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18 February 2013

English translation

FINGRID OYJ

ANNUAL REVIEW AND FINANCIAL STATEMENTS

1 January 2012 - 31 December 2012

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CONTENTS

1. REPORT OF THE BOARD OF DIRECTORS

Financial result

Revenue of the Fingrid Group in 2012 was 522 million euros (438 million euros in 2011). Other operating income was 4 (3) million euros. The Group's revenue between October and December was 154 (108) million euros.

Grid revenue rose to 276 (210) million euros as a result of the tariff increase of 30 per cent carried out at the beginning of the year. Electricity consumption in Finland increased by 1.1 per cent from 2011. Fingrid transmitted the same amount of electricity in its grid as in the previous year, i.e. 64.2 terawatt hours. The sales of imbalance power grew to 152 (146) million euros. The increase in the sales of imbalance power was influenced by the higher volume of imbalance power and by the raise in the balance service fees at the beginning of July. Fingrid's cross-border transmission income on the connection between Finland and Russia decreased by 12 million euros from the previous year due to a significantly smaller volume of electricity imports from Russia. Fingrid's congestion income on the interconnection between Finland and Estonia decreased as a result of fewer hours with a different price of electricity between the two countries. The congestion income on the interconnection between Finland and Estonia was 6 (10) million euros, which was paid to the owners of the transmission connection. Fingrid's congestion income on the interconnection between Finland and Sweden rose considerably due to the market situation and great differences in the area prices of electricity. The congestion income between Finland and Sweden was 44 (16) million euros. European inter-TSO compensation income decreased by 12 million euros mainly due to reduced electricity exports from Finland to Sweden.

The costs of imbalance power grew slightly from the previous year to 133 (131) million euros due to the higher volume of imbalance power. The loss energy costs rose by 2 million euros from the corresponding period in 2011. The average price of loss energy purchases, considering price hedging, was 52.86 (52.85) euros per megawatt hour. The increase in the loss energy costs was influenced by the small growth in the volume of loss energy. The depreciation costs increased by 8 million euros as significant new capital investment projects were completed. The costs of reserves, which safeguard the system security of the power system, rose by 11 million euros during the period under review because the temporary purchases of frequency controlled reserves in the hourly market in Finland and from the other Nordic TSOs were more expensive than earlier. The personnel costs increased to 22 (20) million euros partly owing to an increase in the number of personnel. The maintenance management costs rose by 3 million euros, mainly due to the repair costs of the Fenno-Skan 2 cable fault. The inter-TSO compensation costs went up by 2 million euros, because electricity imports from Sweden to Finland increased considerably from 2011.

Revenue and other operating income (million €)	1-12/12	1-12/11	10-12/12	10-12/11
Grid service revenue	276	210	85	59
Sales of imbalance power	152	146	48	25
Cross-border transmission income	11	22	3	5
Finland-Estonia congestion income*	6	10	1	1
Finland-Sweden congestion income	44	16	8	4
Peak load capacity income**	19	7	5	5
ITC income	10	22	3	7
Feed-in tariff for peat		0		
Other revenue	3	5	1	2
Other operating income	4	3	2	1
Revenue and other income total	526	441	156	109

Costs, million €	**1-12/12**	**1-12/11**	**10-12/12**	**10-12/11**
Purchase of imbalance power	133	131	40	22
Cost of loss energy	65	63	17	16
Depreciation	76	68	20	18
Cost of reserves	39	28	10	7
Personnel costs	22	20	7	6
Maintenance management costs	21	18	6	6
Cost of peak load capacity**	18	7	5	5
ITC charges	14	12	3	4
Estlink grid rents*	6	9	1	1
Other costs	25	23	8	7
Costs total	419	380	116	90
Operating profit excluding the change in the fair value of commodity derivatives	107	62	39	19
Operating profit of group	95	57	38	17

*Fingrid's income from the congestion income between Finland and Estonia was 6.5 million euros. The costs (grid rents between Finland and Estonia) were 6.4 million euros, which were paid to the owners of the Estlink transmission connection. The difference of 0.1 million euros received by Fingrid was created during disturbances on the Estlink connection.
**The peak load capacity income and costs are related to the securing of the sufficiency of electricity during peak consumption hours within the framework of the Finnish Peak Load Capacity Act.

The operating profit of the Group was 95 (57) million euros. Of the change in the fair value of commodity derivatives, -13 (-5) million euros were recognised in the income statement. The operating profit in the last quarter was 38 (17) million euros.

The consolidated profit for the year was 67 (33) million euros. The consolidated total comprehensive income was 73 (0) million euros.The cash flow from the operations of the Group after capital expenditure was -1 (-148) million euros due to the considerably better profit and smaller level of capital expenditure.

The return on investment was 5.6 (3.6) per cent and the return on equity 12.4 (6.5) per cent. The equity ratio was 27.3 (25.7) per cent at the end of the review period.

Revenue of the parent company was 504 (434) million euros and profit for the financial year 41 (22) million euros.

Capital expenditure

Fingrid's annual capital expenditure in the transmission system has been extensive for several years. The company's gross capital expenditure in 2012 was 139 million euros (244 million euros in 2011). Of this amount, a total of 94 (173) million euros were used for the transmission grid and 26 (68) million euros for reserve power. IT-related capital expenditure was approximately 11 (3) million euros. 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.

Research and development was allocated a total of 1.5 (1.8) million euros. Some 50 research and development projects were in progress in 2012. The foremost R&D input was placed on the analysis of reserve types and needs, utilisation of status measurements at the power system level in the maintaining of system security and in the optimisation of transmission capacity, and development of a 110 kilovolt tower type suited for use on arable land. There were also numerous research projects for controlling wind power production in the power system.

Fingrid had several capital investment projects for ensuring system security and the adequacy of transmission capacity in the future. One of the biggest projects is the one between Yllikkälä and Huutokoski for reinforcing the grid in Eastern Finland. Three sub-projects were completed within it in 2012, and the last transmission line section will be completed in the spring of 2013. The biggest reserve power plant unit in Finland was commissioned in Forssa towards the end of the year. The plant brings 320 megawatts of additional fast disturbance reserve to the transmission system.

EstLink 2, the joint project by Fingrid and the Estonian transmission system operator Elering has made progress on schedule and within budget. The submarine cable was laid in the Baltic Sea in two campaigns during the autumn. The HVDC connection will be commissioned in early 2014.

Towards the end of 2012, Fingrid made a capital investment decision concerning the Hirvisuo - Pyhänselkä 400 kilovolt transmission line project. The project will upgrade the west coast of Finland to the 400 kilovolt voltage level. The total length of the transmission line is 215 kilometres. In addition to it, there will be a new Hirvisuo substation, and a number of other substations will be expanded.

ENTSO-E, the European Network of Transmission System Operators for Electricity, published its ten-year network development plan and the plan for the Baltic Sea region in the summer of 2012. The Nordic network plan was drawn up on the basis of these.

Power system

Electricity consumption in Finland in 2012 totalled 85.2 terawatt hours (84.2 terawatt hours in 2011). A total of 64.2 (64.2) terawatt hours of electricity was transmitted in Fingrid's grid, representing 75.4 per cent of the electricity consumption in Finland.

Electricity transmissions between Finland and Sweden in 2012 consisted mainly of imports to Finland. The capacity offered to the market was limited by a cable fault and by the work required by the automation reform in the submarine cable connections. A total of 14.8 (5.9) terawatt hours of electricity were imported from Sweden to Finland during 2012, and 0.4 (4.0) terawatt hours were exported from Finland to Sweden.

The direction of transmissions in electricity transmission between Finland and Estonia varied, with the dominating direction being from Finland to Estonia. The transmission capacity was available to the market in the normal manner. The volume of electricity imports from Estonia to Finland on the Estlink connection was 0.4 (1.6) terawatt hours, and 1.5 (0.5) terawatt hours of electricity were exported from Finland to Estonia.

Electricity imports from Russia were at a much lower level than in the previous years. Almost the full transmission capacity was made available. Electricity imports from Russia to Finland totalled 4.4 (10.8) terawatt hours in 2012.

The number of disturbances in the Finnish grid was at the average level. However, the calculatory disadvantage inflicted on the customers and society as a result of the disturbances was very small. The most significant disorder affecting customers occured in the Vaasa region in August, when 63,000 people were left without electricity for a few minutes.

Power system operation	**1-12/12**	**1-12/11**	**10-12/12**	**10-12/11**
Electricity consumption in Finland TWh	85.2	84.2	23.3	21.5
Fingrid's transmission volume TWh	64.2	64.2	17.2	16.2
Fingrid's loss energy volume TWh	1.2	1.2	0.3	0.3
Electricity transmissions Finland-Sweden				
exports to Sweden TWh	0.4	4.0	0.2	0.7
imports from Sweden TWh	14.8	5.9	3.2	2.2
Electricity transmissions Finland-Estonia				
exports to Estonia TWh	1.5	0.5	0.3	0.2

imports from Estonia TWh	0.4	1.6	0.1	0.3
Electricity transmissions Finland-Russia				
imports from Russia TWh	4.4	10.8	1.4	2.3

Electricity market

The Nordic electricity market was characterised by very abundant supply of hydropower throughout the year. This clearly lowered the price level in the wholesale market. The average price of spot electricity at the electricity exchange (system price) in 2012 was 31 euros per megawatt hour (47 euros per megawatt hour in 2011), and the average area price for Finland was 37 (49) euros per megawatt hour.

The Finnish market did not benefit fully from the inexpensive hydropower, because one of the two submarine cables between Finland and Sweden was out of order for a large part of the year. The market could have accommodated more electricity than on average from the west, but the transmission capacity was not sufficient due to the failures on the connections. As a result, a record-high amount of 88 million euros of congestion income was created on the border between Finland and Sweden. Fingrid's share of this was 44 million euros.

Supply in the Finnish market area was also influenced by the fact that electricity imports from Russia decreased considerably. The imports had remained at a steady level for decades but started to fluctuate and decrease rapidly in the autumn of 2011. In 2012 the imports were only about one third of the earlier level of imports.

In 2012, Fingrid used 4.7 (1.6) million euros for counter trade. This mainly resulted from disturbances on the cross-border connections and partly from transmission restrictions within Finland.

The active development of the single European market continued. In line with the EU's third legislative package on the electricity market, the preparation of several market rules was launched within ENTSO-E, and the first proposals were completed. At the same time, the full integration of the various market areas was prepared,initially concerning North-Western Europe.

Electricity market

	1-12/12	1-12/11	10-12/12	10-12/11
Nord Pool system price, average €/MWh	31	47	37	34
Area price Finland, average €/MWh	37	49	41	37
Congestion income between Finland and Sweden million €*	88.5	31.2	16.0	8.2
Congestion hours between Finland and Sweden %*	35.1	22.9	32.0	12.0

Congestion income between Finland and Estonia million €*	12.9	19.6	1.5	1.2
Congestion hours between Finland and Estonia %*	34.7	45.5	22.4	31.0

*The congestion income between Finland and Sweden as well as between Finland and Estonia is divided between the relevant TSOs in equal proportions. The income and costs of the transmission connections are presented in the tables under Financial result.

Financing

The financial position of the Group continued to be satisfactory. During 2012, Fingrid issued a public bond amounting to 300 million euros and with a maturity of 12 years under the company's International Medium Term Note Programme. The public listing of the bond started on London Stock Exchange on 3 April 2012.

The net financial costs excluding the change in the fair value of derivatives were 21 million euros (19 million euros in 2011). Interest income was 3 (4) million euros. The net financial costs in accordance with IFRS were 7 (23) million euros, including the positive change of 14 million euros (negative 3 million euros) in the fair value of derivatives.

The financial assets at 31 December 2012 totalled 214 (204) million euros. The interest-bearing borrowings totalled 1,244 (1,224) million euros, of which 1,032 (845) million euros were long-term and 212 (379) million euros were short-term. The counterparty risk arising from the currency derivative contracts and interest rate derivative contracts was 77 (63) million euros.

International rating agencies updated Fingrid Oyj's credit ratings in 2012. On 16 October 2012, Fitch Ratings affirmed Fingrid Oyj's senior unsecured debt rating of A+, long-term Issuer Default Rating (IDR) of A and short-term IDR of F1. Fitch Ratings rated the outlook on the long-term IDR as stable. Standard & Poor's Rating Services (S&P) updated Fingrid's long-term credit rating at AA- and the short-term rating at A-1+ on 2 November 2012. S&P assessed Fingrid's outlook to be negative. On 14 December 2012, Moody's Investors Service updated Fingrid's long-term credit rating at A1 and the short-term rating at P-1. Moody's rated the outlook to be stable.

Personnel and rewarding systems

The Fingrid Group and Fingrid Oyj employed 275 persons, including temporary employees, at the end of 2012. The corresponding figure a year before was 266. The number of permanent personnel was 261 (252).

Of the personnel employed by the company, 23.8 (23.7) per cent were women and 76.2 (76.3) per cent were men at the end of the year.

Number of permanent personnel:

Age	2012	2011
24 to 29 years	22	24
30 to 34 years	34	33
35 to 39 years	41	41
40 to 44 years	37	32
45 to 49 years	38	40
50 to 54 years	36	37
55 to 59 years	30	23
60 to 65 years	23	21
over 65 years	0	1

During 2012, a total of 9,528 (14,333) hours were used for personnel training, with an average of 37 (57) hours per person. Employee absences on account of illness in 2012 accounted for 2 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 2013.

Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 22 March 2012. Helena Walldén, M.Sc. (Tech.), was elected as the Chairman of the Board. Juha Majanen, Budget Counsellor and the Head of Fiscal Policy Unit of the Ministry of Finance was elected as the Vice Chairman. The other Board members elected were Sirpa Ojala, CEO of Digita Oy, Esko Torsti, Head of Non-listed Investments of Ilmarinen Mutual Pension Insurance Company, and Esko Raunio, Director, Private Market Investments, of Tapiola Mutual Pension Insurance Company.

The Board members until 22 March 2012 were Helena Walldén, Arto Lepistö, Elina Engman (until 29 February 2012), Timo Kärkkäinen and Esko Raunio.

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 22 March 2012 were Juha Majanen (Chairman), Esko Torsti and Helena Walldén. The members of the audit committee until 22 March 2012 were Arto Lepistö (Chairman), Helena Walldén and Timo Kärkkäinen.

The remuneration committee consisted of Helena Walldén (Chairperson) and Sirpa Ojala from 22 March 2012. Until 22 March 2012, the members of the remuneration committee were Helena Walldén (Chairperson) and Arto Lepistö.

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

A corporate governance statement, required by the Finnish Corporate Governance Code, has been provided separately. The statement 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

Fingrid's internal control intends to make sure that Fingrid operates efficiently and productively, that reporting is reliable, and that the applicable laws, regulations and the company's own procedural guidelines are followed. The company's internal control is based on the principles approved by the Board of Directors, policies as well as function-level and unit-level instructions approved by the executive management group, risk management, financial reporting, transparency of processes and procedures, as well as objective and independent internal audit.

The company's internal control system together with the organisation and responsibilities of risk management have been defined so that internal control and risk management are carried out and verified within the company comprehensively, effectively, and in accordance with the objectives set by the Board. The objectives, methods, roles and responsibilities related to the company's internal control and risk management are described in the documents approved by the company's Board of Directors.

The Board of Directors of the company is responsible for the internal control and risk management system and approves the related principles. The Board of Directors decides on the corporate strategy and action plan and monitors their implementation. The executive management defines the principles, which govern the operations, for the approval of the Board of Directors, and the executive management enforces these principles. 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 CEO assisted by the executive management group is responsible for the practical implementation of the company's risk management.

The heads of functions own the risks pertaining to the operation of their area of responsibility and are responsible for identifying, assessing and controlling the risks, for the functioning of controls, and for reporting the risks and nonconformities.

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 possible 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.

The company's internal audit examines risk management and internal control as a party independent of the functions and processes. The internal auditor monitors issues such as adherence to the guidelines of the company, acts and official regulations, and reports his findings to the audit committee. A comprehensive audit plan has been approved 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 has been outsourced to an independent external party. As part of internal control, internal audit audited processes related to Fingrid's balance services, financing, occupational safety, and comprehensive risk management in 2012.

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 company's financial administration is specialised in co-ordinating, supporting and monitoring the implementation of risk management in the various functions. The risk management specialists also advice the various functions whenever necessary in the planning and implementation of risk management measures, and the specialists devise risk management practices and procedures. Moreover, the company's support functions - legal department, human resources management, and communications - support the corporate functions with their expertise in the implementation of risk management.

The financial administration of the Group is responsible for the control structures relating to the financial reporting process. The external auditor of the company together with the controllers of the financial function assesses the foremost financial reporting risks of the main processes.

The CEO 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. The risks are monitored, co-ordinated 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.

Foremost risks and factors of uncertainty

The biggest risk in terms of the company and society is a major disturbance related to the functioning of the power system. A comprehensive 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. Fingrid is prepared for a widespread disturbance concerning Finland or the Nordic power system by making capital investments in the transmission grid and in reserve power. In its strategy, the company focuses on the versatile utilisation of the operation control system, expedited disturbance clearing, and management of power shortage situations. Fingrid also makes preparations for disturbance situations by means of various reserves, procedural guidelines, contingency plans, and exercises.

Other significant risks are an unfavourable trend in official regulation, capital investments which have become unnecessary, unanticipated capital investments, an unexpected increase in costs or reduction in income, financing risks, personnel risks, reputation risks, risks related to information technology and telecommunications, and asset risks.

Fingrid's operations are subject to official regulation and supervised by the Energy Market Authority. Risks related to an unfavourable trend in official regulation, such as changes in the Finnish or European regulation or legislation, can weaken the financial position of the company or its opportunities to pursue the objectives related to the development of the electricity market. The company aims to establish well-working co-operation and interaction with the various stakeholders and to contribute actively to the reports and task forces of authorities. Fingrid works within ENTSO-E, the European Network of Transmission System Operators for Electricity, hence making preparations for and contributing to the impacts of regulation.

Capital investments which have become unnecessary, or unanticipated capital investments may be the result of issues such as regional changes in electricity consumption, changes in electricity production, changes in the international situation, changes in regulation, or technological changes. The objective is to avoid potentially incorrect or unanticipated capital expenditure by means of continuous dialogue and close co-operation with customers, other transmission system operators, and other stakeholders. Fingrid draws up transparent, comprehensive and sustainable grounds for capital investments, and updates the grid plans regularly. The company creates flexibility in the capital investment programme and executes the projects in a timely fashion.

Fingrid's major financial risks include an unforeseen increase in costs or decrease in income. This could be caused by unexpected changes in market-based costs. Increased costs could be a result of for example the realisation of counterparty risk, increase in electricity exchange prices or interest rate level or unexpected faults. Correspondingly, a decrease in income may be the result of a sharp decline in electricity consumption, realisation of counterparty risk related to the service businesses, or a reduction in transmission and congestion income. An unanticipated increase in costs or decrease in income is restricted by enhancing financial control in the Group and assessment concerning financial latitude. Fingrid can change the grid tariff annually. Derivatives are used for hedging against changes in the price of electricity or in the interest rate level. The counterparty risk related to obligations of parties having a contractual relationship with Fingrid is limited contractually, by defining limits and by regularly monitoring the financial position of the counterparties.

The financial risks include currency risks, transaction risks, interest rate risks, commodity risks, liquidity and refinancing risks, and credit risks. Financial risks can be caused by disturbances in the capital and money markets, realisation of counterparty risks in terms of derivatives or investments, realisation credit risks in operations, or disturbances in payments traffic. The risks are limited by means of derivatives, monitoring of counterparties, and by determining upper limits for investments in financial securities and counterparties. Moreover, the refinancing risk caused by disorders in the money and capital markets is reduced by the even maturity profile of debt and versatile sources of funding. The financial risks are described in more detail in note 34 to the consolidated financial statements (IFRS).

The personnel risks are related to competence and occupational safety. In terms of occupational safety, risks related to electrical safety as well as construction and repair projects are the foremost risks. The competence and occupational safety risks are limited by the company's strategic long-term personnel planning and allocated training programmes for both the company's own personnel and service providers. Fingrid audits the work sites systematically in order to enhance safety at work.

Reputation risk can be attributable to a number of reasons, such as serious disturbances or accidents, changes in prices, expropriation of land areas, or delayed upgrades of the grid. These risks are reduced by means of effective risk and change management as well as responsible, transparent and equitable operations and active stakeholder efforts.

Drawbacks related to information technology and telecommunications may be caused by an accident in ICT hardware facilities, long-term inoperability of telecommunications, or a serious failure in a critical ICT system where such a failure poses a direct and significant impediment to the company's operations. Such a situation may also be caused by a work error or serious breach of data security. The company aims to make contingencies for these risks so that the company has sufficient and solid ICT expertise and that ICT is secured in terms of the facilities, telecommunications and systems. Contingency plans are drawn up for the critical systems, and the company monitors and forecasts potential cyber security threats.

Asset risks cover significant failures in Fingrid's assets beyond repair, or a reduction in the usability of the assets. These may include failures which are significant in terms of volume or asset value. Other reasons of asset risks can include significant and unanticipated factors. Fingrid manages the asset risk through means such as preventive maintenance management, comprehensive insurance policies for the key grid components, detailed definition of projects and maintenance management, stringent quality control, and use of proven technology and competent suppliers.

In addition to the foremost risks affecting the company, Fingrid has identified, as part of its corporate social responsibility, the risks that have a major impact on society. Fingrid has also taken into account the management of these risks, and it influences the risks through a variety of measures. The foremost risks shared by Fingrid and society comprise a risk of a major disturbance as described above, lack of confidence in the electricity market, environmental risk, postponement of significant upgrades of the transmission system, and long-term transmission capacity restrictions.

The loss of confidence in the electricity market is a significant risk for Fingrid and society. This risk may be realised for example as a result of congestions in the transmission system or high prices of electricity. The company aims to contribute to the integration of the European electricity market and to secure the intensification of market mechanisms by constructing new cross-border transmission connections whenever necessary and by publishing market information which has bearing on the transparency of the market.

From the point of view of society, the most significant environmental risks are related to environmental damage and to the requirements of environmental legislation. The foremost risks related to environmental matters include delays in capital investment projects due to the assessment of environmental impacts, and changes in environmental legislation. The preparatory measures for the environmental risks comprise proactive assessment of environmental impacts, monitoring of legislation, prevention of accidents by means of technical solutions, further development of terms of contract, and audits.

Risks to society also include the postponement of significant upgrades in the transmission system and long-term transmission capacity restrictions. Significant upgrades in the transmission system may be delayed because of the postponement of the permit process, economic situation, lack of resources, strike, or general strike, among others. The postponement may cause restrictions in the electricity market. Long-term transmission capacity restrictions may be caused by for example technical failures or problems with power system security. The risks are controlled by securing the critical items in the transmission grid and on the cross-border connections and by means of efficient outage planning.

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 55,922,485.55 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.

Corporate responsibility

Fingrid’s corporate responsibility management is founded on the company’s strategy. Corporate responsibility is guided by the Code of Conduct of the company. In 2012, the executive management group verified that the essential corporate responsibility issues are up to date. The primary responsibility objectives were also set.

The reporting takes into account the requirements of state ownership steering and other recommendations ensuring the company’s good governance. In our operating model based on solid procurement expertise and outsourcing, one of the key objectives is to enhance the requirements concerning the responsibility of the operations, and to monitor the supervision of their attainment in the procurement chain.

Environmental matters

Fingrid’s environmental responsibility is controlled by the company’s land use and environmental policy. The key is to reduce the environmental impacts of the operations and to ensure environmental safety. The proper ways of working are secured through terms of contract, training, and monitoring. Environmental issues are reported in the annual report and on the internet site.

Fingrid’s primary environmental impacts are caused by transmission lines, substations and reserve power plants, which represent visible and necessary infrastructure in our 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 considerations of substations and reserve power plants are related to the storage and handling of fuels and chemicals. The company improves the transmission system and aims at achieving minimum electricity transmission losses in a cost effective manner, thus enhancing energy efficiency. A reduction in greenhouse gas emissions is also considered as important. The efficient re-use and recycling of building and demolition waste is important in all construction work.

Fingrid has a total of 26,214 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 29 tonnes of sulphur hexafluoride (SF_6 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.

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. The correctness of the measuring and reporting systems for fuel consumption is verified by an independent accredited emissions trading verifier. A total of 21,317 units of emission allowances were returned. Emissions trading has minor financial significance for Fingrid.

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 16 January 2013, the international rating agency Standard & Poor's Rating Services (S&P) revised Fingrid Oyj's outlook from negative to stable. The credit ratings remained unchanged in other respects. S&P affirmed Fingrid's long-term credit rating at AA-, short-term rating at A-1+, and senior unsecured debt rating at AA-.

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.

The company raised the transmission tariffs by 15 per cent from 1 January 2013. Fingrid will continue the implementation of its long-term capital expenditure programme of 1,700 million euros. The capital investments will be financed by increasing external financing.

Due to exceptionally high congestion income in financial year 2012, Fingrid Group's profit for the financial year in 2013 without the change in the fair value of derivatives is expected to to decline slightly compared to the previous year.The uncertainty involved in congestion income and in cross-border income on the interconnections from Russia makes it difficult to forecast the profit for the entire financial year.

The Board of Director's Proposal For The Distribution of Profit

Fingrid Oyj's distributable funds in the financial statements are 52,500,000.00 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
- 45,789,285.50 euros to be carried over as unrestricted equity.

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18 February 2013

CONSOLIDATED KEY INDICATORS		2012 IFRS	2011 IFRS	2010 IFRS	2009 IFRS	2008 IFRS
Extent of operations						
Turnover	million €	522.1	438.5	456.3	358.9	382.3
Capital expenditure, gross	million €	139.0	244.4	144.1	135.6	87.9
- of turnover	%	26.6	55.7	31.6	37.8	23.0
Research and development expense	million €	1.5	1.8	1.6	1.3	0.9
- of turnover	%	0.3	0.4	0.3	0.4	0.2
Personnel, average		269	263	260	251	241
Personnel, end of year		275	266	263	260	249
Salaries and bonuses, total	million €	18.2	17.2	17.2	16.0	15.8
Profitability						
Operating profit	million €	94.6	56.6	74.4	50.8	68.4
- of revenue	%	18.1	12.9	16.3	14.1	17.9
Profit before taxes	million €	88.3	34.2	56.3	33.2	37.5
- of revenue	%	16.9	7.8	12.3	9.3	9.8
Return on investment (ROI)	%	5.6	3.6	5.1	3.9	5.8
Return on equity (ROE)	%	12.4	6.5	8.7	5.7	6.6
Financing and financial position						
Equity ratio	%	27.3	25.7	28.6	27.2	26.7
Interest-bearing net borrowings	million €	1,030.3	1,020.2	855.2	797.5	726.7
Share-specific indicators						
Earnings per share	€	20,159.2	9,924.1	12,561.9	7,417.4	8,378.5
Dividend, series A shares	€	2,018.26*	3,962.52	2,018.26	2,022.29	2,018.26
Dividend, series B shares	€	2,018.26*	2,018.26	2,018.26	2,022.29	2,018.26
Dividend payout ratio, A-shares	%	10.0*	39.9	16.1	27.3	24.1
Dividend payout ratio, B-shares	%	10.0*	20.3	16.1	27.3	24.1
Equity per share	€	171,365	152,573	154,654	134,676	125,600
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

CALCULATION OF KEY INDICATORS

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

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

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

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

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

Dividend payout ratio, % = $\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$

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

Interest-bearing net borrowings, € = Interest-bearing borrowings - cash and cash equivalents

2. Financial statements

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	1 Jan - 31 Dec 2012 1,000 €	1 Jan - 31 Dec 2011 1,000 €
REVENUE	2	522,064	438,456
Other operating income	3	3,835	2,976
Raw materials and consumables used	4	-267,103	-241,503
Employee benefits expenses	5	-22,135	-20,334
Depreciation	6	-75,665	-67,879
Other operating expenses	7, 8, 9	-66,376	-55,153
OPERATING PROFIT		**94,621**	**56,563**
Finance income	10	3,126	3,551
Finance costs	10	-10,293	-26,106
Finance income and costs		-7,167	-22,554
Portion of profit of associated companies		845	193
PROFIT BEFORE TAXES		**88,299**	**34,201**
Income taxes	11	-21,269	-1,204
PROFIT FOR THE FINANCIAL YEAR		**67,029**	**32,998**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges	12	6,112	-33,399
Translation reserve	12	92	240
Available-for-sale financial assets	12	1	-48
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**73,235**	**-209**
Profit attributable to:			
Equity holders of parent company		67,029	32,998
Total comprehensive income attributable to:			
Equity holders of the company		73,235	-209
Earnings per share, €	13	20,159	9,924
Earnings per share for profit attributable to the equity holders of the parent company:			
Undiluted earnings per share, €	13	20,159	9,924
Diluted earnings per share, €	13	20,159	9,924

Notes are an integral part of the financial statements.

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18 February 2013

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	**31 Dec 2012 1,000 €**	**31 Dec 2011 1,000 €**
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	15	87,920	87,920
Other intangible assets	16	91,085	89,737
		179,005	177 657
Property, plant and equipment:	17		
Land and water areas		13,933	13,671
Buildings and structures		126,385	98,345
Machinery and equipment		527,112	450,700
Transmission lines		684,187	689,929
Other property, plant and equipment		8,188	3,009
Advance payments and purchases in progress		124,870	163,908
		1,484,674	1,419,561
Investments:	18		
Equity investments in associated companies		8,292	7,947
Available-for-sale investments		302	301
		8,594	8,247
Receivables:			
Derivative instruments	29	81,678	57,495
Deferred tax assets	26	21,683	19,873
		103,361	77,368
TOTAL NON-CURRENT ASSETS		**1,775,634**	**1,682,834**
CURRENT ASSETS			
Inventories	19	10,443	6,706
Derivative instruments	29	3,884	14,288
Trade receivables and other receivables	20	88,251	64,633
Financial assets recognised in income statement at fair value	21	207,426	202,387
Cash and cash equivalents	22	6,411	1,454
TOTAL CURRENT ASSETS		**316,415**	**289,468**
TOTAL ASSETS		**2,092,049**	**1,972,301**

Notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2012 1,000 €	31 Dec 2011 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	-7,565	-13,679
Translation reserve	25	643	551
Retained earnings	25	464,865	408,586
TOTAL EQUITY		**569,788**	**507,304**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	26	152,579	140,340
Borrowings	27	1,032,199	845,154
Provisions	28	1,869	1,897
Derivative instruments	29	30,127	34,472
		1,216,773	**1,021,864**
CURRENT LIABILITIES			
Borrowings	27	211,932	378,841
Derivative instruments	29	10,770	670
Trade payables and other liabilities	30	82,786	63,623
		305,488	**443,133**
TOTAL LIABILITIES		**1,522,261**	**1,464,997**
TOTAL EQUITY AND LIABILITIES		**2,092,049**	**1,972,301**

Notes are an integral part of the financial statements.

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 equity
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 adjusted by tax effects				-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**
Balance at 1 Jan 2012		**55,922**	**55,922**	**-13,679**	**551**	**408,586**	**507,304**
Comprehensive income							
Profit or loss	25					67,029	67,029
Other comprehensive income							
Cash flow hedges	12			6,112			6,112
Translation reserve	12				92		92
Items related to long-term asset items available-for-sale	12			1			1
Total other comprehensive income adjusted by tax effects				6,113	92		6,205
Total comprehensive income				**6,113**	**92**	**67,029**	**73,235**
Transactions with owners							
Dividends relating to 2011	25					-10,751	-10,751
Balance at 31 Dec 2012		**55,922**	**55,922**	**-7,565**	**643**	**464,865**	**569,788**

Notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	1 Jan - 31 Dec 2012 1,000 €	1 Jan - 31 Dec 2011 1,000 €
Cash flow from operating activities:			
Profit for the financial year	25	67,029	32,998
Adjustments:			
Business transactions not involving a payment transaction	35	86,206	72,761
Interest and other finance costs		10,293	26,106
Interest income		-3,120	-3,544
Dividend income		-6	-7
Taxes		21,269	1,204
Changes in working capital:			
Change in trade receivables and other receivables		-22,712	-3,159
Change in inventories		-3,736	-606
Change in trade payables and other liabilities		22,742	-8,584
Change in provisions	28	-29	-2
Financial assets at fair value		-488	645
Interests paid		-21,787	-22,815
Interests received		3,556	2,899
Taxes paid	11	-14,586	-2,344
Net cash flow from operating activities		144,633	95,552
Cash flow from investing activities:			
Purchase of property, plant and equipment	17	-142,747	-241,046
Purchase of intangible assets	16	-5,106	-3,331
Purchase of other assets	18	0	
Proceeds from sale of property, plant and equipment	17	612	50
Dividends received	10	1,335	211
Contributions received			143
Net cash flow from investing activities		-145,905	-243,973
Cash flow from financing activities:			
Withdrawal of loans		643,535	749,938
Repayment of loans		-621,516	-612,649
Dividends paid	25	-10,751	-6,711
Net cash flow from financing activities		11,269	130,579
Net change in cash and cash equivalents		**9,996**	**-17,842**
Cash and cash equivalents 1 Jan		**203,841**	**221,683**
Cash and cash equivalents 31 Dec	21,22	**213,837**	**203,841**

Notes are an integral part of the financial statements.

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 (Läkkisepäntie 21, 00620, Helsinki), 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 14 February 2013. 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 19.18 %). 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 Group currently only has contribution-based 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.

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. 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 software and land use rights. Computer software is 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 software	3 years

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.

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. 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 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 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 policy approved by the executive management group.
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 documentated 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 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 are initially recognised at fair value net of the transaction costs incurred. Transaction costs consist of bond prices above or below par value, arrangement 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.

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. 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. The ITC compensations are calculated considering the electricity transmissions between the various ITC agreement countries. The inter-TSO compensation can represent both income and cost for a transmission system operator. 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 in arrears after all parties to the ITC agreement has approved the invoiced sums, after the monthly control. This is why the uninvoiced ITC compensations for 2012 have been estimated in the financial statements**.** The estimate has been made using actual energy border transmissions inFinland 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 2011 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 2012. These entered into force on the new or restructured Standard for and interpretations does not have a material impact on the 2012 financial statements.

IAS 12 (amendment)*: Income taxes
Currently IAS 12, 'Income taxes', 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. Hence this amendment 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', would 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 accordingly withdrawn.

IAS 1 (amendment): Financial statement presentation
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 Group will adopt the following amendments to existing standards on 1 January 2013 or later.

IFRS 7 (amendment)*: Financial instruments: Disclosures
This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

Amendment* to IFRS 10, IFRS 11 and IFRS 12 on transition guidance
These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

Annual improvements 2011 (revised)*
These annual improvements address issues in the 2009-2011 reporting cycle. It includes changes to:

- IFRS 1, First time adoption
- IAS 1, Financial statement presentation
- IAS 16, Property, plant and equipment
- IAS 32, Financial instruments; Presentation
- IAS 34, Interim financial reporting

IFRS 10 (amendment)*: Consolidated financial statements
The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 11 (amendment)*: Joint arrangements
IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venturer has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12 (amendment), ‘Disclosures of interests in other entities’
IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 (amendment), ‘Fair value measurement’
IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosurer equirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IAS 27 (revised 2011),‘Separate financial statements’
IAS 27 includes the requirements relating to separate financial statements.

IAS 28 (revised 2011),‘Associates and joint ventures’
IAS 28 includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11.

Amendment to IAS 32, ‘Financial instruments: Presentation’, on asset and liability offsetting
These amendments are to the application guidance in IAS 32, ‘Financial instruments: Presentation’, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

IFRS 9 (amendment), ‘Financial instruments’
IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the
entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

The changes are not expected to have a material impact on the consolidated financial statements.
*) The amendment has not yet been approved by the EU.

2. INFORMATION ON REVENUE AND SEGMENTS

REVENUE, 1,000 €	2012	2011
Grid service revenue	276,247	210,207
Sale of imbalance power	152,489	145,861
Cross-border transmission	10,613	22,399
ITC income	9,957	22,181
Peak load capacity	18,701	7,221
Estlink congestion income	6,469	9,632
Nordic congestion income	44,244	15,765
Feed-in tariff for peat		1
Other operating revenue	3,345	5,188
Total	**522,064**	**438,456**

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 €	**2012**	**2011**
Rental income	1,825	1,740
Contributions received	214	205
Other income	1,796	1,031
Total	**3,835**	**2,976**

4. MATERIALS AND SERVICES, 1,000 €	**2012**	**2011**
Purchases during financial year	238,532	225,338
Change in inventories, increase (-) or decrease (+)	-3,736	-606
Materials and consumables	234,795	224,732
External services	32,307	16,770
Total	**267,103**	**241,503**

5. EMPLOYEE BENEFITS EXPENSES, 1,000 €	**2012**	**2011**
Salaries and bonuses	18,215	17,213
Pension expenses - contribution-based schemes	3,050	2,438
Pension expenses - benefit-based schemes		-82
Other additional personnel expenses	869	765
Total	**22,135**	**20,334**

In 2011, a refund of 81,667.56 euros was received of the fees related to a benefit-based pension scheme which has ended.

Salaries and bonuses of top management (note 36)	**1,536**	**1,564**

Since 2012, the Group has applied a remuneration system whose general principles were accepted by the Board of Directors of Fingrid Oyj on 15 December 2011. The total remuneration of the members of the executive management group consists of a fixed total salary, a one-year bonus scheme, and a three-year long-term incentive scheme. The maximum amount of the one-year bonus scheme payable to the President is 25 per cent and to the other members of the executive management group 20 per cent of the annual salary. The maximum amount of the long-term incentive scheme payable to the President is 35 per cent and to the other members of the executive management group 25 per cent.

Number of salaried employees in the company during the financial year:	**2012**	**2011**
Personnel, average	269	263
Personnel, 31 Dec	275	266

6. DEPRECIATION, 1,000 €	**2012**	**2011**
Intangible assets	2,529	2,796
Buildings and structures	4,785	4,052
Machinery and equipment	36,461	32,502
Transmission lines	31,022	27,875
Other property, plant and equipment	868	653
Total	**75,665**	**67,879**

7. OTHER OPERATING EXPENSES, 1,000 €	**2012**	**2011**
Contracts, assignments etc. undertaken externally	37,913	31,833
Gains/losses from measuring electricity derivatives at fair value	12,500	4,725
Rental expenses	8,716	11,538
Foreign exchange gains and losses	162	8
Other expenses	7,083	7,050
Total	**66,376**	**55,153**

8. AUDITORS FEES, 1,000 €	**2012**	**2011**
Auditing fee	35	32
Other fees	63	6
Total	**98**	**38**

9. RESEARCH AND DEVELOPMENT, 1,000 €	**2012**	**2011**
Research and development expenses	1,533	1,833
Total	**1,533**	**1,833**

10. FINANCE INCOME AND COSTS, 1,000 €	**2012**	**2011**
Interest income on held-for-trading financial assets	-3,047	-3,523
Interest income on cash and cash equivalents and bank deposits	-21	-21
Net foreign exchange gains and losses	-51	
Dividend income	-6	-7
	-3,126	-3,551
Interest expenses on borrowings	36,549	29,281
Net financial expenses on interest and foreign exchange derivatives	-10,792	-7,079
Gains from measuring derivative contracts at fair value	-17,744	-7,363
Losses from measuring derivative contracts at fair value	4,032	10,523
Net foreign exchange gains and losses		0
Other finance costs	1,383	2,174
	13,429	27,535
Capitalised finance costs, borrowing costs; the capitalisation rate used 2.15 % (note 17)	-3,136	-1,430
Total	**7,167**	**22,554**

11. INCOME TAXES, 1,000 €	2012	2011
Direct taxes	12,825	7,720
Change of deferred taxes (note 26)	8,445	-6,517
Total	**21,269**	**1,204**
Reconciliation of income tax:		
Profit before taxes	**88,299**	**34,201**
Tax calculated in accordance with statutory tax rate in Finland 24.5% (26.0 % in 2011)	21,633	8,892
Deferred tax resulting from change in tax rate		- 7,653
Non-deductible expenses and tax-free income	-364	-36
Income Taxes in the Consolidated Income Statement	**21,269**	**1,204**

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

	2012			2011		
	Before taxes	Tax impact	After taxes	Before taxes	Tax impact	After taxes
Cashflow hedges	8,571	2,459	6,112	-37,841	4,443	-33,399
Translation reserve	92		92	240		240
Items related to long-term asset items available-for-sale	2	0	1	-65	17	-48
Total	**8,665**	**2,460**	**6,205**	**-37,667**	**4,460**	**-33,207**

13. EARNINGS PER SHARE	2012	2011
Profit for the financial year, 1,000 €	67,029	32,998
Weighted average number of shares, qty	3,325	3,325
Undiluted earnings per share, €	20,159	9,924
Diluted earnings per share, €	20,159	9,924

14. DIVIDEND PER SHARE

After the closing date, the Board of Directors has proposed that a dividend of 2,018.26 (2011: A-shares 3,962.52, B-shares 2,018.26) euros for both the A- and B-series of shares to be distributed totalling 6.7 (2011: 10.8) million euros.

15. GOODWILL, 1,000 €	2012	2011
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 is the transmission system operation in Finland with system responsibility, which the full goodwill of the Group is comprised of.

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 financial estimates derived from the company's ten year strategy. The cash flows used in the imparement 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 6.0% (7.0%).The discount rate has been lowered as a result of a general decline in interest rates. 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 €	2012	2011
Land use rights		
Cost at 1 Jan	86,098	84,600
Increases 1 Jan - 31 Dec	1,876	1,498
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**87,974**	**86,098**
Carrying amount 31 Dec	**87,974**	**86,098**
Other intangible assets		
Cost at 1 Jan	24,925	23,582
Increases 1 Jan - 31 Dec	2,001	1,343
Cost at 31 Dec	**26,925**	**24,925**
Accumulated depreciation according to plan 1 Jan	-21,286	-18,489
Depreciation according to plan 1 Jan - 31 Dec	-2,529	-2,796
Carrying amount 31 Dec	**3,111**	**3,639**
Carrying amount 31 Dec	**91,085**	**89,737**

The land use rights are tested annually for impairment in connection with the testing of goodwill.
No need for impairment has been noted as a result of the testing.

17. PROPERTY, PLANT AND EQUIPMENT, 1,000 €	2012	2011
Land and water areas		
Cost at 1 Jan	13,671	13,509
Increases 1 Jan - 31 Dec	262	162
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**13,933**	**13,671**
Carrying amount 31 Dec	**13,933**	**13,671**
Buildings and structures		
Cost at 1 Jan	127,014	107,624
Increases 1 Jan - 31 Dec	32,825	19,432
Decreases 1 Jan - 31 Dec		-43
Cost at 31 Dec	**159,839**	**127,014**
Accumulated depreciation according to plan 1 Jan	-28,669	-24,633
Decreases, depreciation according to plan 1 Jan - 31 Dec		17
Depreciation according to plan 1 Jan - 31 Dec	-4,785	-4,052
Carrying amount 31 Dec	**126,385**	**98,345**
Machinery and equipment		
Cost at 1 Jan	767,533	687,816
Increases 1 Jan - 31 Dec	112,874	79,972
Decreases 1 Jan - 31 Dec		-255
Cost at 31 Dec	**880,407**	**767,533**
Accumulated depreciation according to plan 1 Jan	-316,833	-284,459
Decreases, depreciation according to plan 1 Jan - 31 Dec		127
Depreciation according to plan 1 Jan - 31 Dec	-36,461	-32,502
Carrying amount 31 Dec	**527,112**	**450,700**
Transmission lines		
Cost at 1 Jan	1,006,788	896,373
Increases 1 Jan - 31 Dec	25,425	110,415
Decreases 1 Jan - 31 Dec	-278	
Cost at 31 Dec	**1,031,935**	**1,006,788**
Accumulated depreciation according to plan 1 Jan	-316,859	-288,984
Decreases, depreciation according to plan 1 Jan - 31 Dec	133	
Depreciation according to plan 1 Jan - 31 Dec	-31,022	-27,875
Carrying amount 31 Dec	**684,187**	**689,929**
Other property, plant and equipment		
Cost at 1 Jan	14,658	14,096
Increases 1 Jan - 31 Dec	6,016	562

Cost at 31 Dec	**20,674**	**14,658**
Accumulated depreciation according to plan 1 Jan	-11,649	-10,999
Depreciation according to plan 1 Jan - 31 Dec	-837	-650
Carrying amount 31 Dec	**8,188**	**3,009**
Advance payments and purchases in progress		
Cost at 1 Jan	163,908	142,930
Increases 1 Jan - 31 Dec	116,320	224,097
Transfers to other property, plant, and equipment and to other intangible assets 1 Jan - 31 Dec	-158,464	-204,546
Borrowing costs capitalised in the financial year (note 10)	3,136	1,430
Depreciation according to plan on capitalised interests 1 Jan - 31 Dec	-30	-3
Cost at 31 Dec	**124,870**	**163,908**
Carrying amount 31 Dec	**124,870**	**163,908**
Carrying amount 31 Dec	**1,484,674**	**1,419,561**

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 €	**2012**	**2011**
Available-for-sale investments		
Cost at 1 Jan	301	366
Increases 1 Jan - 31 Dec		
Decreases 1 Jan - 31 Dec		
Changes in fair value 1 Jan - 31 Dec	2	-65
Carrying amount 31 Dec	**302**	**301**
The changes in fair value are recorded in equity (note 25).		
Equity investments in associated companies		
Cost at 1 Jan	7,947	7,718
Portion of profit 1 Jan - 31 Dec	845	193
Share issue Nord Pool Spot AS 1 Aug 2012	737	
Translation differences 1 Jan - 31 Dec	92	240
Dividends 1 Jan - 31 Dec	-1,329	-204
Carrying amount 31 Dec	**8,292**	**7,947**
Carrying amount 31 Dec	**8,594**	**8,247**
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.

The ownership structure of Nord Pool Spot AS, the Nordic electricity exchange, changed on 1 August 2012. The Estonian and Lithuanian transmission system operators Elering AS and Litgrid AB respectively became co-owners through a special issue, each with a holding of 2.04 per cent. The Latvian transmission system operator Latvenergo AS has an option to become a co-owner. Fingrid Oyj's ownership in Nord Pool Spot AS decreased to 19.18 per cent. If the Latvian TSO becomes a co-owner, Fingrid Oyj's holding will decrease to 18.8 per cent. Fingrid considers that despite the reduction in the company's holding, Nord Pool Spot AS will remain as an associated company, because the holding is a vital part of the corporate strategy, and the influence in Nord Pool Spot AS continues to be significant.

Financial summary of associated companies, 1,000 €

2011	Assets	Liabilities	Revenue	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	93,372	70,649	16,897	2,133	20.0
Porvoon Alueverkko Oy, Porvoo, Finland	6,979	6,358	5,039	17	33.3

2012	Assets	Liabilities	Revenue	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	331,432	305,649	21,567	4,719	19,18
Porvoon Alueverkko Oy, Porvoo, Finland	6,412	6,024	7,051	12	33,3

Subsidiary shares 31 Dec 2012	Ownership (%)	Ownership (%)
Finextra Oy, Helsinki, Finland	100	100

19. INVENTORIES, 1,000 €

	2012	2011
Materials and consumables at 1 Jan	10,399	6,642
Work in progress	44	65
Total	**10,443**	**6,706**

The cost of inventories recognised as expense was 0.7 (2011: 0.8) million euros.

20. TRADE RECEIVABLES AND OTHER RECEIVABLES, 1,000 €

	2012	2011
Trade receivables	68,420	49,903
Trade receivables from associated companies (note 36)	2,039	708
Prepayments and accrued income	17,736	13,968
Other receivables	55	53
Total	**88,251**	**64,633**

Essential items included in prepayments and accrued income	2012	2011
Accruals of sales	244	5,024
Accruals of purchases/prepayments	9,121	493
Interest receivable	8,185	8,249
Rents/prepayments	186	203
Total	**17,736**	**13,968**

Age distribution of trade receivables	2012	2011
Unmatured trade receivables	65,365	46,672
Trade receivables matured by 1-30 days	4,924	3,868
Trade receivables matured by 31-60 days	136	60
Trade receivables matured by more than 60 days	34	12
Total	**70,460**	**50,611**

On 31 December 2012 or on 31 December 2011, the company did not have matured trade receivables of which impairment losses would have been recorded. Based on earlier payment behaviour, 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 €	2012	2011
EUR	88,251	64,631
GBP		2
Total	**88,251**	**64,633**

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 €

	2012	2011
Certificates of deposit	45,999	99,693
Commercial papers	151,413	102,694
Short-term money market funds	10,014	
Total	**207,426**	**202,387**

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

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22. CASH AND CASH EQUIVALENTS, 1,000 €	2012	2011
Cash and bank accounts	5,391	152
Pledged accounts	1,020	1,302
Total	**6,411**	**1,454**

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

Balance sheet item 31 Dec 2012	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
Non-current financial assets						
Available-for-sale investments			302		302	18
Interest rate and currency derivatives		88,932			88,932	29
Current financial assets						
Interest rate and currency derivatives		4,815			4,815	29
Trade receivables and other receivables	78,700				78,700	20
Financial Assets recognised in income statement at fair value		207,426			207,426	21
Cash in hand and bank receivables		6,411			6,411	22
Financial assets total	**78,700**	**307,585**	**302**		**386,587**	
Non-current financial liabilities						
Borrowings				1,032,199	1,032,199	27
Interest rate and currency derivatives		14,602			14,602	29
Current financial liabilities						
Borrowings				211,932	211,932	27
Interest rate and currency derivatives		1,842			1,842	29
Trade payables and other liabilities	56,677			18,181	74,859	30
Financial liabilities total	**56,677**	**16,444**		**1,262,312**	**1,335,434**	

Balance sheet item 31 Dec 2011	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
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	58,913				58,913	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	**58,913**	**283,873**	**301**		**343,086**	
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**	

24. FAIR VALUE HIERARCHY, 1,000 €

	2012			2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held at fair value						
Available-for-sale investments	50	200		48	200	
Interest rate and currency derivatives		77,393			64,421	
Financial assets recognised at fair value	10,014	197,413			202,387	
Financial assets held at fair value total	**10,064**	**275,006**		**48**	**267,008**	
Financial liabilities held at fair value						
Interest rate and currency derivatives		90			1,628	
Electricity forward contracts, NASDAQ OMX Commodities	27,294			22,889		
Financial liabilities held at fair value total	**27,294**	**90**		**22,889**	**1,628**	

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 observerable market parameters either directly or indirectly.
Level 3: inputs are unobserverable market parameters.

25. EQUITY

Equity is composed of the share capital, share premium account, revalution reserve (incl. hedge and fair value 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 2011	55,922	55,922	111,845
Change			
31 Dec 2011	55,922	55,922	111,845
Change			
31 Dec 2012	**55,922**	**55,922**	**111,845**

The share capital is broken down as follows:	Number of shares qty	Of all shares %	Of votes %
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 2012	2,078	1,247	3,325
Change			

31 Dec 2012	**2,078**	**1,247**	**3,325**

The maximum number of shares is 13,300 as in 2011. The shares have no par value.

Series A shares confer three votes each at the Annual General Meeting and series B shares one vote each. When electing members of the Board of Directors, series A share confers 10 votes each at the Annual General 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.

Fingrid Oyj's Annual General Meeting decides on the annual dividend.

Definition of dividend for series B shares: 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 2012 is 6.0 per cent.

There are no non-controlling interests.

Shareholders by different categories	Number of shares qty	Of all shares %	Of votes %
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**

Shareholders	Number of shares qty	Of all shares %	Of votes %
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**

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.

Revaluation reserves
The revaluation 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) (fair value reserve).

Hedge reserve, 1,000 €	**2012**	**2011**

	2012	2011
1 Jan	-13,691	19,708
Changes in fair value during financial year	3,653	-37,841
Taxes	2,459	4,443
Hedge reserve 31 Dec	**-7,578**	**-13,691**

Fair value reserve, 1,000 €	**2012**	**2011**
1 Jan	12	61
Changes in fair value during financial year	1	-65
Taxes on changes in fair value during financial year	0	17
Fair value reserve 31 Dec	**14**	**12**

Translation reserve, 1,000 €	**2012**	**2011**
Translation reserve 31 Dec	**643**	**551**

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

Dividends, 1,000 €	**2012**	**2011**
Dividends paid	**10,751**	**6,711**

The proposal for dividend distribution for the financial year 2012 is presented in note 14.

Retained earnings, 1,000 €	**2012**	**2011**
Profit from previous financial years	397,836	375,589
Profit for the financial year	67,029	32,998
Retained earnings 31 Dec	**464,865**	**408,586**

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

Changes in deferred taxes in 2012:

Deferred tax assets	**31 Dec 2011**	**Recorded in income statement at profit or loss**	**Recorded in other comprehensive income**	**31 Dec 2012**
Provisions	493	-35		458
Current financial assets				1,235
Trade payables and other liabilities	491	15		506
Interest-bearing borrowings	10,434	1,623		12,057
Derivative instruments	8,446	-3,524	2,459	7,381
Other items	8	38		47
Total	**19,873**	**-1,884**	**2,459**	**21,683**
Deferred tax liabilities				
Accumulated depreciations difference	-106,463	-3,517		-109,980
Property, plant and equipment, tangible and intangible assets	-19,287	-3,127		-22,414
Available-for-sale investments	-22		0	-22
Other receivables	-2,024	17		-2,007
Financial assets recognised in income statement at fair value	-265	119		-145
Non-current financial assets	-10,720	-7,290		-18,010
Current financial assets	-1,559	-325		
Total	**-140,340**	**-14,122**	**0**	**-152,579**

Changes in deferred taxes in 2011:

Deferred tax assets	**31 Dec 2010**	**Recorded in income statement at profit or loss**	**Recorded in other comprehensive income**	**31 Dec 2011**

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 depreciation 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
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**

27. BORROWINGS, 1,000 €	**2012**		**2011**	
Non-current	Fair value	Balance sheet value	Fair value	Balance sheet value
Bonds	877,061	818,199	637,276	619,998
Loans from financial institutions	230,655	214,000	231,086	225,156
	1,107,716	1,032,199	868,362	845,154
Current	Fair value	Balance sheet value	Fair value	Balance sheet value
Current portion of long-term borrowings maturing within a year	126,230	123,022	173,391	171,673
Other loans / Commercial papers (international and domestic)	89,008	88,910	207,537	207,168
	215,238	211,932	380,928	378,841
Total	**1,322,954**	**1,244,131**	**1,249,290**	**1,223,995**

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 €				**2012**	**2011**
Currency	Nominal amount	Maturity date	Interest		
EUR	25,000	16.03.2012	variable interest		25,000
EUR	25,000	12.04.2012	variable interest		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
EUR	300,000	03.04.2024	3.50 %	298,475	
				483,475	**235,000**
FIM	160,000	19.08.2013	5.20 %	26,909	26,909

				2012	2011
				26,909	**26,909**
JPY	3,000,000	25.07.2012	1.3575 % *		29,940
JPY	3,000,000	20.04.2015	1.45 %	26,406	29,940
JPY	500,000	22.06.2017	1.28 %	4,401	4,990
				30,807	**64,870**
CHF	39,000	22.05.2012	2.475 %		32,083
					32,083
NOK	170,000	19.11.2014	4.68 %	23,135	21,924
NOK	200,000	17.10.2016	5.15 %	27,217	25,793
NOK	200,000	11.04.2017	5.16 %	27,217	25,793
NOK	200,000	10.11.2017	5.12 %	27,217	25,793
NOK	200,000	12.11.2019	5.37 %	27,217	25,793
				132,003	**125,097**
SEK	225,000	03.04.2012	variable interest		25,247
SEK	225,000	11.04.2012	variable interest		25,247
SEK	100,000	21.03.2013	variable interest	11,652	11,221
SEK	200,000	03.04.2013	3.70 %	23,305	22,442
SEK	175,000	04.04.2014	4.30 %	20,392	19,636
SEK	300,000	15.06.2015	3.195 %	34,957	33,662
SEK	100,000	17.06.2015	3.10 %	11,652	11,221
SEK	220,000	01.12.2015	interest rate structure	26,845	26,588
SEK	100,000	15.01.2016	3.297 %	11,652	11,221
SEK	500,000	18.10.2016	variable interest	58,261	55,967
SEK	500,000	18.10.2016	3.50 %	58,153	56,104
				256,870	**298,556**
Bonds, long-term total				818,199	619,998
Bonds, short-term total				111,866	162,517
Total				**930,065**	**782,515**

*call option not exercised 25 July 2006

Maturity of non-current borrowings, 1,000 €

	2013	2014	2015	2016	2017	2017+	Total
Bonds	111,866	103,526	99,860	155,284	133,835	325,692	**930,065**
Loans from financial institutions	11,156	4,000	16,424	20,710	21,662	151,203	**225,156**
Total	**123,023**	**107,526**	**116,285**	**175,994**	**155,498**	**476,896**	**1,155,221**

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 €

	2012	2011
Provisions 1 Jan	1,897	1,899
Provisions used	-29	-2
Provisions 31 Dec	**1,869**	**1,897**

29. DERIVATIVE INSTRUMENTS, 1,000 €

	2012				2011			
Interest rate and currency	Fair value Pos.	Neg.	Net fair value	Nominal value	Fair value Pos.	Neg.	Net fair value	Nominal value

derivatives	31.12.12	31.12.12	31.12.12	31.12.12	31.12.11	31.12.11	31.12.11	31.12.11
Cross-currency swaps	78,713	-6,621	72,092	418,578	73,198	-9,592	63,606	518,841
Forward contracts		-90	-90	2,837		-384	-384	24,700
Interest rate swaps	15,032	-9,733	5,299	406,000	6,019	-7,262	-1,243	301,000
Interest rate options, bought	2		2	810,000	814		814	880,000
Total	**93,747**	**-16,444**	**77,303**	**1,637,415**	**80,032**	**-17,238**	**62,793**	**1,724,541**

Electricity derivatives	Fair value Pos. 31.12.12	Fair value Neg. 31.12.12	Net fair value 31.12.12	Volume TWh 31.12.12	Fair value Pos. 31.12.11	Fair value Neg. 31.12.11	Net fair value 31.12.11	Volume TWh 31.12.11
Electricity forward contracts, designated as hedge accounting NASDAQ OMX Commodities		-16,844	-16,844	2.68		-22,814	-22,814	3.81
Electricity forward contracts, not designated as hedge accounting NASDAQ OMX Commodities		-10,450	-10,450	1.20		-75	-75	0.01
Total		**-27,294**	**-27,294**	**3.88**		**-22,889**	**-22,889**	**3.82**

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 2012.

Maturity of derivative contracts:

Nominal value, 1,000 €	**2013**	**2014**	**2015**	**2016**	**2017**	**2017+**	**Total**
Interest rate swaps	80,000	36,000	30,000	70,000	30,000	160,000	**406,000**
Interest rate options	145,000	445,000	220,000				**810,000**
Cross-currency swaps	34,957	43,526	98,650	155,392	58,835	27,217	**418,578**
Forward contracts	1,847	321	669				**2,837**
Total	**261,804**	**524,847**	**349,319**	**225,392**	**88,835**	**187,217**	**1,637,415**

TWh	**2013**	**2014**	**2015**	**2016**	**2017**	**2017+**	**Total**
Electricity derivatives	1.13	1.17	0.79	0.53	0.26		**3.88**
Total	**1.13**	**1.17**	**0.79**	**0.53**	**0.26**		**3.88**

30. TRADE PAYABLES AND OTHER LIABILITIES, 1,000 €	**2012**	**2011**
Trade payables	34,953	23,344
Trade payables to associated companies	393	120
Interest liabilities	18,181	14,491
Value added tax	5,103	2,481
Electricity tax	2,643	1,507
Accruals	20,789	21,159
Other debt	542	520
Total	**82,604**	**63,623**

Essential items included in accruals	**2012**	**2011**
Personnel expenses	3,713	3,351
Accruals of sales and purchases	17,076	17,808
Total	**20,789**	**21,159**

31. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €	2012	2011
Pledges		
Pledge covering property lease agreements	47	47
Pledged account in favour of the Customs Office	280	150
Pledged account covering electricity exchange purchases		127
	327	**323**
Unrecorded investment commitments	**217,193**	**218,072**
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	459	401
Commitment fee for subsequent years	1,218	1,584
	3,378	**3,685**

32. OTHER LEASE AGREEMENTS, 1,000 €	2012	2011
Minimum rental obligations of other irrevocable lease agreements:		
In one year	2,293	1,999
In more than one year and less than five years	8,499	8,818
In more than five years	13,770	15,277
Total	**24,563**	**26,095**

The foremost lease agreements of the Group relate to office premises. The durations of the lease agreements range from less than one year to fifteen 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 pending legal proceedings or proceedings by authorities that would have a material impact on the business of the company. Appeals to various court instances are often made in conjunction with permit procedures related to the acquisition of transmission line areas. The company’s management estimates that the above-mentioned permit procedures or any other business aspects do not involve pending legal proceedings, the outcome of which would have a material effect on the Group’s financial position.

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.

The Market Court dismissed Fingrid’s appeal on 21 December 2012. Fingrid has lodged an appeal concerning the decision of the Market Court to the Supreme Administrative Court.

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 risk management principles and any amendments to them. The Board of Directors approves the primary actions 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.

Principles for financing
The Board of Directors of Fingrid Oyj approves the principles for financing, stating the guidelines for external funding, financial asset management, market, liquidity, refinancing and credit risks. The external financing of Fingrid Group is carried out by Fingrid Oyj.

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 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 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 principles for financing, leave an exposure unhedged, which may not exceed 10 % of the financial assets.

Transaction exposure
The company issues securities in the international and domestic 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 of these risks. 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 2012	Carrying amount	Portion %	Hedging degree	Currency distribution 31 Dec 2011	Carrying amount	Portion %	Hedging degree
EUR	824,451	66		EUR	678,734	55	
CHF				CHF	56,737	5	100
JPY	30,807	2	100	JPY	64,870	5	100
NOK	132,003	11	100	NOK	125,097	10	100
SEK	256,870	21	100	SEK	298,556	24	100
Total	**1,244,131**	**100**	**100**	**Total**	**1,223,995**	**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 2012		Bonds	Commercial papers	Total	Cross-currency swaps	Forward contracts	Total	Net exposure Total
JPY	+10 %	-3,559			3,559			0

	- 10 %	2,912			-2,912			0
NOK	+10 %	-16,467			16,467			0
	- 10 %	13,473			-13,473			0
SEK	+10 %	-29,795			29,795			0
	- 10 %	24,377			-24,377			0

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

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 €		**2012**	**2011**
		Equity 31 Dec 2012	Equity 31 Dec 2011
NOK	+10 %	549	505
	- 10 %	-450	-413

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 principles for 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 interest level is considered high when the 6 month Euribor interest rate is 5 % or more**.** At the end of 2012, 75 % of the interest costs for the next five years were hedged, and correspondingly 65 % were hedged at the end of 2011.

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 €	**2012**		**2011**	
	-1%-unit	+1%-unit	-1%-unit	+1%-unit
Borrowings	5,449	-5,449	7,325	-7,325
Interest rate derivatives	-269	269	-1,350	1,350
Borrowings total	5,180	-5,180	5,975	-5,975
Financial assets and cash	-1,566	1,566	-1,624	1,624
Net borrowings total	**3,614**	**-3,614**	**4,351**	**-4,351**

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 €

2012			2011		
Confidence level	31 Dec 2012 Net finance costs		Confidence level	31 Dec 2011 Net finance costs	
96 %	min.	17,689	96 %	min.	19,747
	max.	23,961		max.	26,898
98 %	min.	14,722	98 %	min.	19,200
	max.	24,943		max.	27,058

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 policy accepted by the executive management group. 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 29.4 million euros higher or lower (31.2 million euros in 2011).

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 2017. 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.

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

31 Dec 2012		**2013**	**2014**	**2015**	**2016**	**2017**	**2017+**	**Total**
Bonds	- repayments	111,867	103,526	98,650	155,392	133,835	327,217	930,488
	- interest costs	30,403	26,062	23,636	21,840	16,009	76,424	194,374
Loans from financial institutions	- repayments	11,156	4,000	16,424	20,710	21,662	151,203	225,156
	- interest costs	4,814	4,403	4,613	4,585	4,349	19,496	42,260
Commercial papers	- repayments	88,910						88,910
	- interest costs	90						90
Cross-currency swaps	- payments	34,761	41,765	90,394	147,961	54,041	25,036	393,958
Interest rate swaps	- payments	5,257	3,577	3,552	3,420	2,187	14,916	32,909
Forward contracts	- payments	1,920	325	681				2,927
Guarantee commitment*	- payments	1,700						1,700
Total		**290,878**	**183,659**	**237,951**	**353,909**	**232,084**	**614,292**	**1,912,773**

Cross-currency swaps	- receivables	50,532	57,126	110,486	165,209	63,123	30,141	476,618
Interest rate swaps	- receivables	5,440	4,349	4,127	4,417	4,004	16,006	38,343
Forward contracts	- receivables	1,847	321	669				2,837
Total		**57,819**	**61,796**	**115,282**	**169,626**	**67,127**	**46,147**	**517,798**
Grand total		**233,059**	**121,863**	**122,668**	**184,282**	**164,956**	**568,145**	**1,394,975**

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

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.

Credit risk
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 €	**2012**	**2011**
Business transactions not involving a payment transaction		
Depreciation	75,665	67,879
Capital gains/losses (-/+) on sale of property, plant and equipment	-467	104
Portion of profit of associated companies	-845	-193

Share Issue Nord Pool Spot AS 1.8.2012	-737	
Gains/losses from the valuation of assets and liabilities recognised in income statement at fair value	12,591	4,971
Total	**86,206**	**72,761**

36. RELATED PARTY TRANSACTIONS

Transactions with owners include transactions conducted with the State of Finland. Other related party transactions include transactions concluded with entities where the State of Finland has a holding in excess of 50%. In 2011, the related party transactions concerning owners include transactions concluded with Fortum Corporation and Pohjolan Voima Oy during period 1 January - 30 April 2011.

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 €	**2012**	**2011**
Salaries and other short-term employee benefits	1,536	1,564

Transactions with associated companies, 1,000 €	**2012**	**2011**
Sales	7,153	4,290
Purchases	46,653	62,510
Receivables	2,039	708
Liabilities	393	120

Transactions with related parties, 1,000 €	**2012**	**2011**
Owners:		
Sales		49,911
Purchases	47	32,961
Other related parties:		
Sales	66,772	36,356
Purchases	41,509	34,399
Receivables	1,234	6,125
Liabilities	7,707	4,946

General procurement principles
The Group follows three alternative procurement methods when purchasing goods or services. When the costs and value of the purchases 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 in 2012-2013) 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 CO_2 emissions. The Forssa reserve power plant was commissioned in 2012, as a result of which the emissions have increased. The use of emission allowances had no impact on the financial result in 2012.

	2012	**2011**
	tCO2	**tCO2**
Emission rights received free of charge	25,261	25,261

Emission volumes, Olkiluoto	844	526
Emission volumes, Forssa	17,633	
Emission volumes, other power plants total	2,840	1,908
All emissions total	**21,317**	**2,434**

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.

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

PARENT COMPANY PROFIT AND LOSS ACCOUNT	Notes	1 Jan - 31 Dec 2012 €	1 Jan - 31 Dec 2011 €
TURNOVER	2	503,662,672.10	433,829,531.17
Other operating income	3	3,097,722.02	2,975,592.24
Materials and services	4	-248,809,581.40	-236,927,584.93
Staff expenditure	5	-22,134,749.81	-20,333,921.19
Depreciation and amortisation expense	6	-85,272,765.56	-77,448,711.28
Other operating expenses	7, 8	-53,723,489.03	-50,141,675.40
OPERATING PROFIT		**96,819,808.32**	**51,953,230.61**
Finance income and costs	9	-28,942,078.44	-24,011,192.98
PROFIT BEFORE EXTRAORDINARY ITEMS		**67,877,729.88**	**27,942,037.63**
PROFIT BEFORE PROVISIONS AND TAXES		**67,877,729.88**	**27,942,037.63**
Provisions	10	-14,355,143.94	1,817,115.05
Income taxes	11	-12,812,893.63	-7,715,876.02
PROFIT FOR THE FINANCIAL YEAR		**40,709,692.31**	**22,043,276.66**

Notes are an integral part of the financial statements.

PARENT COMPANY BALANCE SHEET

ASSETS	Notes	31 Dec 2012 €	31 Dec 2011 €
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	12	30,021,544.77	36,454,732.95
Other non-current expenses	13	90,971,574.48	88,331,632.26
		120,993,119.25	**124,786,365.21**
Tangible assets	14		
Land and water areas		13,932,742.17	13,671,030.45
Buildings and structures		126,339,957.54	98,298,091.08
Machinery and equipment		524,998,735.03	448,490,783.67
Transmission lines		666,157,748.90	671,539,513.14
Other tangible assets		117,516.35	117,516.35
Advance payments and purchases in progress		120,174,398.32	162,317,923.59
		1,451,721,098.31	**1,394,434,858.28**
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		1,176,314.01	1,134,892.55
		8,322,237.99	**8,280,816.53**
TOTAL NON-CURRENT ASSETS		**1,581,036,455.55**	**1,527,502,040.02**
CURRENT ASSETS			
Inventories	16	**10,442,615.15**	**6,706,182.09**
Receivables			
Current receivables			
Trade receivables		62,648,323.09	44,109,058.75
Receivables from Group companies		139,978.60	104,809.25
Receivables from associated companies	17	2,039,225.25	707,752.76
Other receivables		55,257.35	53,228.12
Prepayments and accrued income	18, 19	26,629,008.48	27,355,285.45
		91,511,792.77	**72,330,134.33**
Financial assets	20	**206,833,143.48**	**201,305,951.47**
Cash in hand and bank receivables	20	**6,411,098.28**	**1,454,207.08**
TOTAL CURRENT ASSETS		**315,198,649.68**	**281,796,474.97**
TOTAL ASSETS		**1,896,235,105.23**	**1,809,298,514.99**

Notes are an integral part of the financial statements.

PARENT COMPANY BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec 2012 €	31 Dec 2011 €
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		11,790,307.69	497,917.81
Profit for the financial year		40,709,692.31	22,043,276.66
TOTAL SHAREHOLDERS' EQUITY		**164,344,971.10**	**134,386,165.57**
ACCUMULATED PROVISIONS	22	**448,896,757.27**	**434,541,613.33**
PROVISIONS FOR LIABILITIES AND CHARGES	29	**1,868,946.78**	**1,897,446.78**
LIABILITIES			
Non-current liabilities			
Bonds	23, 24	782,848,102.36	591,622,542.18
Loans from financial institutions		213,999,999.98	225,156,064.52
		996,848,102.34	**816,778,606.70**
Current liabilities			
Bonds	23	108,774,439.32	148,735,179.54
Loans from financial institutions		11,156,064.01	9,156,429.94
Trade payables		29,315,342.32	23,340,117.28
Liabilities to Group companies	25	542,728.15	459,652.50
Liabilities to associated companies	26	393,455.81	120,118.18
Other liabilities	27	97,197,420.08	211,878,601.87
Accruals	28	36,896,878.05	28,004,583.30
		284,276,327.74	**421,694,682.61**
TOTAL LIABILITIES		**1,281,124,430.08**	**1,238,473,289.31**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,896,235,105.23**	**1,809,298,514.99**

Notes are an integral part of the financial statements.

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18 February 2013

PARENT COMPANY CASH FLOW STATEMENT	Notes	1 Jan - 31 Dec 2012 €	1 Jan - 31 Dec 2011 €
Cash flow from operating activities:			
Profit for the financial year	21	40,709,692.31	22,043,276.66
Adjustments:			
Business transactions not involving a payment transaction	31	99,160,604.38	75,735,593.41
Interest and other finance costs		37,961,966.04	31,456,287.80
Interest income		-7,672,856.82	-7,233,286.64
Dividend income		-1,347,030.78	-211,808.18
Taxes		12,812,893.63	7,715,876.02
Changes in working capital:			
Change in trade receivables and other receivables		-22,756,802.95	2,630,494.62
Change in inventories		-3,736,433.06	-605,625.97
Change in trade payables and other liabilities		22,751,951.30	-14,230,928.03
Change in provisions		-28,500.00	-1,500.00
Interests paid		-24,924,248.03	-24,250,843.24
Interests received		3,555,790.10	2,898,710.93
Taxes paid	11	-14,597,786.91	-2,343,505.78
Net cash flow from operating activities		141,889,239.21	93,602,741.60
Cash flow from investing activities:			
Purchase of tangible assets	14	-134,889,618.00	-221,489,627.11
Purchase of intangible assets	13	-9,785,186.55	-21,235,186.68
Investments in other assets	15	-41,421.46	-221,767.52
Proceeds from sale of tangible assets	14	612,000.00	50,000.00
Dividends received	9	1,347,030.78	211,808.18
Contributions reveived			142,500.00
Net cash flow from investing activities		-142,757,195.23	-242,542,273.13
Cash flow from financing activities:			
Withdrawal of short-term loans		345,208,475.73	620,754,894.13
Repayment of short-term loans		-463,553,819.40	-507,247,826.61
Withdrawal of long-term loans		298,410,000.00	129,183,417.22
Repayment of long-term loans		-157,961,730.32	-105,527,907.73
Dividends paid	21	-10,750,886.78	-6,710,698.27
Net cash flow from financing activities		11,352,039.23	130,451,878.74
Net change in cash and cash equivalents		**10,484,083.21**	**-18,487,652.79**
Cash and cash equivalents 1 Jan		**202,760,158.55**	**221,247,811.34**
Cash and cash equivalents 31 Dec	20	**213,244,241.76**	**202,760,158.55**

Notes are an integral part of the financial statements.

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 principles for financing, 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 software	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.

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 Debt Issuance Programme. 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 €	2012	2011
Grid service revenue	276,247	210,207
Sale of imbalance power	152,489	145,861
Cross-border transmission	10,613	22,399
ITC income	9,957	22,181
Peak load capacity		2,510
Estlink congestion income	6,469	9,632
Nordic congestion income	44,244	15,765
Income from peak load capacity services	300	85
Other operating revenue	3,345	5,188
Total	**503,663**	**433,830**

3. OTHER OPERATING INCOME, 1,000 €	2012	2011
Rental income	1,825	1,740
Contributions received	214	205
Other income	1,059	1,031
Total	**3,098**	**2,976**

4. MATERIALS AND SERVICES, 1,000 €	2012	2011
Purchases during the financial year	173,954	162,748
Loss energy purchases	64,578	62,590
Change in inventories, increase (-) or decrease (+)	-3,736	-606
Materials and supplies	234,795	224,732

Grid service charges	40	53
Other external services	13,975	12,142
Services	14,014	12,195
Total	**248,810**	**236,928**

5. STAFF EXPENDITURE, 1,000 €	**2012**	**2011**
Salaries and bonuses	18,215	17,213
Pension expenses	3,050	2,356
Other additional personnel expenses	869	765
Total	**22,135**	**20,334**
Salaries and bonuses of the members of the Board of Directors and President and CEO	**418**	**436**
Helena Walldén, Chairman (since 3.5.2011)	34	24
Juha Majanen, Vice Chairman (since 22.3.2012)	15	
Sirpa Ojala, Member of the Board (since 22.3.2012)	11	
Esko Torsti, Member of the Board (since 22.3.2012)	12	
Esko Raunio, Member of the Board (since 3.5.2011)	13	10
Timo Ritonummi, Deputy Member of the Board (since 3.5.2001)	3	5
Marja Hanski, Deputy Member of the Board (since 3.5.2011)	4	4
Niko Ijäs, Deputy Member of the Board (since 22.3.2012)	2	
Matti Rusanen, Deputy Member of the Board (since 22.3.2012)	2	
Jari Eklund, Deputy Member of the Board (since 3.5.2011)	4	4
Arto Lepistö, Vice Chairman (until 22.3.2012)	7	23
Elina Engman, Member of the Board (3.5.2011–29.2.2012)	2	11
Timo Kärkkäinen, Member of the Board (3.5.2011-22.3.2012)	4	13
Mikko Räsänen Deputy Member of the Board (3.5.2011-22.3.2012)	1	4
Antti Riivari, Deputy Member of the Board (3.5.2011-22.3.2012)	1	4
Jarmo Väisänen, Member of the Board (3.5. - 13.5.2011)		0
Jarmo Kilpelä, Member of the Board (3.5. - 13.5.2011)		0
Ilpo Nuutinen, Deputy Member of the Board (3.5. - 13.5.2011)		0
Petri Vihervuori, Deputy Member of the Board (3.5. - 13.5.2011)		0
Lauri Virkkunen, Chairman (until 3.5.2011)		8
Timo Karttinen, First Deputy Chairman (until 3.5.2011)		7
Risto Autio, Member of the Board (until 3.5.2011)		4
Ari Koponen, Member of the Board (until 3.5.2011)		4
Ritva Nirkkonen, Member of the Board (until 3.5.2011)		4
Anja Silvennoinen, Member of the Board (until 3.5.2011)		4
Jorma Tammenaho, Deputy Member of the Board (until 3.5.2011)		2
Pekka Kettunen, Deputy Member of the Board (until 3.5.2011)		2
Kari Koivuranta, Deputy Member of the Board (until 3.5.2011)		2
Jukka Mikkonen, Deputy Member of the Board (until 3.5.2011)		2
Juha Laaksonen, Deputy Member of the Board (until 3.5.2011)		2
Minna Korkeaoja, Deputy Member of the Board (1.1. - 3.5.2011)		2
Jukka Ruusunen, President and CEO	303	293
Number of salaried employees in the company during the financial year:		
Personnel, average	269	263
Personnel, 31 Dec	275	266

6. DEPRECIATION ACCORDING TO PLAN, 1,000 €	**2012**	**2011**
Goodwill	6,433	6,433
Other noncurrent expenses	7,145	6,733
Buildings and structures	4,783	4,050
Machinery and equipment	36,356	32,405
Transmission lines	30,555	27,827
Total*	**85,273**	**77,449**

*Depreciation on the electricity grid (notes 13 and 14)	76,644	63,821

7. OTHER OPERATING EXPENSES, 1,000 €	2012	2011
Contracts, assignments etc. undertaken externally	37,851	31,808
Grid rents	551	131
Other rental expenses	8,166	11,407
Other expenses	7,156	6,796
Total	**53,723**	**50,142**

8. AUDITORS FEES, 1,000 €	2012	2011
Auditing fee	35	32
Other fees	63	6
Total	**98**	**38**

9. FINANCE INCOME AND COSTS, 1,000 €	2012	2011
Dividend income from Group companies	-12	-1
Dividend income from others	-1,335	-212
Interest and other finance income from others	-7,673	-7,233
	-9,020	-7,446
Interest and other finance costs to Group companies	3	7
Interest and other finance costs to others	37,959	31,449
	37,962	31,456
Total	**28,942**	**24,011**

10. PROVISIONS, 1,000 €	2012	2011
Difference between depreciation according to plan and depreciation carried out in taxation	**14,355**	**-1,817**

11. INCOME TAXES, 1,000 €	2012	2011
Income taxes for the financial year	12,813	7,716
Total	**12,813**	**7,716**

Deferred tax assets and liabilities, 1,000 €		
Deferred tax assets		
On temporary differences	458	493
	458	**493**
Deferred tax liabilities		
On temporary differences	364	404
On provisions	109,980	106,463
	110,343	**106,867**
Total	**109,886**	**106,373**

12. GOODWILL, 1,000 €	2012	2011
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	**128,664**	**128,664**
Accumulated depreciation according to plan 1 Jan	-92,209	-85,776

Depreciation according to plan 1 Jan - 31 Dec	-6,433	-6,433
Carrying amount 31 Dec	**30,022**	**36,455**
Accumulated depreciation difference 1 Jan	-36,455	-42,888
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	**-30,022**	**-36,455**

13. OTHER NON-CURRENT EXPENSES, 1,000 €	**2012**	**2011**
Cost at 1 Jan	162,236	141,001
Increases 1 Jan - 31 Dec	9,785	21,235
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**172,021**	**162,236**
Accumulated depreciation according to plan 1 Jan	-73,904	-67,171
Decreases, depreciation according to plan 1 Jan - 31 Dec		
Depreciation according to plan 1 Jan - 31 Dec	-7,145	-6,733
Carrying amount 31 Dec*	**90,972**	**88,332**
Accumulated depreciation difference 1 Jan	-58,135	-59,326
Increase in depreciation difference reserve 1 Jan - 31 Dec	-6,122	-5,542
Decrease in depreciation difference reserve 1 Jan - 31 Dec	7,145	6,733
Accumulated depreciation in excess of plan 31 Dec	**-57,111**	**-58,135**

***Net capital expenditure in electricity grid, 1,000 €**	**2012**	**2011**
Carrying amount 31 Dec	83,901	86,763
Carrying amount 1 Jan	-86,802	-72,067
Depreciation according to plan 1 Jan - 31 Dec	5,803	5,887
Decreases 1 Jan - 31 Dec		
Total	**2,903**	**20,583**

14. TANGIBLE ASSETS, 1,000 €	**2012**	**2011**
Land and water areas		
Cost at 1 Jan	13,671	13,509
Increases 1 Jan - 31 Dec	262	162
Cost at 31 Dec	**13,933**	**13,671**
Buildings and structures		
Cost at 1 Jan	125,336	105,946
Increases 1 Jan - 31 Dec	32,825	19,432
Decreases 1 Jan - 31 Dec		-43
Cost at 31 Dec	**158,161**	**125,336**
Accumulated depreciation according to plan 1 Jan	-27,038	-23,004
Decreases, depreciation according to plan 1 Jan - 31 Dec		17
Depreciation according to plan 1 Jan - 31 Dec	-4,783	-4,050
Carrying amount 31 Dec	**126,340**	**98,298**
Accumulated depreciation difference 1 Jan	-9,925	-9,614
Increase in depreciation difference reserve 1 Jan - 31 Dec	-6,275	-4,373
Decrease in depreciation difference reserve 1 Jan - 31 Dec	4,783	4,062
Accumulated depreciation in excess of plan 31 Dec	**-11,417**	**-9 925**
Machinery and equipment		
Cost at 1 Jan	743,781	664,281
Increases 1 Jan - 31 Dec	112,864	79,755
Decreases 1 Jan - 31 Dec		-255
Cost at 31 Dec	**856,645**	**743,781**
Accumulated depreciation according to plan 1 Jan	-295,290	-263,013
Decreases, depreciation according to plan 1 Jan - 31 Dec		127
Depreciation according to plan 1 Jan - 31 Dec	-36,356	-32,405

Carrying amount 31 Dec	**524,999**	**448,491**
Accumulated depreciation difference 1 Jan	-100,690	-104,170
Increase in depreciation difference reserve 1 Jan - 31 Dec	-43,342	-29,028
Decrease in depreciation difference reserve 1 Jan - 31 Dec	36,356	32,509
Accumulated depreciation in excess of plan 31 Dec	**-107,676**	**-100,690**
Transmission lines		
Cost at 1 Jan	988,334	896,062
Increases 1 Jan - 31 Dec	25,318	92,271
Decreases 1 Jan - 31 Dec	-278	
Cost at 31 Dec	**1,013,374**	**988,334**
Accumulated depreciation according to plan 1 Jan	-316,794	-288,967
Decreases, depreciation according to plan 1 Jan - 31 Dec	133	
Depreciation according to plan 1 Jan - 31 Dec	-30,555	-27,827
Carrying amount 31 Dec	**666,158**	**671,540**
Accumulated depreciation difference 1 Jan	-229,337	-220,360
Increase in depreciation difference reserve 1 Jan - 31 Dec	-44,450	-36,804
Decrease in depreciation difference reserve 1 Jan - 31 Dec	31,116	27,827
Accumulated depreciation in excess of plan 31 Dec	**-242,671**	**-229,337**
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	162,318	142,767
Increases 1 Jan - 31 Dec	116,320	224,097
Decreases 1 Jan - 31 Dec	-158,464	-204,546
Cost at 31 Dec	**120,174**	**162,318**
Total*	**1,451,722**	**1,394,435**

*** Net capital expenditure in electricity grid, 1,000 €**	**2012**	**2011**
Carrying amount 31 Dec	1,442,711	1,228,890
Carrying amount 1 Jan	-1,387,391	-1,144,803
Depreciation according to plan 1 Jan - 31 Dec	70,840	57,935
Decreases 1 Jan - 31 Dec	145	154
Total	**126,305**	**142,176**

Fingrid’s reserve power plants are included in the property, plant and equipment of the transmission system from 1 January 2012, in accordance with the third supervision period.

15. INVESTMENTS, 1,000 €	**2012**	**2011**
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		
Cost at 1 Jan	1,135	913
Increases 1 Jan - 31 Dec	41	222
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**1,176**	**1,135**
Total	**8,322**	**8,281**

16. INVENTORIES, 1,000 €	2012	2011
Materials and supplies	10,399	6,642
Work in progress	44	65
Total	**10,443**	**6,706**

17. RECEIVABLES FROM ASSOCIATED COMPANIES, 1,000 €	2012	2011
Current:		
Trade receivables	2,039	708
Total	**2,039**	**708**

18. PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2012	2011
Interests and other financial items	18,075	21,650
Accruals of sales and purchases	8,368	5,502
Other	186	203
Total	**26,629**	**27,355**

19. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2012	2011
Par value differentials	**2,928**	**2,167**

20. CASH AND CASH EQUIVALENTS, 1,000 €	2012	2011
Certificates of deposit	45,837	99,206
Commercial papers	150,996	102,100
Short term money market funds	10,000	
	206,833	201,306
Cash in hand and bank receivables	5,391	152
Pledged accounts	1,020	1,302
	6,411	1,454
Total	**213,244**	**202,760**

21. SHAREHOLDERS' EQUITY, 1,000 €	2012	2011
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	22,541	7,209
Dividend distribution	-10,751	-6,711
Profit from previous financial years 31 Dec	**11,790**	**498**
Profit for the financial year	**40,710**	**22,043**
Shareholders’ equity 31 Dec	**164,345**	**134,386**
Distributable shareholders’ equity	**52,500**	**22,541**

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2012	2,078	1,247	3,325
31 Dec 2012	**2,078**	**1,247**	**3,325**

Series A shares confer three votes each at the Annual General Meeting and series B shares one vote each. When electing members of the Board of Directors, series A share confers 10 votes each at the Annual General 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.

Fingrid Oyj's Annual General Meeting decides on the annual dividend.

Definition of dividend for series B shares: 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 2012 is 6.0 per cent.

There are no minority interests.

22. ACCUMULATED PROVISIONS, 1,000 €

	2012	2011
Accumulated depreciation in excess of plan, the difference between depreciation according to plan and depreciation carried out in taxation	**448,897**	**434,542**

23. BONDS, 1,000 €

Currency	Nominal amount	Maturity date	Interest	2012	2011
EUR	25,000	16.03.2012	variable interest		25,000
EUR	25,000	12.04.2012	variable interest		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
EUR	300,000	03.04.2024	3.50 %	300,000	
				485,000	**235,000**
FIM	160,000	19.08.2013	5.20 %	26,910	26,910
				26,910	**26,910**
JPY	3,000,000	25.07.2012	1.3575 % *		25,400
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
				26,070	**51,470**
CHF	39,000	22.05.2012	2.475 %		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
SEK	225,000	11.04.2012	variable interest		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
SEK	220,000	01.12.2015	interest rate 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	54,900
SEK	500,000	18.10.2016	3.50 %	54,900	54,900
				236,786	**285,122**
Bonds, long-term total				782,847	591,622
Bonds, short-term total				108,775	148,736
Total				**891,622**	**740,358**

*call option not exercised 25 July 2006

24. LOANS FALLING DUE FOR PAYMENT IN FIVE YEARS OR MORE, 1,000 €	2012	2011
Bonds	323,725	151,577
Loans from financial institutions	151,203	172,866
Total	**474,928**	**324,443**

25. LIABILITIES TO GROUP COMPANIES, 1,000 €	2012	2011
Current:		
Other debts	543	460
Total	**543**	**460**

26. LIABILITIES TO ASSOCIATED COMPANIES, 1,000 €	2012	2011
Current:		
Trade payables	393	120
Total	**393**	**120**

27. OTHER LIABILITIES, 1,000 €	2012	2011
Current:		
Other loans / Commercial papers (international and domestic)	88,910	207,405
Value added tax	5,103	2,481
Electricity tax	2,643	1,507
Other debts	542	485
Total	**97,197**	**211,879**

28. ACCRUALS, 1,000 €	2012	2011

Current:		
Interests and other financial items	16,889	13,136
Salaries and additional personnel expenses	3,713	3,351
Accruals of sales and purchases	16,295	11,517
Total	**36,897**	**28,005**

29. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €	**2012**	**2011**
Creosote-impregnated and CCA-impregnated wooden towers, disposal expenses	1,869	1,897
Total	**1,869**	**1,897**

30. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €	**2012**	**2011**
Rental liabilities		
Liabilities for the next year	2,293	1,999
Liabilities for subsequent years	22,269	24,096
	24,563	26,095
Pledges		
Pledge covering property lease agreements	47	47
Pledged account in favour of the Customs Office	280	150
Pledged account covering electricity exchange purchases		127
	327	323
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	459	401
Commitment fee for subsequent years	1,218	1,584
	3,378	3,685

31. OPERATING CASH FLOW ADJUSTMENTS, 1,000 €	**2012**	**2011**
Business transactions not involving a payment transaction		
Depreciation	85,273	77,449
Increase or decrese in accumulated depreciation difference	14,355	-1,817
Capital gains/losses (-/+) on tangible and intangible assets	-467	104
Other		
Total	**99,161**	**75,736**

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.

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.

The Market Court dismissed Fingrid's appeal on 21 December 2012. Fingrid has lodged an appeal concerning the decision of the Market Court to the Supreme Administrative Court.

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 2012 was 17 (16). The operating profit was -2.4 (-1.5) per cent of turnover.

MANAGEMENT OF BALANCE OPERATION, SEPARATED PROFIT AND LOSS ACCOUNT	**1 Jan - 31 Dec 2012 1,000 €**	**1 Jan - 31 Dec 2011 1,000 €**
TURNOVER*	164,730	154,927
Other operating income	67	12
Materials and services*	-164,594	-153,735
Staff expenditure	-1,677	-1,388
Depreciation and amortisation expense	-653	-733
Other operating expenses	-1,754	-1,477
OPERATING PROFIT	**-3,882**	**-2,393**
PROFIT BEFORE PROVISIONS AND TAXES	**-3,882**	**-2,393**
Provisions	226	43
PROFIT FOR THE FINANCIAL YEAR	**-3,656**	**-2 350**

*Turnover includes 12.2 (8.5) million euros of sales of imbalance power to balance provider Fingrid Oyj, and Materials and services includes 7.7 (8.0) million euros of its purchases.

MANAGEMENT OF BALANCE OPERATION, SEPARATED BALANCE SHEET

ASSETS	**31 Dec 2012 1,000 €**	**31 Dec 2011 1,000 €**
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	417	232
Tangible assets		

Machinery and equipment	735	463
	735	463
TOTAL NON-CURRENT ASSETS	**1,153**	**695**
CURRENT ASSETS		
Current receivables		
Trade receivables	2,288	8,654
Receivables from Group companies	4,655	4,307
Other receivables	1,906	770
	8,849	13,731
Cash in hand and bank receivables	1	1
TOTAL CURRENT ASSETS	**8,850**	**13,732**
TOTAL ASSETS	**10,002**	**14,427**

SHAREHOLDERS' EQUITY AND LIABILITIES	**31 Dec 2012 1,000 €**	**31 Dec 2011 1,000 €**
SHAREHOLDERS' EQUITY		
Share capital	32	32
Share premium account	286	286
Profit from previous financial years	11,347	13,697
Profit for the financial year	-3,656	-2,350
TOTAL SHAREHOLDERS' EQUITY	**8,009**	**11,665**
ACCUMULATED PROVISIONS	**-732**	**-506**
LIABILITIES		
Current liabilities		
Liabilities to Group companies	2,725	3,268
	2,725	3,268
TOTAL LIABILITIES	**2,725**	**3,268**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**10,002**	**14,427**

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.

34. KEY INDICATORS OF TRANSMISSION SYSTEM OPERATION	2012	2011
Return on investment (ROI) in transmission system operation, %	6.3	3.8

Return on investment, % = $\dfrac{\text{profit before extraordinary items + interest and other finance costs + interest portions of leasing fees and rents of electricity grid}}{\text{balance sheet total - non-interest-bearing liabilities + leasing and rent liabilities related to electricity grid (average for the year))}}$ x 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 CO_2 emissions. The Forssa reserve power plant was commissioned in 2012, as a result of which the emissions have increased. The use of emission allowances had no impact on the financial result in 2012.

	2012	**2011**
	tCO_2	**tCO_2**
Emission rights received free of charge	25,261	25,261
Emission volumes, Olkiluoto	844	526
Emission volumes, Forssa	17,633	
Emission volumes, other power plants total	2,840	1,908
All emissions, total	**21,317**	**2,434**

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18 February 2013

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

Helsinki, 14 February 2013

Helena Walldén
Chairman

Juha Majanen
Deputy Chairman

Sirpa Ojala

Esko Torsti

Esko Raunio

Jukka Ruusunen
President & CEO

Auditor's notation

A report on the audit carried out has been submitted today.

Helsinki, 15 February 2013

PricewaterhouseCoopers Oy
Authorised Public Accountants

Henrik Sormunen, Authorised Public Accountant