

14 February 2014

English translation

FINGRID OYJ
ANNUAL REVIEW AND FINANCIAL STATEMENTS
1 January 2013 – 31 December 2013

14 February 2014

CONTENTS

1. Annual review

Report of the Board of Directors3

Key indicators 19

2. Financial statements

Consolidated financial statements (IFRS)20

Income statement20

Balance sheet21

Statement of changes in equity23

Cash flow statement24

Notes to the financial statements25

Parent company financial statements (FAS)

Income statement51

Balance sheet52

Cash flow statement54

Notes to the financial statements55

3. Signatures for the annual review and for the financial statements67

14 February 2014

1. REPORT OF THE BOARD OF DIRECTORS

Figures in brackets refer to the previous year, unless otherwise stated.

Financial result

The Group's turnover was 543 million euros (522 million). Other operating income was 4 million euros (4 million euros).

Grid revenue rose to 321 million euros (276 million euros) as a result of the tariff increase of 15 per cent carried out at the beginning of the year. Electricity consumption in Finland increased by 1.5 per cent from 2012.

Fingrid transmitted almost the same amount of electricity in its grid as in the previous year, i.e. 64.6 (64.2) TWh. The sales of imbalance power grew to 159 (151) million euros. The increase in the sales of imbalance power was influenced by the rises made in the balance service fees in 2013 to cover increased reserve purchasing costs. Cross-border transmission income on the connection between Finland and Russia and congestion income on the interconnection between Finland and Estonia remained at the previous year's level. On the other hand, Fingrid's congestion income on the interconnection between Finland and Sweden fell considerably due to the market situation and reduced differences in the area prices of electricity, and was 19 (44) million euros. European inter-TSO compensation income declined slightly.

The costs of imbalance power decreased from the previous year to 121 (126) million euros due to reduced volume. Loss energy costs fell by 2 million euros. The average price of loss energy purchases was 51.10 (52.85) euros per megawatt hour. Depreciation costs increased by 6 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 23 million euros, 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. Additional reserves were also purchased in order to improve frequency quality. Personnel-, maintenance - and inter-TSO compensation costs remained more or less at the level of the previous year.

14 February 2014

Turnover and other operating income, (million €)	1-12/13	1-12/12	10-12/13	10-12/12
Grid service revenue	321	276	93	85
Sales of imbalance power	159	151	45	48
Cross-border transmission income	13	11	4	3
Finland-Estonia congestion income*	4	6	1	1
Finland-Sweden congestion income	19	44	6	8
Peak load capacity income**	13	19	2	5
ITC income	8	10	2	2
Other revenue	6	5	2	1
Other operating income	4	4	1	2
Revenue and other income total	547	526	156	156
Costs, (million €)	1-12/13	1-12/12	10-12/13	10-12/12
Purchase of imbalance power	121	126	32	39
Cost of loss energy	58	65	15	17
Depreciation	82	76	22	20
Cost of reserves	62	39	13	10
Personnel costs	23	22	6	7
Maintenance costs	20	21	5	6
Cost of peak load capacity**	13	18	2	5
ITC charges	12	14	3	3
Estlink grid rents*	4	6	1	1
Other costs	31	32	9	9
Costs total	425	419	108	116
Operating profit				
excluding the change in the fair value of commodity derivatives	122	107	48	39
Operating profit of group	115	95	36	38

*Fingrid's income from the congestion income between Finland and Estonia was 3.7 million euros. The costs (grid rents between Finland and Estonia) were 3.5 million euros, which were paid to the owners of the Estlink transmission connection. The difference of 0.2 million euros received by Fingrid was created during the trial period of the EstLink 2 connection in December 2012.

** 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 115 (95) million euros. Of the change in the fair value of commodity derivatives, -6 (-13) million euros was recognised in the income statement. Consolidated profit for the year was 91 (67) million euros. The consolidated total comprehensive income was 86 (73) million euros.

14 February 2014

The financial position of the Group continued to be satisfactory. The net financial costs excluding the changes in the fair value of derivatives were 19 (21) million euros. The net financial costs in accordance with IFRS were 29 (7) million euros, including the change in the fair value of derivatives, which was - 10 (14) million euros. The effect of a decrease in the Finnish corporate tax rate on the result for the period is 24.5 million euros. On 31 December 2013, financial assets totalled 217 (214) and interest-bearing loans 1,294 (1,244) million euros. The return on investment was 6.3 (5.6) per cent and return on equity 15.0 (12.4) per cent. The equity ratio of the Group was 29.5 (27.3) per cent at the end of the review period.

Turnover of the parent company was 530 (504) million euros and profit for the financial year 65 (41) million euros.

Capital expenditure

Fingrid implemented its a transmission network investment programme as planned, which will safeguard the possibilities of implementing solutions based on Finland's energy and climate strategy, improve reliability, increase transmission capacity and support the electricity market. Fingrid's annual capital expenditure in the transmission system has been extensive for years. The company's gross capital expenditure in 2013 was 225 (139) million euros. Of this amount, a total of 209 (94) million euros was used for the transmission grid and 4 (26) million euros for reserve power.

IT-related capital expenditure was approximately 9 (11) million euros. Research and development was allocated a total of 1.8 (1.5) million euros. Some 50 research and development projects were in progress. In terms of volume, research work remained on the same level as in previous years. The focus of research during the year was, among other things, the challenges presented to the power system by renewable energy, as a result of which a new reserve type was introduced. During the year, attention was also paid to how demand-side flexibility could be promoted so that small consumers and other consumer groups could get involved in it.

In 2013, Fingrid had several investment projects for ensuring system security and the adequacy of transmission capacity in the future. EstLink 2, the joint project by Fingrid and the Estonian transmission system operator Elering neared completion. This link was taken into trial operation and its capacity was successfully introduced into the market on 6 December 2013. The connection will add about 650 MW of additional transmission capacity between Finland and Estonia. The project was handed over on 7 January 2014. In December 2013, Fingrid and Elering jointly purchased the Estlink 1 HVDC link from Nordic Energy Link (NEL). Estlink 1's capacity is 350 MW, so the total transmission capacity between Finland and Estonia is now 1,000 MW.

One of the biggest completed projects was the 400 kV transmission connection between Yllikkälä and Huutokoski in Eastern Finland, which was finished in 2013. The Nurmijärvi – Hyvinkää – Hikiä project to strengthen the high-voltage network in Southern Finland was also completed as planned in late 2013.

14 February 2014

The transmission capacity in Western Finland will be boosted by the 400 kV Ulvila-Kristinestad transmission connection, which will be completed by the end of 2014. At the end of 2012, Fingrid made a significant investment decision, as a result of which Ostrobothnia will be upgraded from the 220 kV voltage level to 400 kV by 2016. The project includes, among other things, the 212-km, 400 kV Hirvisuo-Pyhänselkä line stretching from Kokkola to Oulujoki, as well as several substations. These will enable, for example, the large-scale connection of wind power directly to the 400 kV transmission line and, at the same time, the discontinuation of the ageing 220 kV line. In order to achieve the targets for renewable energy, Finland has many wind power projects on the go, many of which are located on the west coast.

In November 2013, Fingrid made decisions on contracts for the 400 kV Hikiä-Forssa power transmission connection. The company also made the decision to order three new transformers from Hyundai Heavy Industries Co., Ltd. of South Korea, in connection with which audits were carried out of Hyundai's plant in South Korea, in which the implementation of Fingrid's responsibility objectives in the supply chain was examined.

Power system

Electricity consumption in Finland in 2013 totalled 83.9 (85.2) terawatt hours. A total of 64.6 (64.2) TWh of electricity was transmitted in Fingrid's grid, representing 77.0 (75.4) per cent of the electricity consumption in Finland.

The system security of the transmission grid was excellent with no major disturbances occurring. The number of disturbances on the grid was at an average level.

Electricity transmission between Finland and Sweden consisted mainly of imports to Finland. Production capacity was limited by grid maintenance work in Sweden and a cable fault in the Fenno-Skan 1 HVDC connection early in the year, as a result of which maximum capacity had to be reduced while the cable was being inspected. The results of the investigations may lead to these restrictions becoming permanent. During 2013, 12.8 (14.8) TWh of electricity was imported from Sweden to Finland, and 0.7 (0.4) TWh were exported from Finland to Sweden.

The electricity transmissions between Finland and Estonia were dominated by exports 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 1 connection was 0.5 (0.4) TWh, and 1.6 (1.5) TWh of electricity was exported from Finland to Estonia. Commissioning tests that started late in 2013 for the HVDC EstLink 2 connection between Finland and Estonia increased transmission capacity by 650 MW, with total transmission capacity between Finland and Estonia increasing to a total of 1,000 MW.

Electricity imports from Russia were at a low level. Almost the full transmission capacity was made available. Electricity imports from Russia totalled 4.7 (4.4)

14 February 2014

TWh. Technical testing was carried out to prepare for the opening of bilateral trade in electricity between Finland and Russia.

The system security of the transmission grid was excellent with no major disturbances occurring. The number of disturbances on the grid was at an average level.

Power system operation	1-12/13	1-12/12	10-12/13	10-12/12
Electricity consumption in Finland TWh	83.9	85.2	22.2	23.3
Fingrid's transmission volume TWh	64.6	64.2	16.9	17.2
Fingrid's loss energy volume TWh	1.1	1.2	0.3	0.3
Electricity transmissions Finland-Sweden				
exports to Sweden TWh	0.7	0.4	0.0	0.2
imports from Sweden TWh	12.8	14.8	3.7	3.2
Electricity transmissions Finland-Estonia				
exports to Estonia TWh	1.6	1.5	0.7	0.3
imports from Estonia TWh	0.5	0.4	0.1	0.1
Electricity transmissions Finland-Russia				
imports from Russia TWh	4.7	4.4	1.3	1,4

Electricity market

The Finnish electricity market has arrived at a new stage. The market fluctuations of neighbouring countries are affecting Finland more than they did before. Among other things, this is influenced by an increase in transmission connections, the Baltic countries joining the same electricity exchange area and changes in the Russian market.

In June, Latvia and Lithuania joined the Nord Pool Spot electricity exchange as offer areas. The prevailing direction of trade was from Finland to Estonia. EstLink 2, which was taken into trial operation, tripled the transmission capacity between the countries and is also significantly strengthening the integration of the Nordic and Baltic markets.

The development of the internal European market was boosted when the north-west European spot markets merged (in February 2014). This covers the Nordic and Baltic countries, western Central Europe and the United Kingdom. With regard to the EU's third legislative package on the electricity market, ENTSO-E completed proposals about three key market regulations.

Fingrid is developing new market services that are improving market efficiency. The law concerning guarantees of origin has changed so that all sellers of renewable energy must obtain a guarantee of origin. Until now, the system has

14 February 2014

been voluntary. Fingrid will be responsible for maintaining the electronic register of guarantees of origin from 1 March 2014. Fingrid is also starting the development of electronic exchange of information on the market.

The Finnish, Norwegian and Swedish grid operators continued to implement their joint imbalance settlement. A joint venture called eSett Oy was established for the service, which will be launched in 2015.

In the Nordic electricity markets, the supply of hydroelectric power was somewhat less than the previous year, which increased the price level of the wholesale market. On the electricity exchange, the average price for spot electricity (system price) was 38 (31) euros per MWh. Hydroelectric power was, however, in plentiful supply and the Finnish market was characterised by strong import from Sweden and Norway totalling 12.8 (14.9) TWh. Congestion in border transmission connections, grid maintenance work in Sweden and a cable fault in Fenno-Skan 1 increased Finland's area price to about 2 euros higher than the Swedish price. The average Finnish area price was 41 (37) euros per MWh. From this difference in price, 19 (44) million euros of so-called congestion income accumulated for the company,

Import from Russia to Finland fluctuated greatly with the total volume being 4.7 (4.4) TWh.

Electricity market

	1-12/13	1-12/12	10-12/13	10-12/12
Nord Pool system price, average €/MWh	38	31	36	37
Area price Finland, average €/MWh	41	37	40	41
Congestion income between Finland and Sweden million €*	37.2	88.5	12.4	16.0
Congestion hours between Finland and Sweden %*	19.4	35.1	27.9	32.0
Congestion income between Finland and Estonia million €*	7.4	12.9	1.9	1.5
Congestion hours between Finland and Estonia %*	27.3	34.7	26.4	22.4

*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.

The net financial costs excluding the changes in the fair value of derivatives were 19 (21) million euros. Interest income was 1 (3) million euros. The net financial costs in accordance with IFRS were 29 (7) million euros, including the change in the fair value of derivatives, which was -10 (+14) million euros.

14 February 2014

On 31 December 2013, financial assets amounted to 217 (214) million euros. Interest-bearing debt totalled 1,294 (1,244) million euros, of which 975 (1,032) million euros were long-term and 319 (212) million euros were short-term. Counterparty risk arising from the currency derivative contracts and interest rate derivative contracts was 34 (77) million euros.

International rating agencies updated the company's credit ratings.

On 16 January 2013, Standard & Poor's Rating Services (S&P) revised Fingrid Oyj's outlook from negative to stable. S&P affirmed Fingrid's long-term rating AA-, short-term rating A-1+ and the senior unsecured debt rating AA-. On 8 November 2013, Fitch Ratings affirmed Fingrid Oyj's long-term Issuer default rating of A, its short-term Issuer default rating of F1 and its senior unsecured debt rating at A+, outlook stable. On 14 December 2012, Moody's Investors Service affirmed Fingrid Oyj's issuer rating at A1, senior unsecured debt rating at A1 and the short-term debt rating at P-1, outlook stable.

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 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 voting and dividend rights 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.

Personnel and rewarding systems

The Fingrid Group and Fingrid Oyj employed 287 (275) persons, including temporary employees, at the end of the year. The number of permanent personnel was 268 (261).

Of the personnel employed by the company, 25.4 (23.8) per cent were women and 74.6 (76.2) per cent were men at the end of the year. The average age of the personnel was 44 (44).

During 2013, a total of 12,837 (9,528) hours were used for personnel training, with an average of 46 (37) hours per person. Employee absences on account of illness in 2013 accounted for 2 (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 incentive bonus schemes.

Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 27 May 2013. Helena Walldén, M.Sc. (Tech.) was elected Chairman of the Board. Juha

14 February 2014

Majanen, Budget Counsellor and the Head of Fiscal Policy Unit of the Ministry of Finance, was elected Vice Chairman. The other members of the Board of Directors are Sirpa Ojala, CEO of Digita Networks Oy, Matti Rusanen, Head of Listed Securities, Ilmarinen Mutual Pension Insurance Company, and Esko Torsti, Head of Non-listed Investments, Ilmarinen Mutual Pension Insurance Company.

The Board members until 37 May 2013 were Helena Wallden, Juha Majanen, Sirpa Ojala, Esko Torsti and Esko Raunio, LocalTapiola Mutual Pension Insurance Company (currently Elo Mutual Pension Insurance Company).

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 27 May 2013 were Juha Majanen (Chairman), Esko Torsti and Helena Walldén. The members of the audit committee until 7 May 2013 were Juha Majanen (Chairman), Esko Torsti and Helena Walldén.

The remuneration committee from 27 May 2013 consisted of Helena Walldén (Chairperson) and Sirpa Ojala. Until 27 May 2013, the members of the remuneration committee were Helena Walldén (Chairperson) and Sirpa Ojala.

Jukka Ruusunen serves as 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

The purpose of Fingrid Oyj's internal control, risk management and internal audit is to ensure implementation of the company's strategy and that it is in accordance with its corporate governance and control system, principals and procedural guidelines. 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.

Fingrid's risk management is based on the company's targets, strategy and on the identification and assessment of risks concerning changes on the operating environment. The impact of significant risks is assessed from a perspective of both the company and society, because the company holds a significant position in Finnish society. In order to manage risk, protective measures are if necessary prepared and risk management is regularly reported on.

The company's Board of Directors is responsible for the organisation of internal control, risk management and internal audit, and approves measures related to them. The Board also decides on the corporate strategy and action plan, and monitors their implementation. The executive management defines the principles that govern operations for the approval of the Board, and also

14 February 2014

enforces them. The Board obtains an annual report of the situation concerning the company's operating risks and their management.

The company's internal control system and organisation of risk management and responsibilities are defined so that internal control and risk management are implemented and verified in the company comprehensively, efficiently and in accordance with the targets set by the Board. Targets, methods and roles and responsibilities related to the company's internal control and risk management are described in documents of principles approved by the Board.

The CEO assisted by the executive management group is responsible for the practical implementation of the company's risk management. The strategic risks are identified as part of the company's annual strategy work. The company's strategy presents the key risks at corporate level and their related risk management. Risk monitoring, coordination and management are carried out in the executive management Ggroup. The heads of units own the risks concerning operations in their areas of responsibility, and are in charge of identifying, assessing and managing risks, the efficiency of control measures and reporting risks and non-conformities. Operative risk management is based on an annual risk analysis carried out in connection with the drawing up of action plans, and on the constant monitoring of risks. 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. The company applies a comprehensive risk management system, which is being developed further.

Fingrid'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 company. Company'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. The audit committee of the Board of Directors examines the efficiency 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. A comprehensive audit plan for 2014 has been approved for internal audit.

The Board of Directors and the audit committee receive regular reports about strategic risks, risks concerning financing and business counterparty risks. The

14 February 2014

updated strategy is presented to the Board every August. The executive management group receives regular reports about operative risks, risks concerning financing and counterparty risks. Business units receive regular reports about their own counterparty risks and operative risks.

If a significant risk or other significant unfavourable event is realised, if necessary the effects and probability of the event is separately assessed.

Significant risks and factors of uncertainty for Fingrid and society

As part of its social responsibility, Fingrid has identified risks that have a great impact on society. In selecting its strategic goals, Fingrid has taken into account the management of risks affecting both society and the company.

The significant risks shared by Fingrid and society are major disturbance, lack of confidence in the electricity market, environmental risk and electrical and occupational safety risks.

One of the company's biggest business risks and the biggest risk in terms of society is a major disturbance related to the functioning of the power system. A widespread 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 also focuses on the diverse 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.

A 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 insufficient transmission capacity 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 a bearing on the transparency of the market.

From society's and Fingrid's point of view, the significant risks related to environmental matters include environmental damage and failure to anticipate environmental obligation set for operations. The impact of fuel- and oil leaks on soil and water is seen as one of the most concrete risks. From the company's point of view, a capital expenditure project delayed as a result of environmental impact assessment can also be an environmental risk. The key contingency measures for these environmental risks comprise proactive assessment of environmental impact, monitoring of changes in legislation, prevention of accidents by technical means, contractual terms related to environmental issues and auditing.

14 February 2014

Variations in weather and extreme weather phenomena related to climate change may cause a need for new technical solutions, and they may influence the grid operation and maintenance practices. Moreover, the construction of transmission lines may become more complicated as a result of mild winters. All of these factors can result in additional costs to the company.

From a point of view of society and Fingrid, electrical and occupational safety risks are linked to the electrical safety of the transmission grid, especially in connection with construction and repair work. The reason for a risk being realised may be, for example, human error close to live components, an error or accident occurring in construction work, damage or vandalism to live structures or carelessness close to live components. The consequences of the realisation of risk may be a serious hazardous situation or a hazardous situation endangering many people, serious injury, sick leave, working incapacity, invalidity or death. An event may also cause outages in the transmission of electricity. Fingrid is constantly improving the safety of the transmission grid by developing, for example, technical solutions, workshops, skills and communications.

Significant risks for Fingrid

The most significant risks for Fingrid 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 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, thus making preparations for and contributing to changes in regulation.

Capital investments which have become unnecessary 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 capital investments which have become unnecessary 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.

14 February 2014

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. An increase in costs can be the result of the realisation of counterparty risk, an increase in reserve costs, unexpected faults or sudden changes in the area price of electricity. 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 of financial latitude. Fingrid can change the grid tariff annually. Derivatives are used for hedging against changes in the price of electricity. 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, the of realisation credit risks in operations or disturbances in payments traffic. The risks are limited by means of a high and stable credit rating, and an even maturity profile and diverse structure for sources of funding. The financial risks are described in more detail in note 35 to the consolidated financial statements (IFRS).

Personnel risks are related to maintaining competence. Personnel risks are limited by the company's strategic long-term personnel planning, allocated training programmes for personnel and high-quality communication with stakeholders.

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.

Risks 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 human error or serious breach of data security. The company aims to make contingencies for these risks so that it 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 data and cyber security threats.

Asset risks cover significant damage to Fingrid's assets, such as widespread failures or failure in significant assets beyond repair. Other reasons for asset risks can include significant and unanticipated factors, such as demonstrations, earthquakes, natural disasters or war. Fingrid manages the asset risk through means such as preventive maintenance management, comprehensive

14 February 2014

insurance policies for the key grid components, detailed definition of projects and maintenance management, stringent quality control and the use of proven technology and suppliers.

Significant risks for society

Risks posed to society by Fingrid's operations are delayed capital investments and long-term restrictions in transmission capacity.

The reason for delayed capital investments may be, for example, changes in the economic situation or consumption and production, a postponement of the permit process, lack of resources or strike. Such postponement may cause restrictions in the electricity market whereby the market fails to develop or operate efficiently. The company carefully plans and builds key projects to strengthen the cross-border transmission connections and the grid, and takes into account the long-term effects on the market.

Long-term transmission capacity restrictions may be caused by, for example, technical failures or problems with power system security. Restrictions or outages on power transmission may inflict economic disadvantage on customers and society. The restrictions are controlled by securing the critical items in the transmission grid and on the cross-border connections and by means of efficient outage planning. For example by timing the outages so, that they impose a minimum of economic disadvantage on society.

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. The key objectives of corporate responsibility have been set by means of assessing what is essential. Corporate responsibility perspectives and targets are involved in strategic work and operational planning. Responsibility objectives are also the basis for the remuneration of the executive management group and personnel.

In 2013, responsibility perspectives were linked more strongly to the company's processes, responsibility has been introduced as part of operational planning and reporting guidelines have been further developed. Success is regularly measured. In 2013, Fingrid succeeded, for example, in ensuring the system security of the transmission grid, implementing and monitoring the responsible operating model of the procurement chain. Furthermore the company succeeded mitigating the negative impacts on land use and landscape, and making service providers and contractors committed to environmentally responsible procedures.

Responsibility management and reporting takes into account the requirements of state ownership, and other recommendations ensuring the company's good governance. In reporting, the international GRI G3.0 reporting guidelines are applied.

14 February 2014

A future objective is to develop responsibility requirements throughout the delivery chain, to monitor their attainment and intervene in possible problems.

Environmental matters

The transmission grid is part of the necessary basic structure of modern society visible in our living environment. Power lines particularly impact land use and the landscape, and have both positive and negative effects on nature and biodiversity. The key environmental perspectives at substations and reserve power plants concern the storage and handling of fuels and chemicals. When we improve the transmission system, the goal is to achieve minimum electricity transmission losses in a cost effective manner, thus enhancing energy efficiency. We also regard a reduction in greenhouse gas emissions as a major consideration. The efficient re-use and recycling of building and demolition waste is important in all construction work.

Fingrid's environmental responsibility is controlled by the company's land use and environmental policy. Environmental targets concern mitigating the impact on land use and landscape and on ensuring that service providers are committed to operating practices that are responsible from an environmental perspective. Correct operating practices are ensured by means of contracts, training and monitoring. Environmental matters are reported in the annual report and on the website.

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. A total of 5,566 (21,317) units (tCO₂) of emission allowances were returned. Emissions trading had minor financial significance for Fingrid.

During the year, the operating model for waste management was renewed, which will ensure that the waste re-use and recycling rate is kept as efficient as possible. Fingrid has a total of 24,872 (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. 1.7 (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 32 (29) tonnes of sulphur hexafluoride (SF₆ 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.

Legal proceedings and proceedings by authorities

Pending are procedures in accordance with EC Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity and the new Finnish Electricity Market Act (588/2013). The EC Regulation requires national regulating authorities to make a decision on certifying the independence of transmission grid owners. In addition to this, the new Electricity Market Act requires Fingrid to apply for a new electricity network licence from the Energy Authority within one month of when the Energy

14 February 2014

Authority's decision on certification of the independence of the grid owner has entered into force.

Fingrid appealed to the Market Court against the decision of the Energy Authority on 23 November 2011: the confirmation of methods concerning the setting of the grid owner's income from grid operations and payments for transmission service for the control period starting 1 January 2012 and ending on 31 December 2015. The Market Court ejected Fingrid's appeal on 21 December 2012. Fingrid has appealed the decision of the Market Court to the Supreme Administrative Court on 21 January 2013 .

Events after the closing of the financial year and estimate of future outlook

At the end of 2013, commissioning tests on the direct current connection between Finland and Estonia, EstLink 2, were begun. The connection was taken into commercial use on 7 February 2014, when it was handed over to the clients. The connection is jointly owned by the Finnish and Estonian main grid companies Fingrid and Elering.

The company increased its transmission grid tariffs by eight per cent from 1 January 2014; consequently, Fingrid Group's profit for the financial period 2014 excluding the changes in the fair value of derivatives and before taxes is expected to improve from the previous year. The uncertainty involved in reserve costs, congestion income and in cross-border income on the interconnections from Russia makes it difficult to anticipate Fingrid's financial result for the entire year. Fingrid will continue the implementation of its long-term investment programme of some 1.5 billion euros. If necessary, the company will increase the amount of external funding in order to finance investments. The company's ability to take care of its liabilities is expected to remain stable.

Fingrid has decided to harmonise the accounting principles for derivatives and, from the beginning of the year 2014, has ceased IFRS-based hedge accounting for electricity derivatives.

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

Fingrid Oyj's distributable funds in the financial statements are 104,202,141.17 euros. Since 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
- 97,491,426.67 euros be carried over as unrestricted equity.

14 February 2014

CONSOLIDATED KEY INDICATORS		2013 IFRS	2012 IFRS	2011 IFRS	2010 IFRS	2009 IFRS
Extent of operations						
Turnover	million €	543,1	522.1	438.5	456.3	358.9
Capital expenditure, gross	million €	225,3	139.0	244.4	144.1	135.6
- of turnover	%	41,5	26.6	55.7	31.6	37.8
Research and development expense	million €	1,8	1.5	1.8	1.6	1.3
- of turnover	%	0,3	0.3	0.4	0.3	0.4
Personnel, average		277	269	263	260	251
Personnel, end of year		287	275	266	263	260
Salaries and bonuses, total	million €	19,0	18.2	17.2	17.2	16.0
Profitability						
Operating profit	million €	115,3	94.6	56.6	74.4	50.8
- of turnover	%	21,2	18.1	12.9	16.3	14.1
Profit before taxes	million €	87,3	88.3	34.2	56.3	33.2
- of turnover	%	16,1	16.9	7.8	12.3	9.3
Return on investment (ROI)	%	6,3	5.6	3.6	5.1	3.9
Return on equity (ROE)	%	15,0	12.4	6.5	8.7	5.7
Financing and financial position						
Equity ratio	%	29,5	27.3	25.7	28.6	27.2
Interest-bearing net borrowings	million €	1076,7	1,030.3	1,020.2	855.2	797.5
Share-specific indicators						
Earnings per share	€	27,277.9	20,159.2	9,924.1	12,561.9	7,417.4
Dividend, series A shares	€	2,018.26*	5,115.89	3,962.52	2,018.26	2,022.29
Dividend, series B shares	€	2,018.26*	2,018.26	2,018.26	2,018.26	2,022.29
Dividend payout ratio, A-shares	%	7,4	25.4	39.9	16.1	27.3
Dividend payout ratio, B-shares	%	7,4	10.0	20.3	16.1	27.3
Equity per share	€	193,293	171,365	152,573	154,654	134,676
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

14 February 2014

CALCULATION OF KEY INDICATORS

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

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

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

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

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

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

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

$$\text{Interest-bearing net borrowings, €} = \text{Interest-bearing borrowings - cash and cash equivalents}$$

14 February 2014

2. Financial statements

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
	Notes	1,000 €	1,000 €
TURNOVER	2	543,088	522,064
Other operating income	3	4,071	3,835
Raw materials and consumables used	4	-269,526	-267,103
Employee benefits expenses	5	-22,847	-22,135
Depreciation	6	-81,704	-75,665
Other operating expenses	7, 8, 9	-57,802	-66,376
OPERATING PROFIT		115,280	94,621
Finance income	10	1,249	3,126
Finance costs	10	-29,986	-10,293
Finance income and costs		-28,736	-7,167
Portion of profit of associated companies		709	845
PROFIT BEFORE TAXES		87,253	88,299
Income taxes	11	3,446	-21,269
PROFIT FOR THE FINANCIAL YEAR		90,699	67,029
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be reclassified to profit and loss			
Cash flow hedges	12	-3,992	6,112
Translation reserve	12	-646	92
Available-for-sale financial assets	12	-2	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		86,059	73,235
Profit attributable to:			
Equity holders of parent company		90,699	67,029
Total comprehensive income attributable to:			
Equity holders of the company		86,059	73,235
Earnings per share, €	13	27,278	20,159
Earnings per share for profit attributable to the equity holders of the parent company:			
Undiluted earnings per share, €	13	27,278	20,159
Diluted earnings per share, €	13	27,278	20,159

Income tax related to other comprehensive income is presented in notes 12.

Notes are an integral part of the financial statements.

14 February 2014

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31 Dec 2013 1,000 €	31 Dec 2012 1,000 €
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	15	87,920	87,920
Other intangible assets	16	92,751	91,085
		180,671	179,005
Property, plant and equipment:			
Land and water areas	17	14,224	13,933
Buildings and structures		142,061	126,385
Machinery and equipment		582,317	527,112
Transmission lines		788,389	684,187
Other property, plant and equipment		8,525	8,188
Advance payments and purchases in progress		87,910	124,870
		1,623,426	1,484,674
Investments:			
Equity investments in associated companies	18	10,416	8,292
Available-for-sale investments		300	302
		10,716	8,594
Receivables:			
Derivative instruments	30	42,337	81,678
Deferred tax assets	27	13,643	21,683
Other receivables	20	4,313	
		60,293	103,361
TOTAL NON-CURRENT ASSETS		1,875,107	1,775,634
CURRENT ASSETS			
Inventories	19	11,397	10,443
Derivative instruments	30	2,128	3,884
Trade receivables and other receivables	21	76,021	88,251
Financial assets recognised in income statement at fair value	22	194,973	207,426
Cash and cash equivalents	23	22,339	6,411
TOTAL CURRENT ASSETS		306,858	316,415
TOTAL ASSETS		2,181,965	2,092,049

Notes are an integral part of the financial statements.

14 February 2014

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2013	31 Dec 2012
		1,000 €	1,000 €
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	26	55,922	55,922
Share premium account	26	55,922	55,922
Revaluation reserve	26	-11,559	-7,565
Translation reserve	26	-3	643
Retained earnings	26	542,416	464,856
TOTAL EQUITY		642,699	569,788
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	119,775	152,579
Borrowings	28	975,295	1,032,199
Provisions	29	1,735	1,869
Derivative instruments	30	38,757	30,127
		1,135,561	1,216,773
CURRENT LIABILITIES			
Borrowings	28	318,695	211,932
Derivative instruments	30	15,508	10,770
Trade payables and other liabilities	31	69,500	82,786
		403,704	305,488
TOTAL LIABILITIES		1,539,265	1,522,261
TOTAL EQUITY AND LIABILITIES		2,181,965	2,092,049

Notes are an integral part of the financial statements.

14 February 2014

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 2012		55,922	55,922	-13,679	551	408,586	507,304
Comprehensive income							
Profit or loss	26					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	26					-10,751	-10,751
Balance at 31 Dec 2012		55,922	55,922	-7,565	643	464,865	569,788
Balance at 1 Jan 2013		55,922	55,922	-7 565	643	464,865	569,788
Comprehensive income							
Profit or loss	26					90,699	90,699
Other comprehensive income							
Cash flow hedges	12			-3,992			-3,992
Translation reserve	12				-646		-646
Items related to long-term asset items available-for-sale	12			-2			-2
Total other comprehensive income adjusted by tax effects				-3,994	-646		- 4,640
Total comprehensive income				-3,994	-646	90,699	86,059
Transactions with owners							
Dividends relating to 2012	26					-13,148	-13,148
Balance at 31 Dec 2013		55,922	55,922	-11,559	-3	542,416	642,699

Notes are an integral part of the financial statements.

14 February 2014

**CONSOLIDATED CASH FLOW
STATEMENT**

	Notes	1 Jan - 31 Dec 2013 1,000 €	1 Jan - 31 Dec 2012 1,000 €
Cash flow from operating activities:			
Profit for the financial year	26	90,699	67,029
Adjustments:			
Business transactions not involving a payment transaction	36	85,818	86,206
Interest and other finance costs		29,986	10,293
Interest income		-1,243	-3,120
Dividend income		-7	-6
Taxes		-3,446	21,269
Financial assets recognised at fair value		25	-488
Changes in working capital:			
Change in trade receivables and other receivables		10,597	-22,712
Change in inventories		-954	-3,736
Change in trade payables and other liabilities		-6,572	22,742
Change in provisions	29	-134	-29
Interests paid		-25,078	-21,787
Interests received		1,218	3,556
Taxes paid	11	-22,071	-14,586
Net cash flow from operating activities		158,838	144,633
Cash flow from investing activities:			
Purchase of property, plant and equipment	17	-222,272	-139,611
Purchase of intangible assets	16	-4,699	-5,106
Purchase of other assets	18	-2,001	0
Proceeds from sale of property, plant and equipment	17	3,980	612
Dividends received	10	306	1,335
Interests paid	10	- 1,681	-3,136
Net cash flow from investing activities		-226,367	-145,905
Cash flow from financing activities:			
Withdrawal of loans		528,640	643,535
Repayment of loans		-444,489	-621,516
Dividends paid	26	-13,148	-10,751
Net cash flow from financing activities		71,003	11,269
Net change in cash and cash equivalents		3,474	9,996
Cash and cash equivalents 1 Jan		213,837	203,841
Cash and cash equivalents 31 Dec	22, 23	217,311	213,837

Notes are an integral part of the financial statements.

14 February 2014

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 13 February 2014. 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 PorvoonAlueverkko Oy (ownership 33.3%) and Nord Pool Spot AS (ownership 18.18%) and eSett Oy (ownership 33.3%). 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

14 February 2014

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
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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,

14 February 2014

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

14 February 2014

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 and 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 documented 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.

14 February 2014

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. 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 2013 have been estimated in the financial statements. The estimate has been made using actual energy border transmissions in Finland 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 2012 except for the following amendments to existing standards, which the company has applied since 1 January 2013.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting.

This amendment includes new disclosures to enhance the presentation of financial assets and financial liabilities and when those can be offset.

As a result of the amendments to IFRS 7, the Group has expanded its disclosures about the offsetting of financial assets and financial liabilities (see note 24).

The company has introduced the following new standards, which are applicable from 1 January 2014. These new standards have no impact, however, on the consolidated financial statements:

Amendment to IFRSs 10, 11 and 12 on transition guidance
IFRS 10, 'Consolidated financial statements'
IFRS 11, 'Joint arrangements'
IFRS 12, 'Disclosures of interests in other entities'
IFRS 13, 'Fair value measurement'
IAS 28 (revised 2011), 'Associates and joint ventures'

The Group will adopt the following IFRS standards, interpretations and amendments entering into force later on 1 January 2014 or later:

Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting'

These amendments are to the application guidance in IAS 32, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures'

14 February 2014

This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives'

This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets certain criteria.

IFRIC 21 Levies

The interpretation applies to IAS 37 'Provisions, contingent liabilities and contingent assets'. IAS 37 outlines the recognition criteria for liabilities. One of the criteria is the requirement that the company has an existing liability which is a result of an earlier event (obligating event). IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

IFRS 9, 'Financial instruments' *

The IFRS 9 is to replace IAS 39. Currently IFRS 9 contains new requirements for the classification and measurement of financial assets and liabilities. 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 new guidance for hedge accounting aligns hedge accounting more closely with risk management. Also IFRS 9 relaxes the requirements for hedge effectiveness and change what qualifies as a hedged item. IFRS 9 allows hedge accounting for example for risk components of commodities, aggregated exposures, groups of items when hedging foreign currency and equity investments. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

Annual improvements 2010-2012 *

Annual improvements 2010-2012 reporting cycle include changes to:

- IFRS 2, 'Share-based payments'
- IFRS 3, 'Business combinations'
- IFRS 8, 'Operating segments'
- IFRS 13, 'Fair value measurement'
- IAS 16, 'Property, plant, and equipment', and IAS 38, 'Intangible assets'
- IAS 24, 'Related party disclosures'

Annual improvements 2011-2013 *

Annual improvements 2011-2013 reporting cycle include changes to:

- IFRS 3, 'Business combinations'
- IFRS 13, 'Fair value measurement'
- IAS 40, 'Investment property'

Changes entering into force later are not estimated to have a material impact on the consolidated financial statements.

*) not yet endorsed by EU

2. INFORMATION ON TURNOVER AND SEGMENTS

TURNOVER, 1,000 €	2013	2012
Grid service revenue	321,029	276,247
Sale of imbalance power	158,522	152,489
Cross-border transmission	13,225	10,613
ITC income	8,301	9,957
Peak load capacity	13,376	18,701
Estlink congestion income	3,701	6,469
Nordic congestion income	18,594	44,244
Other operating revenue	6,341	4,716
Total	543,088	522,064

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

14 February 2014

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 €	2013	2012
Rental income	1,620	1,825
Contributions received	215	214
Other income	2,237	1,796
Total	4,071	3,835

4. MATERIALS AND SERVICES, 1,000 €	2013	2012
Purchases during financial year	242,026	238,532
Change in inventories, increase (-) or decrease (+)	-954	-3,736
Materials and consumables	241,072	234,795
External services	28,455	32,307
Total	269,526	267,103

5. EMPLOYEE BENEFITS EXPENSES, 1,000 €	2013	2012
Salaries and bonuses	18,995	18,215
Pension expenses - contribution-based schemes	3,248	3,050
Pension expenses - benefit-based schemes*	-346	
Other additional personnel expenses	950	869
Total	22,847	22,135

* Redemption of insured pension accrual related to an expired benefit-based pension scheme.

Salaries and bonuses of top management (note 37)	1,582	1,536
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14 February 2014

Since 2013, the Group has applied a remuneration system whose general principles were accepted by the Board of Directors of Fingrid Oyj on 14.2.2013. 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:

	2013	2012
Personnel, average	277	269
Personnel, 31 Dec	287	275

6. DEPRECIATION, 1,000 €	2013	2012
Intangible assets	1,338	2,529
Buildings and structures	5,715	4,785
Machinery and equipment	39,804	36,461
Transmission lines	33,769	31,022
Other property, plant and equipment	1,078	868
Total	81,704	75,665

7. OTHER OPERATING EXPENSES, 1,000 €	2013	2012
Contracts, assignments etc. undertaken externally	40,192	37,913
Gains/losses from measuring electricity derivatives at fair value	6,489	12,500
Rental expenses	6,173	8,716
Foreign exchange gains and losses	71	162
Other expenses	4,876	7,083
Total	57,802	66,376

8. AUDITORS FEES, 1,000 €	2013	2012
Auditing fee	51	35
Other fees	97	63
Total	148	98

9. RESEARCH AND DEVELOPMENT, 1,000 €	2013	2012
Research and development expenses	1,777	1,533
Total	1,777	1,533

10. FINANCE INCOME AND COSTS, 1,000 €	2013	2012
Interest income on held-for-trading financial assets	-1,180	-3,047
Interest income on cash and cash equivalents and bank deposits	-63	-21
Net foreign exchange gains and losses	0	-51
Dividend income	-7	-6
	-1,249	-3,126
Interest expenses on borrowings	33,041	36,549
Net financial expenses on interest and foreign exchange derivatives	-12,121	-10,792
Gains from measuring derivative contracts at fair value	-2,138	-17,744
Losses from measuring derivative contracts at fair value	11,696	4,032
Net foreign exchange gains and losses	3	
Other finance costs	1,185	1,383
	31,667	13,429
Capitalised finance costs, borrowing costs; the capitalisation rate used 1.76% (note 17)	-1,681	-3,136

14 February 2014

Total	28,736	7,167
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11. INCOME TAXES, 1,000 €	2013	2012
Direct taxes	20,885	12,825
Change of deferred taxes (note 27)	-24,331	8,445
Total	-3,446	21,269

Reconciliation of income tax:		
Profit before taxes	87,253	88,299
Tax calculated in accordance with statutory tax rate in Finland 24.5%	21,377	21,663
Deferred tax resulting from change in tax rate	-24,547	
Non-deductible expenses and tax-free income	-276	-364
Income Taxes in the Consolidated Income Statement	-3,446	21,269

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

	2013			2012		
	Before taxes	Tax impact	After taxes	Before taxes	Tax impact	After taxes
Cashflow hedges	-4,425	433	-3,992	8,095	1,983	6,112
Translation reserve	-646		-646	92		92
Items related to long-term asset items available-for-sale	-2	0	-2	2	0	1
Total	-5,074	434	-4,640	8,189	1,984	6,205

13. EARNINGS PER SHARE

	2013	2012
Profit for the financial year, 1,000 €	90,699	67,029
Weighted average number of shares, qty	3,325	3,325
Undiluted earnings per share, €	27,278	20,159
Diluted earnings per share, €	27,278	20,159

14. DIVIDEND PER SHARE

After the closing date, the Board of Directors has proposed that a dividend of 2,018.26 (2012: A-shares 5,115.89, B-shares 2,018.26) euros for both the A- and B-series of shares be distributed totalling 6.7 (13.1) million euros.

15. GOODWILL, 1,000 €

	2013	2012
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 impairment 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 5.0% (6.0%). 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.

14 February 2014

16. INTANGIBLE ASSETS, 1,000 €	2013	2012
Land use rights		
Cost at 1 Jan	87,974	86,098
Increases 1 Jan - 31 Dec	2,947	1,876
Decreases 1 Jan - 31 Dec	-1,119	
Cost at 31 Dec	89,802	87,974
Carrying amount 31 Dec	89,802	87,974
Other intangible assets		
Cost at 1 Jan	26,925	24,925
Increases 1 Jan - 31 Dec	1,358	2,001
Vähennykset 1.1. - 31.12	-181	
Cost at 31 Dec	28,102	26,925
Accumulated depreciation according to plan 1 Jan	-23,815	-21,286
Depreciation according to plan 1 Jan - 31 Dec	-1,338	-2,529
Carrying amount 31 Dec	2,949	3,111
Carrying amount 31 Dec	92,751	91,085

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 €	2013	2012
Land and water areas		
Cost at 1 Jan	13,933	13,671
Increases 1 Jan - 31 Dec	291	262
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	14,224	13,933
Carrying amount 31 Dec	14,224	13,933
Buildings and structures		
Cost at 1 Jan	159,839	127,014
Increases 1 Jan - 31 Dec	21,392	32,852
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	181,231	159,839
Accumulated depreciation according to plan 1 Jan	-33,454	-28,669
Decreases, depreciation according to plan 1 Jan - 31 Dec		
Depreciation according to plan 1 Jan - 31 Dec	-5,715	-4,785
Carrying amount 31 Dec	142,061	126,385
Machinery and equipment		
Cost at 1 Jan	880,407	767,533
Increases 1 Jan - 31 Dec	95,244	112,874
Decreases 1 Jan - 31 Dec	-671	
Cost at 31 Dec	974,980	880,407
Accumulated depreciation according to plan 1 Jan	-353,295	-316,833
Decreases, depreciation according to plan 1 Jan - 31 Dec	435	
Depreciation according to plan 1 Jan - 31 Dec	-39,804	-36,461
Carrying amount 31 Dec	582,317	527,112
Transmission lines		
Cost at 1 Jan	1,031,935	1,006,788
Increases 1 Jan - 31 Dec	139,890	25,425
Decreases 1 Jan - 31 Dec	-4,027	-278
Cost at 31 Dec	1,167,798	1,031,935
Accumulated depreciation according to plan 1 Jan	-347,748	-316,859
Decreases, depreciation according to plan 1 Jan - 31 Dec	2,108	133
Depreciation according to plan 1 Jan - 31 Dec	-33,769	-31,022
Carrying amount 31 Dec	788,389	684,187

14 February 2014

Other property, plant and equipment

Cost at 1 Jan	20,674	14,658
Increases 1 Jan - 31 Dec	1,274	6,016
Cost at 31 Dec	21,948	20,674
Accumulated depreciation according to plan 1 Jan	-12,486	-11,649
Depreciation according to plan 1 Jan - 31 Dec	-937	-837
Carrying amount 31 Dec	8,525	8,188

Advance payments and purchases in progress

Cost at 1 Jan	120,174	162,318
Increases 1 Jan - 31 Dec	168,343	116,320
Transfers to other tangible and intangible assets 1 Jan - 31 Dec	-206,843	-158,464
Cost at 31 Dec	81,674	120,174
Carrying amount 31 Dec	81,674	120,174

Capitalised interest

Cost at 1 Jan	4,728	1,593
Increases 1 Jan - 31 Dec (note 10)	1,681	3,136
Cost at 31 Dec	6,410	4,728
Accumulated depreciation according to plan	-33	-3
Depreciation on capitalised interest according to plan 1 Jan - 31 Dec	-141	-30
Carrying amount 31 Dec	6,236	4,695

Carrying amount 31 Dec	87,910	124,870
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Carrying amount 31 Dec Property, plant and equipment	1,623,426	1,484,674
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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. SIJOITUKSET, 1 000 €	2013	2012
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Available-for-sale investments

Cost at 1 Jan	302	301
Changes in fair value 1 Jan - 31 Dec	-2	2
Carrying amount 31 Dec	300	302

The changes in fair value are recorded in equity (note 26).

Equity investments in associated companies

Cost at 1 Jan	8,292	7,947
Increases, eSett Oy	2,001	
Portion of profit 1 Jan - 31 Dec	709	845
Share issue Nord Pool Spot AS 30 Aug 2013	360	737
Translation reserve 1 Jan - 31 Dec	-649	92
Dividends 1 Jan - 31 Dec	-300	-1,329
Carrying amount 31 Dec	10,416	8,292

Carrying amount 31 Dec	10,716	8,564
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Carrying amount of associated companies includes goodwill 31 Dec.	3,245	3,245
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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 the Nordic electricity exchange, Nord Pool Spot AS, changed on 30.8.2013, as the Latvian main grid company AST (Augstsprieguma Tiklsi) purchased a 2% share in NPS. Fingrid Oyj's ownership in Nord Pool Spot AS decreased to 18.8%.

Financial summary of associated companies, 1,000 €

2012	Assets	Liabilities	Turnover	Profit/loss	Ownership (%)
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14 February 2014

Nord Pool Spot AS, Lysaker, Norway	331,432	305,649	21,567	4,719	19.2
Porvoo Alueverkko Oy, Porvoo, Finland	6,412	6,024	7,051	12	33.3

2013	Assets	Liabilities	Turnover	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	250,723	223,916	21,299	3,899	18.8
Porvoo Alueverkko Oy, Porvoo, Finland	6,455	5,968	7,535	9	33.3
eSett Oy, Helsinki	6,455	457		-4	33.3
				Ownership (%)	Ownership (%)
Subsidiary shares 31 Dec 2012					
Finextra Oy, Helsinki, Finland				100	100

19. INVENTORIES, 1,000 €	2013	2012
Materials and consumables at 1 Jan	11,363	10,399
Work in progress	34	44
Total	11,397	10,443

The cost of inventories recognised as expense was 1.7 (0.7) million euros.

20. OTHER NON-CURRENT RECEIVABLES, 1 000 €	2013	2012
Guarantee fund Nasdaq OMX, pledged account	813	
Guarantee account Nasdaq OMX	3,500	
	4,313	

21. TRADE RECEIVABLES AND OTHER RECEIVABLES, 1,000 €	2013	2012
Trade receivables	59,037	68,420
Trade receivables from associated companies (note 37)	2,561	2,039
Prepayments and accrued income	14,399	17,763
Other receivables	25	55
Total	76,021	88,251

Essential items included in prepayments and accrued income	2013	2012
Accruals of sales	430	244
Accruals of purchases/prepayments	6,427	9,121
Interest receivable	7,352	8,185
Rents/prepayments	190	186
Total	14,399	17,736

Age distribution of trade receivables	2013	2012
Unmatured trade receivables	61,419	65,365
Trade receivables matured by 1-30 days	179	4,924
Trade receivables matured by 31-60 days		136
Trade receivables matured by more than 60 days		34
Total	61,598	70,460

In 2013, the company recorded impairment losses on trade receivables totaling 551,553.43 euros, incl. VAT 24%.

Trade receivables and other receivables broken down by currencies, 1,000 €	2013	2012
EUR	76,021	88,251
Total	76,021	88,251

The fair value of trade receivables and other receivables does not differ essentially from the balance sheet value.

14 February 2014

22. FINANCIAL ASSETS RECOGNISED AT FAIR VALUE, 1,000 €	2013	2012
Certificates of deposit	39,982	45,999
Commercial papers	134,818	151,413
Short-term money market funds	20,173	10,014
Total	194,973	207,426

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

23. CASH AND CASH EQUIVALENTS, 1,000 €	2013	2012
Cash and bank accounts	21,326	5,391
Pledged accounts	1,013	1,020
Total	22,339	6,411

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

	Loans and other receivables/liabilities	Assets/liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/liabilities measured at amortised cost	Total	Note
Balance sheet item 31 Dec 2013						
Non-current financial assets						
Available-for-sale investments			300		300	18
Interest rate and currency derivatives		48,883			48,883	30
Current financial assets						
Interest rate and currency derivatives		2,887			2,887	30
Trade receivables and other receivables	68,975				68,975	21
Financial Assets recognised in income statement at fair value		194,973			194,973	22
Cash in hand and bank receivables		22,339			22,339	23
Financial assets total	68,975	269,081	300		338,355	
Non-current financial liabilities						
Borrowings				975,295	975,295	28
Interest rate and currency derivatives		17,012			17,012	30
Current financial liabilities						
Borrowings				318,695	318,695	28
Interest rate and currency derivatives		1,121			1,121	30
Trade payables and other liabilities	41,448			16,485	57,933	31
Financial liabilities total	41,448	18,133		1,310,475	1,370,056	

	Loans and other receivables/liabilities	Assets/liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/liabilities measured at amortised cost	Total	Note
Balance sheet item 31 Dec 2012						
Non-current financial assets						
Available-for-sale investments			302		302	18
Interest rate and currency derivatives		88,932			88,932	30

14 February 2014

Current financial assets					
Interest rate and currency derivatives		4,815		4,815	30
Trade receivables and other receivables	78,700			78,700	21
Financial assets recognised in income statement at fair value		207,426		207,426	22
Cash in hand and bank receivables		6,411		6,411	23
Financial assets total	78,700	307,585	302	386,587	
Non-current financial liabilities					
Borrowings			1,032,199	1,032,199	28
Interest rate and currency derivatives		14,602		14,602	30
Current financial liabilities					
Borrowings			211,932	211,932	28
Interest rate and currency derivatives		1,842		1,842	30
Trade payables and other liabilities	56,677		18,181	74,859	31
Financial liabilities total	56,677	16,444	1,262,312	1,335,434	

	2013			2012		
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amount of financial assets presented in the balance sheet	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amount of financial assets presented in the balance sheet
Trade receivables	72,422	-10,824	61,598	79,730	-9,270	70,460

	2013			2012		
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet
Trade payables	34,694	-10,824	23,870	44,616	-9,270	35,346

**25. FAIR VALUE HIERARCHY,
1,000 €**

	2013			2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held at fair value						
Available-for-sale investments	58	190		50	200	
Interest rate and currency derivatives		34,509			77,393	
Financial assets recognised at fair value	20,173	174,800		10,014	197,413	
Financial assets held at fair value total	20,321	209,498		10,064	275,006	
Financial liabilities held at fair value						
Interest rate and currency derivatives		872			90	
Electricity forward contracts, NASDAQ OMX Commodities	38,208			27,294		
Financial liabilities held at fair value total	38,208	872		27,294	90	

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 to the fair value measurement.

Level 1: inputs are publicly quoted in active markets.

Level 2: inputs are not publicly quoted and are observable market parameters either directly or indirectly.

14 February 2014

Level 3: inputs are unobservable market parameters.

26. EQUITY

Equity is composed of the share capital, share premium account, revaluationreserve (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	Share premium account	Total
Share capital and share premium account, 1,000 €			
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

	Number of shares qty	Of all shares %	Of votes %
The share capital is broken down as follows:			
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

	Series A shares	Series B shares	Total
Number of shares, qty			
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 2012. 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 dividendproposal for series B shares for 2013 is 6.0 per cent.

There are no non-controlling interests.

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

14 February 2014

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
LocalTapiola 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
LocalTapiola General Mutual Insurance Company	50	1.50	0.67
LocalTapiola Mutual Life Assurance Company	47	1.41	0.63
If P&C Insurance Company Ltd	25	0.75	0.33
ImatranSeudunSähkö 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 €	2013	2012
1 Jan	-7,578	-13,691
Changes in fair value during financial year	-4,425	8,095
Taxes	433	-1,983
Hedge reserve 31 Dec	-11,571	-7,578
Fair value reserve, 1,000 €	2013	2012
1 Jan	14	12
Changes in fair value during financial year	-2	1
Taxes on changes in fair value during financial year	0	0
Fair value reserve 31 Dec	12	14
Translation reserve, 1,000 €	2013	2012
Translation reserve 31 Dec	-3	643
The translation reserve includes the translation differences resulting from converting the financial statements of the foreign associated company.		
Dividends, 1,000 €	2013	2012
Dividends paid	13,148	10,751
The proposal for dividend distribution for the financial year 2013 is presented in note 14.		
Retained earnings, 1,000 €	2013	2012
Profit from previous financial years	451,717	397,836
Profit for the financial year	90,699	67,029
Retained earnings 31 Dec	542,416	464,865

14 February 2014

27. DEFERRED TAX ASSETS AND LIABILITIES, 1,000 €
Changes in deferred taxes in 2013:

Deferred tax assets	31 Dec 2012	Recorded in income statement at profit or loss	Recorded in other comprehensive income	31 Dec 2013
Provisions	458	-111		347
Current financial assets	1,235	-13		1,222
Trade payables and other liabilities	506	-127		379
Interest-bearing borrowings	12,057	-8,125		3,932
Derivative instruments	7,381	-63	433	7,751
Other items	47	-35		12
Total	21,683	-8,473	433	13,643

Deferred tax liabilities

Accumulated depreciations difference	-109,980	-20,200		-89,779
Property, plant and equipment, tangible and intangible assets	-22,414	-1,911		-20,503
Available-for-sale investments	-22		-1	-21
Other receivables	-2,007	-537		-1,471
Financial assets recognised in income statement at fair value	-145	-22		-124
Non-current financial assets	-18,010	-10,133		-7,878
Current financial assets				
Total	-152,579	-32,803	-1	-119,775

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	-3,048	1,983	7,381
Other items	8	38		47
Total	19,873	-1,408	1,983	21,683

Deferred tax liabilities

Depreciation difference	-106,463	-3,517		-109,980
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 at fair value	-265	119		-145
Non-current financial receivables	-10,720	-7,290		-18,010
Current financial receivables	-1,559	-325		
Total	-140,340	-14,122	0	-152,579

28. BORROWINGS, 1,000 €

	2013		2012	
	Fair value	Balance sheet value	Fair value	Balance sheet value
Non-current				
Bonds	812,812	765,295	877,061	818,199
Loans from financial institutions	220,917	210,000	230,655	214,000
	1,033,730	975,295	1,107,716	1,032,199
Current				
Current portion of long-term borrowings maturing within a year	106,011	104,081	126,230	123,022
Other loans / Commercial papers (international)	214,683	214,614	89,008	88,910

14 February 2014

and domestic)				
	320,694	318,695	215,238	211,932
Total	1,354,424	1,293,990	1,322,954	1,244,131

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 €				2013	2012
Currency	Nominal amount	Maturity date	Interest		
EUR	10,000	16.04.2013	variable interest		10,000
EUR	20,000	28.04.2013	variable interest		20,000
EUR	20,000	15.10.2013	4.30%		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	30,000	11.09.2023	2,71%	30,000	
EUR	300,000	03.04.2024	3.50%	298,603	298,457
EUR	25,000	27.03.2028	2,71%	25,000	
EUR	10,000	12.09.2028	3,27%	10,000	
				498,603	483,475
FIM	160,000	19.08.2013	5.20%		26,909
					26,909
JPY	3,000,000	20.04.2015	1.45%	20,730	26,406
JPY	500,000	22.06.2017	1.28%	3,455	4,401
				24,185	30,807
NOK	170,000	19.11.2014	4.68%	20,328	23,135
NOK	200,000	17.10.2016	5.15%	23,915	27,217
NOK	200,000	11.04.2017	5.16%	23,915	27,217
NOK	200,000	10.11.2017	5.12%	23,915	27,217
NOK	200,000	12.11.2019	5.37%	23,915	27,217
NOK	100,000	16.09.2025	4,31%	11,957	
				127,945	132,003
SEK	100,000	21.03.2013	variable interest		11,652
SEK	200,000	03.04.2013	3.70%		23,305
SEK	175,000	04.04.2014	4.30%	19,754	20,392
SEK	300,000	15.06.2015	3.195%	33,863	34,957
SEK	100,000	17.06.2015	3.10%	11,288	11,652
SEK	220,000	01.12.2015	interest rate structure	25,654	26,845
SEK	100,000	15.01.2016	3.297%	11,288	11,652
SEK	500,000	18.10.2016	variable interest	56,439	58,261
SEK	500,000	18.10.2016	3.50%	56,358	58,153
				214,644	256,870
Bonds, long-term total				765,295	818,199
Bonds, short-term total				100,081	111,866
Total				865,376	930,065

Maturity of non-current borrowings, 1,000 €

	2014	2015	2016	2017	2018	2018+	Total
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14 February 2014

Bonds	100,081	91,535	148,000	126,285		399,475	865,376
Loans from financial institutions	4,000	16,424	20,710	21,662	21,662	129,541	214,000
Total	104,081	107,959	168,710	147,947	21,662	529,016	1,079,376

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.

29. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €	2013	2012
Provisions 1 Jan	1,869	1,897
Provisions used	-134	-29
Provisions 31 Dec	1,735	1,869

30. DERIVATIVE INSTRUMENTS, 1,000 €

	2013				2012			
	Fair value		Net fair	Nominal	Fair value		Net fair	Nominal
	Pos.	Neg.	value	value	Pos.	Neg.	value	value
	31.12.13	31.12.13	31.12.13	31.12.13	31.12.12	31.12.12	31.12.12	31.12.12
Interest rate and currency derivatives								
Cross-currency swaps	39,830	-9,225	30,605	366,033	78,713	-6,621	72,092	418,578
Forward contracts		-872	-872	135,347		-90	-90	2,837
Interest rate swaps	11,939	-8,036	3,904	471,000	15,032	-9,733	5,299	406,000
Interest rate options, bought				350,000	2		2	810,000
Total	51,770	-18,133	33,637	1,322,381	93,747	-16,444	77,303	1,637,415
Electricity derivatives								
Electricity forward contracts, designated as hedge accounting NASDAQ OMX Commodities		-18,091	-18,091	1,76		-16,844	-16,844	2,68
Electricity forward contracts, not designated as hedge accounting NASDAQ OMX Commodities		-20,117	-20,117	2,21		-10,450	-10,450	1,20
Total		-38,208	-38,208	3,97		-27,294	-27,294	3,88

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 2013.

Maturity of derivative contracts:

Nominal value, 1,000 €	2014	2015	2016	2017	2018	2018+	Total
Interest rate swaps	36,000	30,000	70,000	30,000	105,000	200,000	471,000
Interest rate options	130,000	220,000					350,000
Cross-currency swaps	40,081	90,714	148,081	51,285		35,872	366,033
Forward contracts	134,702	645					135,347

14 February 2014

Total	340,784	341,359	218,081	81,285	105,000	235,872	1,322,381
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TWh	2014	2015	2016	2017	2018	2018+	Total
Electricity derivatives	1,25	1,14	0,79	0,53	0,26		3,97
Total	1,25	1,14	0,79	0,53	0,26		3,97

31. TRADE PAYABLES AND OTHER LIABILITIES, 1,000 €

	2013	2012
Trade payables	23,527	34,953
Trade payables to associated companies	343	393
Interest liabilities	16,485	18,181
Value added tax	8,895	5,103
Electricity tax	2,624	2,643
Accruals	17,010	20,789
Other debt	568	542
Total	69,452	82,604

Essential items included in accruals

	2013	2012
Personnel expenses	4,069	3,713
Accruals of sales and purchases	10,311	13,261
Other accruals	2,630	3,815
Total	17,010	20,789

32. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €

	2013	2012
Pledges		
Pledge covering property lease agreements	9	47
Pledged account in favour of the Customs Office	280	280
Pledged account covering electricity exchange purchases	4,313	
	4,601	327
Unrecorded investment commitments	137,441	217,193
Other financial commitments		
Counterguarantee in favour of an associated company	1,700	1,700
Rent security deposit, guarantee	38	
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	565	459
Commitment fee for subsequent years	1,170	1,218
	3,473	3,378

33. OTHER LEASE AGREEMENTS, 1,000 €

	2013	2012
Minimum rental obligations of other irrevocable lease agreements:		
In one year	2,220	2,293
In more than one year and less than five years	9,239	8,499
In more than five years	16,053	13,770
Total	27,512	24,536

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.

14 February 2014

34. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

Pending are procedures in accordance with EC Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity and the new Finnish Electricity Market Act (588/2013). The EC Regulation requires national regulating authorities to make a decision on certifying the independence of transmission grid owners. In addition to this, the new Electricity Market Act requires Fingrid to apply for a new electricity network licence from the Energy Authority within one month of when the Energy Authority's decision on certification of the independence of the grid owner has entered into force.

Fingrid appealed to the Market Court against the decision of the Energy Market Authority on 23 November 2011 (record number 831/430/2011): the confirmation of methods concerning the setting of the grid owner's income from grid operations and payments for transmission service for the control period starting 1 January 2012 and ending on 31 December 2015. The Market Court ejected Fingrid's appeal on 21 December 2012. Fingrid has appealed the decision of the Market Court to the Supreme Administrative Court.

There are no other ongoing legal proceedings or proceedings by authorities that would have a material impact on Fingrid's business.

35. 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 approves the key principles of internal control and risk management and the changes made 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

14 February 2014

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 2013	Carrying amount	Portion %	Hedging degree	Currency distribution 31 Dec 2012	Carrying amount	Portion %	Hedging degree
EUR	793,577	61		EUR	824,451	66	
GBP	41,910	3	100				
JPY	24,185	2	100	JPY	30,807	2	100
NOK	127,945	10	100	NOK	132,003	11	100
SEK	214,644	17	100	SEK	256,870	21	100
USD	91,729	7	100				
Total	1,293,990	100	100	Total	1,224,131	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 2013	Bonds	Commercial papers	Total	Cross-currency swaps	Forward contracts	Total	Net exposure Total
GBP +10%		4,661			-4,661		0
GBP -10%		3,814			-3,814		0
JPY +10%	-2,757			2,757			0
JPY -10%	2,256			-2,256			0
NOK +10%	-15,567			15,567			0
NOK -10%	12,805			-12,805			0
SEK +10%	-24,569			24,569			0
SEK -10%	20,176			-20,176			0
USD +10%		10,193			-10,193		0
USD -10%		9,174			-9,174		0

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

		2013	2012
		Equity	Equity
		31 Dec 2013	31 Dec 2012
NOK	+10%	560	549
	-10%	-458	-450

14 February 2014

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 2013, 63% of the interest costs for the next five years were hedged, and correspondingly 75% were hedged at the end of 2012.

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 €	2013		2012	
	-1%-unit	+1%-unit	-1%-unit	+1%-unit
Borrowings	6,195	-6,195	5,449	-5,449
Interest rate derivatives	-1,101	1,101	-269	269
Borrowings total	5,094	-5,094	5,180	-5,180
Financial assets and cash	-1,696	1,696	-1,566	1,566
Net borrowings total	3,398	-3,398	3,614	-3,614

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 €

2013			2012		
Confidence level	31 Dec 2012		Confidence level	31 Dec 2011	
	Net finance costs			Net finance costs	
96%	min.	20,092	96%	min.	17,689
	max.	29,409		max.	23,961
98%	min.	19,901	98%	min.	14,722
	max.	30,903		max.	24,943

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 Board of Directors. 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 25,3 (29.4) million euros higher or lower.

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

14 February 2014

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 2013		2014	2015	2016	2017	2018	2018+	Total
Bonds	- repayments	100,081	91,535	148,000	126,285		399,475	865,376
	- interest costs	28,115	24,930	23,476	17,879	14,117	82,004	190,521
Loans from financial institutions	- repayments	4,000	16,424	20,710	21,662	21,662	129,541	214,000
	- interest costs	4,573	4,603	4,704	4,584	4,350	16,309	39,123
Commercial papers	- repayments	214,614						214,614
	- interest costs	167						167
Cross-currency swaps	- payments	41,968	90,450	148,499	54,500	1,035	40,388	376,840
Interest rate swaps	- payments	5,083	5,031	5,307	4,395	4,776	25,051	49,643
Forward contracts	- payments	135,537	681					136,218
Guarantee commitment*	- payments	1,700						1,700
Total		535,839	233,654	350,696	229,305	45,940	692,768	2,088,201
Cross-currency swaps	- receivables	53,840	102,119	157,804	55,565	1,800	40,763	411,891
Interest rate swaps	- receivables	5,975	5,770	6,848	6,990	6,766	20,743	53,092
Forward contracts	- receivables	134,702	645					135,347
Total		194,517	108,534	164,652	62,555	8,566	61,506	600,330
Grand total		341,321	125,120	186,044	166,750	37,374	631,261	1,487,871

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

31 Dec 2012		2014	2015	2016	2017	2018	2018+	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

14 February 2014

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
		57,819	61,796	115,282	169,626	67,127	46,147	517,798
Total		233,059	121,863	122,668	184,282	164,956	568,145	1,394,975
Grand total								

*Counter guarantee 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 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. Under the ISDA Master Agreement it is agreed on a process involving termination of obligations under derivative contracts with a defaulting party and subsequent combining of positive and negative replacement values into a single net payable or receivable in the event of bankruptcy or insolvency proceeding of the defaulting party. The counterparty risks of financial instruments did not incur any losses during the financial year

36. OPERATING CASH FLOW ADJUSTMENTS, 1,000 €	2013	2012
Business transactions not involving a payment transaction		
Depreciation	81,704	75,665
Capital gains/losses (-/+) on sale of property, plant and equipment	-1,282	-467
Portion of profit of associated companies	-709	-845
Share Issue Nord Pool Spot AS 30.8.2013	-360	-737
Gains/losses from the valuation of assets and liabilities recognised in income statement at fair value	6,465	12,591
Total	85,818	86,206

37. 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%.

Fingrid Group's related parties comprise the addition of associated companies, associated companies eSett Oy, 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 PorvoonAlueverkko 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 €	2013	2012
Salaries and other short-term employee benefits	1,582	1,536
Transactions with associated companies, 1,000 €	2013	2012
Sales	7,824	7,153
Expense adjustments	231	
Purchases	42,505	46,653
Receivables	2,561	2,039
Liabilities	343	393
Transactions with related parties, 1,000 €	2013	2012
Owners:		
Sales	24	47
Purchases	1	

14 February 2014

Other related parties:

Sales	82,750	66,772
Purchases	50,489	41,509
Receivables	8,602	1,234
Liabilities	5,359	7,707

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.

38. EMISSION RIGHTS

Fingrid has not been granted free-of-charge emission rights for the emission trade period 2013–2020. The use of emission rights had no impact on the financial result in 2012.

	2013	2012
	tCO₂	tCO₂
Rights received without compensation		25,261
Total CO ₂ emissions	5,566	21,317

39. EVENTS AFTER CLOSING DATE

The Group management is not aware of such essential events after the closing date that would affect the financial statements.

14 February 2014

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

PARENT COMPANY PROFIT AND LOSS ACCOUNT	Notes	1 Jan - 31 Dec 2013 €	1 Jan - 31 Dec 2012 €
TURNOVER	2	529,973,491.76	503,662,672.10
Other operating income	3	3,710,950.69	3,097,722.02
Materials and services	4	-256,492,919.79	-248,809,581.40
Staff expenditure	5	-22,847,247.60	-22,134,749.81
Depreciation and amortisation expense	6	-91,301,518.24	-85,272,765.56
Other operating expenses	7, 8	-51,305,879.61	-53,723,489.03
OPERATING PROFIT		111,736,877.21	96,819,808.32
Finance income and costs	9	-26,014,888.09	-28,942,078.44
PROFIT BEFORE EXTRAORDINARY ITEMS		85,721,989.12	67,877,729.88
PROFIT BEFORE PROVISIONS AND TAXES		85,721,989.12	67,877,729.88
Provisions	10		-14,355,143.94
Income taxes	11	-20,872,258.31	-12,812,893.63
PROFIT FOR THE FINANCIAL YEAR		64,849,730.81	40,709,692.31

Notes are an integral part of the financial statements.

14 February 2014

PARENT COMPANY BALANCE SHEET

ASSETS	Notes	31 Dec 2013	31 Dec 2012
		€	€
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	12	23,588,356.60	30,021,544.77
Other non-current expenses	13	89,081,372.20	90,971,574.48
		112,669,728.80	120,993,119.25
Tangible assets			
	14		
Land and water areas		14,223,829.67	13,932,742.17
Buildings and structures		142,018,523.70	126,339,957.54
Machinery and equipment		580,302,462.29	524,998,735.03
Transmission lines		770,826,975.77	666,157,748.90
Other tangible assets		117,516.35	117,516.35
Advance payments and purchases in progress		81,674,341.34	120,174,398.32
		1,589,163,649.12	1,451,721,098.31
Investments			
	15		
Equity investments in Group companies		504,563.77	504,563.77
Equity investments in associated companies		8,642,260.21	6,641,360.21
Other shares and equity investments		1,378,426.50	1,176,314.01
		10,525,250.48	8,322,237.99
TOTAL NON-CURRENT ASSETS		1,712,358,628.40	1,581,036,455.55
CURRENT ASSETS			
Inventories	16	11,397,077.70	10,442,615.15
Receivables			
Non-current			
Other receivables	17	4,312,577.55	
		4,312,577.55	
Current receivables			
Trade receivables		56,549,091.02	62,648,323.09
Receivables from Group companies		64,418.89	139,978.60
Receivables from associated companies	18	2,560,815.83	2,039,225.25
Other receivables		24,534.78	55,257.35
Prepayments and accrued income	19, 20	18,225,075.59	26,629,008.48
		77,423,936.11	91,511,792.77
Financial assets	21	194,354,841.08	206,833,143.48
Cash in hand and bank receivables	21	22,338,719.57	6,411,098.28
TOTAL CURRENT ASSETS		309,827,152.01	315,198,649.68
TOTAL ASSETS		2,022,185,780.41	1,896,235,105.23

Notes are an integral part of the financial statements.

14 February 2014

PARENT COMPANY BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES		31 Dec 2013	31 Dec 2012
	Notes	€	€
SHAREHOLDERS' EQUITY	22		
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		39,352,410.36	11,790,307.69
Profit for the financial year		64,849,730.81	40,709,692.31
TOTAL SHAREHOLDERS' EQUITY		216,047,112.27	164,344,971.10
ACCUMULATED PROVISIONS	23	448,896,757.27	448,896,757.27
PROVISIONS FOR LIABILITIES AND CHARGES	30	1,734,746.78	1,868,946.78
LIABILITIES			
Non-current liabilities			
Bonds	24, 25	761,382,622.41	782,848,102.36
Loans from financial institutions		210,000,000.00	213,999,999.98
		971,382,622.41	996,848,102.34
Current liabilities			
Bonds	24	98,977,209.88	108,774,439.32
Loans from financial institutions		4,000,000.00	11,156,064.01
Trade payables		21,119,511.21	29,315,342.32
Liabilities to Group companies	26	533,547.16	542,728.15
Liabilities to associated companies	27	342,810.97	393,455.81
Other liabilities	28	227,566,502.63	97,197,420.08
Accruals	29	31,584,959.83	36,896,878.05
		384,124,541.68	284,276,327.74
TOTAL LIABILITIES		1,355,507,164.09	1,281,124,430.08
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,022,185,780.41	1,896,235,105.23

Notes are an integral part of the financial statements.

14 February 2014

PARENT COMPANY CASH FLOW STATEMENT	Notes	1 Jan - 31 Dec 2013	1 Jan - 31 Dec 2012
		€	€
Cash flow from operating activities:			
Profit for the financial year	22	64,849,730.81	40,709,692.31
Adjustments:			
Business transactions not involving a payment transaction	32	90,019,528.46	99,160,604.38
Interest and other finance costs		34,218,291.68	37,961,966.04
Interest income		-7,860,946.54	-7,672,856.82
Dividend income		-342,457.05	-1,347,030.78
Taxes		20,872,258.31	12,812,893.63
Changes in working capital:			
Change in trade receivables and other receivables		3,901,777.84	-22,756,802.95
Change in inventories		-954,462.55	-3,736,433.06
Change in trade payables and other liabilities		-3,347,245.17	22,751,951.30
Change in provisions		-134,200.00	-28,500.00
Interests paid		-23,277,403.45	-24,924,248.03
Interests received		1,217,939.45	3,555,790.10
Taxes paid	11	-22,057,738.08	-14,597,786.91
Net cash flow from operating activities		157,105,073.71	141,889,239.21
Cash flow from investing activities:			
Purchase of tangible assets	14	-222,503,301.21	-134 889 618,00
Purchase of intangible assets	13	-4,265,762.72	-9 785 186,55
Investments in other assets	15	-2,203,012.49	-41 421,46
Proceeds from sale of tangible assets	14	3,980,000.00	612 000,00
Dividends received	9	342,457.05	1 347 030,78
Net cash flow from investing activities		-224,649,619.37	-142 757 195,23
Cash flow from financing activities:			
Withdrawal of short-term loans		451,093,811.06	345,208,475.73
Repayment of short-term loans		-324,530,424.31	-463,553,819.40
Withdrawal of long-term loans		77,546,059.30	298,410,000.00
Repayment of long-term loans		-119,967,991.86	-157,961,730.32
Dividends paid	22	-13,147,589.64	-10,750,886.78
Net cash flow from financing activities		70,993,864.55	11,352,039.23
Net change in cash and cash equivalents		3,449,318.89	10,484,083.21
Cash and cash equivalents 1 Jan		213,244,241.76	202,760,158.55
Cash and cash equivalents 31 Dec	21	216,693,560.65	213,244,241.76

Notes are an integral part of the financial statements.

14 February 2014

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.

14 February 2014

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 35.

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. TURNOVER 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.

TURNOVER, 1, 000 €	2013	2012
Grid service revenue	321,029	276,247
Sale of imbalance power	158,522	152,489
Cross-border transmission	13,225	10,613
ITC income	8,301	9,957
Estlink congestion income	3,701	6,469
Nordic congestion income	18,594	44,244
Income from peak load capacity services	261	300
Other operating revenue	6,341	3,345
Total	529,973	503,663

3. OTHER OPERATING INCOME, 1,000 €	2013	2012
Rental income	1,620	1,825
Contributions received	215	214
Other income	1,876	1,059
Total	3,711	3,098

4. MATERIALS AND SERVICES, 1,000 €	2013	2012
Purchases during the financial year	183,790	173,954
Loss energy purchases	58,236	64,578
Change in inventories, increase (-) or decrease (+)	-954	-3,736
Materials and supplies	241,072	234,795

14 February 2014

Grid service charges	129	40
Other external services	15,293	13,975
Services	15,421	14,014
Total	256,493	248,810

5. STAFF EXPENDITURE, 1,000 €	2013	2012
Salaries and bonuses	18,995	18,215
Pension expenses	2,902	3,050
Other additional personnel expenses	950	869
Total	22,847	22,135

Salaries and bonuses of the members of the Board of Directors and President and CEO	474	418
Helena Walldén, Chairman (since 3.5.2011)	42	34
Juha Majanen, Vice Chairman (since 22.3.2012)	26	15
Sirpa Ojala, Member of the Board (since 22.3.2012)	22	11
EskoTorsti, Member of the Board (since 22.3.2012)	23	12
Esko Raunio, Member of the Board (since 3.5.2011)	7	13
Matti Rusanen, Member of the Board (since 27.5.2013, Deputy Member of the Board 22.3.2012- 27.5.2013)	15	2
Timo Ritonummi, Deputy Member of the Board (since 3.5.2001)	3	3
Marja Hanski, Deputy Member of the Board (since 3.5.2011)	3	4
Niko Ijäs, Deputy Member of the Board (since 22.3.2012)	3	2
Jari Eklund, Deputy Member of the Board (since 3.5.2011)	1	4
Ari Hakala, Deputy Member of the Board (since 27.5.2013)	2	
Katja Salovaara, Deputy Member of the Board (since 27.5.2013)	2	
Arto Lepistö, Vice Chairman (until 22.3.2012)		7
Elina Engman, Member of the Board (until 29.2.2012)		2
Timo Kärkkäinen, Member of the Board (until 22.3.2012)		4
Mikko Räsänen Deputy Member of the Board (until 22.3.2012)		1
Antti Riivari, Deputy Member of the Board (until 22.3.2012)		1

JukkaRuusunen, President and CEO	327	303
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Number of salaried employees in the company during the financial year:

Personnel, average	277	269
Personnel, 31 Dec	287	275

6. DEPRECIATION ACCORDING TO PLAN, 1,000 €	2013	2012
Goodwill	6,433	6,433
Other noncurrent expenses	6,156	7,145
Buildings and structures	5,713	4,783
Machinery and equipment	39,697	36,356
Transmission lines	33,302	30,555
Total*	91,302	85,273

*Depreciation on the electricity grid (notes 13 and 14)	81,877	76,644
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14 February 2014

7. OTHER OPERATING EXPENSES, 1,000 €	2013	2012
Contracts, assignments etc. undertaken externally	40,190	37,851
Grid rents	231	551
Other rental expenses	5,943	8,166
Other expenses	4,942	7,156
Total	51,306	53,723

8. AUDITORS FEES, 1,000 €	2013	2012
Auditing fee	51	35
Other fees	97	63
Total	148	98

9. FINANCE INCOME AND COSTS, 1,000 €	2013	2012
Dividend income from Group companies	-36	-12
Dividend income from others	-306	-1,335
Interest and other finance income from others	-7,861	-7,673
	-8,203	-9,020
Interest and other finance costs to Group companies	1	3
Interest and other finance costs to others	34,217	37,959
	34,218	37,962
Total	26,015	28,942

10. PROVISIONS, 1,000 €	2013	2012
Difference between depreciation according to plan and depreciation carried out in taxation		14,355

11. INCOME TAXES, 1,000 €	2013	2012
Income taxes for the financial year	20,872	12,813
Total	20,872	12,813

Deferred tax assets and liabilities, 1,000 €		
Deferred tax assets		
On temporary differences	347	458
	347	458
Deferred tax liabilities		
On temporary differences	283	364
On provisions	89,779	109,980
	90,063	110,343
Total	89,716	109,886

12. GOODWILL, 1,000 €	2013	2012
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	128,664	128,664
Accumulated depreciation according to plan 1 Jan	-98,642	-92,209
Depreciation according to plan 1 Jan - 31 Dec	-6,433	-6,433
Carrying amount 31 Dec	23,588	30,022

14 February 2014

Accumulated depreciation difference 1 Jan	-30,022	-36,455
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	-23,588	-30,022

13. OTHER NON-CURRENT EXPENSES, 1,000 €	2013	2012
Cost at 1 Jan	172,021	162,236
Increases 1 Jan - 31 Dec	4,810	9,785
Decreases 1 Jan - 31 Dec	-544	
Cost at 31 Dec	176,287	172,021
Accumulated depreciation according to plan 1 Jan	-81,049	-73,904
Decreases, depreciation according to plan 1 Jan - 31 Dec		
Depreciation according to plan 1 Jan - 31 Dec	-6,156	-7,145
Carrying amount 31 Dec*	89,081	90,972
Accumulated depreciation difference 1 Jan	-57,111	-58,135
Increase in depreciation difference reserve 1 Jan - 31 Dec	-5,525	-6,122
Decrease in depreciation difference reserve 1 Jan - 31 Dec	6,563	7,145
Accumulated depreciation in excess of plan 31 Dec	-56,073	-57,111
*Net capital expenditure in electricity grid, 1,000 €	2013	2012
Carrying amount 31 Dec	82,295	83,901
Carrying amount 1 Jan	-83,901	-86,802
Depreciation according to plan 1 Jan - 31 Dec	4,839	5,803
Decreases 1 Jan - 31 Dec	544	
Total	3,776	2,903

14. TANGIBLE ASSETS, 1,000 €	2013	2012
Land and water areas		
Cost at 1 Jan	13,933	13,671
Increases 1 Jan - 31 Dec	291	262
Cost at 31 Dec	14,224	13,933
Buildings and structures		
Cost at 1 Jan	158,161	125,336
Increases 1 Jan - 31 Dec	21,392	32,825
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	179,553	158,161
Accumulated depreciation according to plan 1 Jan	-31,821	-27,038
Decreases, depreciation according to plan 1 Jan - 31 Dec		
Depreciation according to plan 1 Jan - 31 Dec	-5,713	-4,783
Carrying amount 31 Dec	142,019	126,340
Accumulated depreciation difference 1 Jan	-11,417	-9,925
Increase in depreciation difference reserve 1 Jan - 31 Dec	-6,626	-6,275
Decrease in depreciation difference reserve 1 Jan - 31 Dec	5,713	4,783
Accumulated depreciation in excess of plan 31 Dec	-12,330	-11,417
Machinery and equipment		
Cost at 1 Jan	856,645	743,781
Increases 1 Jan - 31 Dec	95,236	112,864
Decreases 1 Jan - 31 Dec	-235	
Cost at 31 Dec	951,646	856,645
Accumulated depreciation according to plan 1 Jan	-331,646	-295,290
Decreases, depreciation according to plan 1 Jan - 31 Dec		
Depreciation according to plan 1 Jan - 31 Dec	-39,697	-36,356
Carrying amount 31 Dec	580,302	524,999

14 February 2014

Accumulated depreciation difference 1 Jan	-107,676	-100,690
Increase in depreciation difference reserve 1 Jan - 31 Dec	-37,424	-43,342
Decrease in depreciation difference reserve 1 Jan - 31 Dec	39,873	36,356
Accumulated depreciation in excess of plan 31 Dec	-105,227	-107,676
Transmission lines		
Cost at 1 Jan	1,013,374	988,334
Increases 1 Jan - 31 Dec	139,890	25,318
Decreases 1 Jan - 31 Dec	-1,919	-278
Cost at 31 Dec	1,151,345	1,013,374
Accumulated depreciation according to plan 1 Jan	-347,216	-316,794
Decreases, depreciation according to plan 1 Jan - 31 Dec		133
Depreciation according to plan 1 Jan - 31 Dec	-33,302	-30,555
Carrying amount 31 Dec	770,827	666,158
Accumulated depreciation difference 1 Jan	-242,671	-229,337
Increase in depreciation difference reserve 1 Jan - 31 Dec	-42,310	-44,450
Decrease in depreciation difference reserve 1 Jan - 31 Dec	33,302	31,116
Accumulated depreciation in excess of plan 31 Dec	-251,679	-242,671
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	120,174	162,318
Increases 1 Jan - 31 Dec	-38,500	116,320
Decreases 1 Jan - 31 Dec		-158,464
Cost at 31 Dec	81,674	120,174
Total*	1,589,164	1,451,722
* Net capital expenditure in electricity grid, 1,000 €		
Carrying amount 31 Dec	1,580,737	1,442,711
Carrying amount 1 Jan	-1,442,711	-1,387,391
Depreciation according to plan 1 Jan - 31 Dec	77,039	70,840
Decreases 1 Jan - 31 Dec	2,698	145
Total	217,763	126,305

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 €	2013	2012
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
Lisäykset 1.1. - 31.12	2,001	
Cost at 31 Dec	8,642	6,641
Other shares and equity investments		
Cost at 1 Jan	1,176	1,135
Increases 1 Jan - 31 Dec	202	41
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	1,378	1,176
Total	10,525	8,322

14 February 2014

16. INVENTORIES, 1,000 €	2013	2012
Materials and supplies	11,363	10,399
Work in progress	34	44
Total	11,397	10,443

17. OTHER NON-CURRENT RECEIVABLES, 1 000 €	2013	2012
Guarantee fund Nasdaq OMX, pledged account	813	
Guarantee account, Nasdaq OMX	3,500	
Total	4,313	

18. RECEIVABLES FROM ASSOCIATED COMPANIES, 1,000 €	2013	2012
Current:		
Trade receivables	2,561	2,039
Total	2,561	2,039

19. PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2013	2012
Interests and other financial items	12,201	18,075
Accruals of sales and purchases	5,834	8,368
Other	190	186
Total	18,225	26,629

20. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2013	2012
Par value differentials	2,361	2,928

21. CASH AND CASH EQUIVALENTS, 1,000 €	2013	2012
Certificates of deposit	39,971	45,837
Commercial papers	134,384	150,996
Short term money market funds	20,000	10,000
	194,355	206,833
Cash in hand and bank receivables	21,326	5,391
Pledged accounts	1,013	1,020
	22,339	6,411
Total	216,694	213,244

22. SHAREHOLDERS' EQUITY, 1,000 €	2013	2012
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	52,500	22,541
Dividend distribution	-13,148	-10,751
Profit from previous financial years 31 Dec	39,352	11,790

14 February 2014

Profit for the financial year	64,850	40,710
Shareholders' equity 31 Dec	216,047	164,345
Distributable shareholders' equity	104,202	52,500

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2013	2,078	1,247	3,325
31 Dec 2013	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 2013 is 6.0 per cent.

There are no minority interests.

23. ACCUMULATED PROVISIONS, 1,000 €	2013	2012
Accumulated depreciation in excess of plan, the difference between depreciation according to plan and depreciation carried out in taxation	448,897	448,897

24. BONDS, 1,000 €				2013	2012
Currency	Nominal amount	Maturity date	Interest		
EUR	10,000	16.04.2013	variable interest		10,000
EUR	20,000	28.04.2013	variable interest		20,000
EUR	20,000	15.10.2013	4.30%		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	30,000	11.09.2023	2.71%	30,000	
EUR	300,000	03.04.2024	3.50%	300,000	300,000
EUR	25,000	27.03.2028	2.71%	25,000	25,000
EUR	10,000	12.09.2028	3.27%	10,000	
				500,000	485,000
FIM	160,000	19.08.2013	5.20%		26,910
					26,910
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

14 February 2014

				26,070	26,070
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
NOK	100,000	16.09.2025	4.31%	12,512	
				129,367	116,856
SEK	100,000	21.03.2013	variable interest		10,560
SEK	200,000	03.04.2013	3.70%		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 ratestructur	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
				204,921	285 122
Bonds, long-term total				761,382	782,847
Bonds, short-term total				98,977	108,775
Total				860,359	891,622

25. LOANS FALLING DUE FOR PAYMENT IN FIVE YEARS OR MORE, 1,000 €

	2013	2012
Bonds	401,237	323,725
Loans from financial institutions	129,541	151,203
Total	530,778	474,928

26. LIABILITIES TO GROUP COMPANIES, 1,000 €

	2013	2012
Current:		
Other debts	534	543
Total	534	543

27. LIABILITIES TO ASSOCIATED COMPANIES, 1,000 €

	2013	2012
Current:		
Trade payables	343	393
Total	343	393

28. OTHER LIABILITIES, 1,000 €

	2013	2012
Current:		
Other loans / Commercial papers (international and domestic)	215,479	88,910
Value added tax	8,895	5,103
Electricity tax	2,624	2,643
Other debts	568	542
Total	227,567	97,197

29. ACCRUALS, 1,000 €

	2013	2012
Current:		

14 February 2014

Interests and other financial items	15,313	16 889
Salaries and additional personnel expenses	4,069	3 713
Accruals of sales and purchases	9,663	12 569
Other accruals	2,540	3 726
Total	31,585	36 897

30. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €	2013	2012
Creosote-impregnated and CCA-impregnated wooden towers, disposal expenses	1,735	1,869
Total	1,735	1,869

31. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €	2013	2012
Rental liabilities		
Liabilities for the next year	2,220	2,293
Liabilities for subsequent years	25,292	22,269
	27,512	24,563
Pledges		
Pledge covering property lease agreements	9	47
Pledged account in favour of the Customs Office	280	280
Pledged account covering electricity exchange purchases	4,313	
	4,601	327
Other financial commitments		
Counterguarantee in favour of an associated company	1,700	1,700
Credit facility commitment fee and commitment fee:	38	
Commitment fee for the next year	565	459
Commitment fee for subsequent years	1,170	1,218
	3,473	3,378

32. OPERATING CASH FLOW ADJUSTMENTS, 1,000 €	2013	2012
Business transactions not involving a payment transaction		
Depreciation	91,302	85,273
Increase or decrease in accumulated depreciation difference		14,355
Capital gains/losses (-/+) on tangible and intangible assets	-1,282	-467
Total	90,020	99,161

33. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

Pending are procedures in accordance with EC Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity and the new Finnish Electricity Market Act (588/2013). The EC Regulation requires national regulating authorities to make a decision on certifying the independence of transmission grid owners. In addition to this, the new Electricity Market Act requires Fingrid to apply for a new electricity network licence from the Energy Authority within one month of when the Energy Authority's decision on certification of the independence of the grid owner has entered into force.

Fingrid appealed to the Market Court against the decision of the Energy Market Authority on 23 November 2011 (record number 831/430/2011): the confirmation of methods concerning the setting of the grid owner's income from grid operations and payments for transmission service for the control period starting 1 January 2012 and ending on 31 December 2015. The Market Court ejected Fingrid's appeal on 21 December 2012. Fingrid has appealed the decision of the Market Court to the Supreme Administrative Court.

There are no other ongoing legal proceedings or proceedings by authorities that would have a material impact on Fingrid's business.

34. 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.

14 February 2014

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 2013 was 17 (17). The operating profit was 0 (-2.4) per cent of turnover.

MANAGEMENT OF BALANCE OPERATION, SEPARATED PROFIT AND LOSS ACCOUNT	1 Jan - 31 Dec 2013 1,000 €	1 Jan - 31 Dec 2012 1,000 €
TURNOVER*	169,143	164,730
Other operating income	0	67
Materials and services*	-165,041	-164,594
Staff expenditure	-1,581	-1,677
Depreciation and amortisation expense	-442	-653
Other operating expenses	-2,151	-1,754
OPERATING PROFIT	-72	-3,882
PROFIT BEFORE PROVISIONS AND TAXES	-72	-3,882
Provisions	-272	226
PROFIT FOR THE FINANCIAL YEAR	-344	-3,656

* 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 2013 1,000 €	31 Dec 2012 1,000 €
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	476	417
Tangible assets		
Machinery and equipment	539	735
	539	735
Investments		
Equity investments in associated companies	2,001	
TOTAL NON-CURRENT ASSETS	3,016	1,153

14 February 2014

CURRENT ASSETS**Current receivables**

Trade receivables	26,541	2,288
Receivables from Group companies	3,358	4,655
Other receivables	1,061	1,906
	30,960	8,849

Cash in hand and bank receivables	1	1
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TOTAL CURRENT ASSETS	30,961	8,850
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TOTAL ASSETS	33,977	10,002
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	31 Dec 2013	31 Dec 2012
	1,000 €	1,000 €

SHAREHOLDERS' EQUITY AND LIABILITIES**SHAREHOLDERS' EQUITY**

Share capital	32	32
Share premium account	286	286
Profit from previous financial years	7,692	11,347
Profit for the financial year	-344	-3,656

TOTAL SHAREHOLDERS' EQUITY	7,665	8,009
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ACCUMULATED PROVISIONS	-460	-732
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LIABILITIES**Current liabilities**

Trade payables	25,878	
Liabilities to Group companies	894	2,725
	26,772	2,725

TOTAL LIABILITIES	26,772	2,725
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TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	33,977	10,002
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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.

35. KEY INDICATORS OF TRANSMISSION SYSTEM OPERATION	2013	2012
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Return on investment (ROI) in transmission system operation, %	6.7	6.3
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$$\text{Return on investment, \%} = \frac{\text{profit before extraordinary items} + \text{interest and other finance costs} + \text{interest portions of leasing fees and rents of electricity grid}}{\text{balance sheet total} - \text{non-interest-bearing liabilities} + \text{leasing and rent liabilities related to electricity grid (average for the year)}} \times 100$$

36. EMISSION RIGHTS

Fingrid has not been granted free-of-charge emission rights for the emission trade period 2013–2020. The use of emission rights had no impact on the financial result in 2012.

	2013	2012
	tCO ₂	tCO ₂
Rights received without compensation		25,261
Total CO ₂ emissions	5,566	21,317

14 February 2014

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

Helsinki, 13 February 2014

Helena Walldén
Chairman

Juha Majanen
Vice Chairman

Sirpa Ojala

Esko Torsti

Matti Rusanen

Jukka Ruusunen
President and CEO

Auditor's notation

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

Helsinki, XX February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jouko Malinen, APA