	34.7
Profit before taxes	63.4	54.5	75.1
- % of revenue	24.8	24.4	23.7
Interest bearing liabilities, net*	782.4	824.8	797.9
Equity ratio, %*	26.0	23.1	23.9
Shareholders' equity*	394.3	338.7	353.9
Equity per share, euros*	118 586	101 860	106 439
Earnings per share, euros*	14 167	12 177	16 761

* end of period

Consolidated statement of changes in total equity, million euros	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total
Capital and reserves 1 Jan 2005	**55.9**	**55.9**	**0.0**	**0.1**	**192.8**	**304.7**
Change in translation				0.1		0.1
Dividend distribution					-6.6	-6.6
Profit for period					40.5	40.5
Capital and reserves 30 Jun 2005	**55.9**	**55.9**	**0.0**	**0.2**	**226.6**	**338.7**
Change in translation				0.0		0.0
Profit for period					15.2	15.2
Other changes			0.0			0.0
Capital and reserves 31 Dec 2005	**55.9**	**55.9**	**0.0**	**0.2**	**241.9**	**353.9**
Change in translation				-0.1		-0.1
Dividend distribution					-6.6	-6.6
Profit for period					47.1	47.1
Capital and reserves 30 Jun 2006	**55.9**	**55.9**	**0.0**	**0.1**	**282.4**	**394.3**

Condensed consolidated cash flow statement, million euros	2006 Jan - Sep	2005 Jan - Sep	2005 Jan - Dec
Cash flow from operating activities			
Cash from sales	261.9	226.5	315.5
Cash from other operating income	1.6	1.6	2.1
Charges paid for operating expenses	-156.7	-116.4	-169.3
Cash flow from operating activities before financial items and taxes	106.7	111.7	148.4
Interests and charges paid for other financial costs of operating activities	-36.8	-44.1	-48.6
Interests received from operating activities	2.6	7.6	8.9
Direct taxes paid	-1.9	-2.0	-2.5
	70.7	**73.2**	**106.2**
Cash flow from investing activities			
Purchase of property. plant and equipment and intangible assets	-50.9	-45.0	-53.8
Proceeds from sale of property, plant and equipment and intangible assets		0.0	4.2
Proceeds from avaolable-for-sale investments	0.0		
Repayment of loans receivable	0.1	0.1	0.1
Dividends received from investing activities	0.6	0.7	0.7
	-50.1	**-44.2**	**-48.8**
Cash flow from financing activities			
Withdrawal of short-term loans	76.3	103.6	124.1
Repayment of short-term loans	-67.1	-37.9	-89.3
Withdrawal of long-term loans	151.6	140.6	140.6
Repayment of long-term loans	-160.4	-181.7	-181.7
Dividends paid and other profit distribution	-6.6	-6.6	-6.6
	-6.2	**17.9**	**-12.9**
Change in cash and cash equivalents increase (+) / decrease (-)	**14.3**	**47.0**	**44.5**
Cash and cash equivalents at beginning of period	187.9	143.4	143.4
Change in fair value of investments	1.6	0.6	0.0
Cash and cash equivalents at end of period	**203.8**	**190.9**	**187.9**

Derivative agreements, million euros	30 Sep 2006		30 Sep 2005		31 Dec 2005	
	Net fair value	Notional value	Net fair value	Notional value	Net fair value	Notional value
Interest and currency derivatives						
Cross-currency swaps	-37	327	-22	301	-25	301
Forward contracts	1	112	3	155	3	126
Interest rate swaps	0	228	-4	248	-3	218
Call options, bought	8	550	2	400	3	420
Total	**-27**	**1 217**	**-21**	**1 104**	**-22**	**1 066**
	30 Sep 2006		30 Sep 2005		31 Dec 2005	
	Net fair value	Volume TWh	Net fair value	Volume TWh	Net fair value	Volume TWh
Electricity derivatives						
Forward contracts of electricity, Nord Pool Clearing	31	2.49	14	1.75	15	1.94
Forward contracts of electricity, others	2	0.12	3	0.35	1	0.20
Total	**33**	**2.61**	**17**	**2.10**	**16**	**2.14**

Commitments and contingensies, million euros	2006 30 Sep	2005 30 Sep	2005 31 Dec
Pledges / bank balances	1	0	0
Rental liabilities	9	8	8
Commitment fee of revolving credit facility	1	1	1
Total	**10**	**9**	**9**
Capital commitments	**82**	**94**	**86**
Other financial liabilities	**1**	**1**	**2**

Changes in property, plant and equipment, million euros	2006 30 Sep	2005 30 Sep	2005 31 Dec
Carrying amount at beginning of period	**1 048**	**1 040**	**1 040**
Increases	43	37	62
Decreases		0	-6
Depreciation and impairment losses	-37	-33	-47
Carrying amount at end of period	**1 054**	**1 044**	**1 048**

Related party transactions and balances, milllion euros	2006 30 Sep	2005 30 Sep	2005 31 Dec
Sales	62	55	59
Purchases	76	50	72
Receivables	3	4	1
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 2005; however, so that the company introduced the following new standard and revision of standards on 1 January 2006: IFRIC 4 (Determining whether an Arrangement Contains a Lease). IFRS 7 (Financial Instruments: Disclosures) to be introduced no later than 1 January 2007, contrary to earlier information. 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.