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FINGRID OYJ

ANNUAL REVIEW AND FINANCIAL STATEMENTS

1 January 2014–31 December 2014

Contents

1 ANNUAL REVIEW

1.1 Report of the Board of Directors

Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year.

1.1.1 Financial result

In preparing these consolidated financial statements, the Group has followed the same accounting principles as in 2013, except for hedge accounting for electricity derivatives which the company terminated as of 1 January 2014.

The consolidated turnover was EUR 567 (543) million. Other operating income was EUR 5 (4) million.

Grid service income was EUR 326 (321) million. Grid tariffs were raised by eight per cent at the beginning of 2014. In December, the tariffs were lowered by approximately 45 per cent, as market-driven profits were better than expected and costs were lower. Electricity consumption in Finland decreased by 0.8 per cent (1.5) compared with the previous year. Fingrid transmitted 67.1 per cent (64.6) terawatt hours of electricity in its grid. Sales of imbalance power decreased to EUR 151 (159) million due to lower imbalance power prices. Fingrid's congestion income on the interconnection between Finland and Sweden increased significantly, to EUR 49 (19) million, due to large differences in the area prices of electricity caused by the market situation. Between Finland and Estonia, the congestion income on the interconnection decreased to EUR 2 (4) million. Cross-border transmission income between Finland and Russia decreased to EUR 9 (13) million due to reduced Russian imports. ITC (Inter-Transmission System Operator Compensation) income increased to EUR 12 (8) million mainly due to exports to Estonia.

The costs of imbalance power decreased from the previous year, to EUR 107 (121) million, due to lowered imbalance power prices. Loss energy costs increased by EUR 7 million to EUR 66 (58) million as the transmission volume increased. The average price of loss energy procurement was EUR 49.98 (51.03) per megawatt hour. Depreciation costs increased by EUR 10 million, to EUR 92 (82) million, as new capital investment projects were completed. The total costs of reserves to safeguard the system security of the transmission grid, EUR 62 (62) million, remained at the level of the previous year. In the reserve costs, the procurement costs of frequency controlled reserves were lower than in the previous year due to decreased market prices and favourable market conditions. However, the cost of additional reserves for improving frequency quality and the maintenance costs of reserve power plants owned by Fingrid increased. Personnel costs were EUR 25 (23) million, maintenance management costs EUR 19 (20) million and ITC costs EUR 11 (12) million. The EUR 15 million increase in other costs was mainly due to higher counter-trade costs.

Turnover and other operating income, € million	**1–12/14**	**1–12/13**	**10–12/14**	**10–12/13**
Grid service income	326	321	83	93
Imbalance power sales	151	159	40	45
Cross-border transmission income	9	13	3	4
Finland–Estonia congestion income*	2	4	1	1
Finland–Sweden congestion income	49	19	13	6
Peak load capacity income**	8	13	2	2
ITC income	12	8	4	2
Other turnover	9	6	2	2
Other operating income	5	4	3	1
Turnover and other income total	572	547	151	156

Costs, € million	**1–12/14**	**1–12/13**	**10–12/14**	**10–12/13**
Purchase of imbalance power	107	121	31	32
Loss energy costs	66	58	17	15
Depreciation	92	82	23	22
Cost of reserves	62	62	17	13
Personnel costs	25	23	7	6
Maintenance management costs	19	20	7	5
Peak load capacity costs**	8	13	2	2
ITC costs	11	12	3	3
EstLink grid rents*	0	4		1
Other costs	46	31	11	9
Costs total	435	425	119	108
Operating profit excluding the change in the fair value of commodity derivatives	137	122	32	48
Consolidated operating profit	143	115	27	36

*Fingrid’s share of the congestion income between Finland and Estonia was EUR 2.4 million. There were no costs (Finland–Estonia grid rents) during the period under review because the EstLink connection has been under Fingrid's ownership since 30 December 2013. Before the ownership was transferred, congestion income between Finland and Estonia was paid as grid rents to the owners of the connection.

**Peak load capacity income and costs are related to the securing of sufficient electricity supply during peak consumption hours in compliance with the Finnish Peak Load Capacity Act.

The consolidated operating profit was EUR 143 (115) million. Of the changes in the value of electricity derivatives, EUR 6 (-6) million was recognised in the income statement.

Net financial costs in accordance with IFRS were EUR 11 (29) million, including an increase of EUR 11 (-10) million in the fair value of derivatives.

The consolidated profit for the year was EUR 106 (91) million. The return on investments (ROI) was 7.6 (6.3) per cent and the return on equity (ROE) was 16.3 (15.0) per cent. The equity ratio was 31.0 (29.5) per cent at the end of the review period.

The parent company’s turnover was EUR 559 (530) million, profit for the financial year EUR 81 (65) million and the distributable reserves EUR 103 million.

1.1.2 Capital expenditure

Fingrid carried out its grid investment programme as planned to promote the national climate and energy strategy, improve system security, increase transmission capacity and promote the electricity markets. Fingrid’s annual capital expenditure in the transmission system has been extensive for years.

The company’s total capital expenditure in 2014 amounted to EUR 129 (225) million, including a total of EUR 118 (209) million invested in the transmission grid and EUR 1 (4) million for reserve power. At the end of 2014, Fingrid had seven 400 kilovolt substation sites and more than 400 kilometres of 400 kilovolt power line contracts as well as a significant number of 110 kilovolt projects under construction.

Investments in information systems amounted to EUR 11 (9) million. A total of EUR 1.7 (1.8) million was used for R&D projects during the year under review.

The EstLink 2 high-voltage DC connection between Estonia and Finland has been available for market use since the beginning of December 2013. The link was handed over to its owners, Fingrid and the Estonian Elering, in February 2014. The connection tripled the transmission capacity between Finland and Estonia and removed one of the worst transmission bottlenecks in the Baltic Sea region. The challenging major project was completed on schedule and on budget. Project Management Association Finland awarded EstLink 2 with an honourable mention in the Project of the Year competition, where the project came in second.

Fingrid will reinforce the ageing and insufficient transmission capacity, in terms of future needs, of the Finnish west coast by replacing 220 kilovolt connections with 400 kilovolt connections. The total cost of these investments, approximately EUR 220 million, will be spread over several years. Out of these projects, the Ulvila–Kristinestad transmission line was completed in 2014 at a cost of around EUR 90 million. The contract included nearly 120 kilometres of new transmission lines, renewal of the Ulvila substation and the construction of the entirely new Kristinestad substation. Reinforcing of the west coast transmission system will continue with the construction of the Hirvisuo–Pyhänselkä transmission line. The entire project to reinforce the west coast transmission system will be completed by the end of 2016.

The major project between Hikiä and Forssa progressed on schedule during 2014. In addition to building new power lines, the project involves dismantling parts of the historic ‘Iron Lady’ transmission line. In eastern Finland, the Varkaus–Kontiolahti transmission line project proceeded as planned.

Finland’s energy and climate strategy targets an increase to 9 terawatt hours in the production of wind power by 2025. Fingrid made several investment decisions which will help connect wind power to the grid. The total cost of the wind power investments to be completed in 2015–2016 is more than EUR 50 million.

In late 2014, Fingrid made procurement decisions on the basic maintenance of substations and transmission lines for 2015–2017. Nationwide grid basic maintenance contracts were put out to tender for both substations and power lines.

The operational reliability of transmission lines was improved by clearing approximately 5,000 hectares of land around the lines during the year and by pruning back trees in about 900 km of marginal zones.

The International Transmission Operations & Maintenance Study (ITOMS), published in spring 2014, named Fingrid amongst the best in the world in maintenance management in terms of both quality and costs. ITOMS measures the effectiveness of maintenance management by transmission companies and the reliability of the transmission network. A total of 28 transmission grid businesses with system responsibility from all over the world participated in the comparison study.

Lloyd's Register carried out the annual on-site audit for the PAS55 (Publicly Available Specification) certification at Fingrid. According to the audit results, Fingrid has further developed its asset management and it is at an excellent level.

In 2014, Fingrid started a strategic project of several years to improve the reliability of cross-border transmission connections. Fingrid has four high-voltage direct current (HVDC) connections: Fenno-Skan 1 and 2 with Sweden and EstLink 1 and 2 with Estonia. The reliability of these connections will improve during the next few years through several measures.

The initial stages of a grid information and ERP system were commissioned in late 2013 and early 2014.

Fingrid has paid particular attention to accident prevention at work sites. A specific focus area was the development of work-site T3 mobile reporting. Positive developments were achieved in the severity of accidents and frequency rate. Several projects in 2014 were completed with zero accidents. A total of eight accidents occurred with Fingrid’s suppliers.

1.1.3 Power system

Electricity consumption in Finland totalled 83.3 (84.0) terawatt hours in 2014. A total of 67.1 (64.6) terawatt hours of electricity was transmitted in Fingrid's grid, representing 80.5 (77.0) per cent of the total transmission volume in Finland (consumption and inter-TSO).

Electricity import and production capacity was well sufficient to cover the peak consumption of the winter, amounting to a maximum of 14,288 (14,043) megawatts. During the consumption peaks early in the year, electricity production in Finland totalled approximately 12,100 megawatts.

Electricity transmissions between Finland and Sweden consisted mostly of large imports to Finland. During 2014, 18.1 (12.8) terawatt hours of electricity was imported from Sweden to Finland, and 0.2 (0.7) terawatt hours were exported from Finland to Sweden. The import capacity was limited from time to time by defects in the Fenno-Skan DC connections. In technical investigations carried out on the Fenno-Skan 1 cable, it was determined that the cable can no longer be used for full-power transmission, and the maximum transmission power was permanently reduced to 400 megawatts.

The electricity transmissions between Finland and Estonia were dominated by exports from Finland to Estonia, amounting to 3.6 (1.6) terawatt hours. Finland imported 0.05 (0.5) terawatt hours of electricity from Estonia. The new EstLink 2 connection increased the transmission capacity available in the market by 650 megawatts. The export capacity to Estonia was increased to 1,000 megawatts in August 2014.

In line with the previous years, electricity imports from Russia were at a low level. Nearly the full transmission capacity was available, however. Electricity imports from Russia totalled 3.4 (4.7) terawatt hours. Fingrid and the Russian grid operator parties signed on 7 November 2014 agreements on two-way electricity trade between Finland and Russia beginning in December 2014.

With a transmission reliability rate of 99.99974 per cent, reliability of the transmission grid was at an excellent level during the year under review. The number of disturbances in the Finnish grid remained at the average level. The average duration of forced interruptions in connection points due to disturbances (SAIDI) was slightly above the average as a result of a few exceptional extended disturbances.

Counter trade	**1–12/14**	**1–12/13**	**10–12/14**	**10–12/13**
Counter trade between Finland and Sweden, € million	7.6	0.4	1.1	0.0
Counter trade between Finland and Estonia, € million	0.8	0.1	0.2	0.0
Counter trade between Finland's internal connections, € million	1.7	0.4	0.0	0.3

Total counter trade, € million	10.1	0.9	1.3	0.3

The principal disturbances in grid operations consisted of defects in DC connections and a single conductor defect in an AC connection between Finland and Sweden. As a result of the disruptions, reserve power plants were started up, special adjustments were made to the power system and an exceptional amount of emergency power was purchased from Russia. Additionally, the operational reliability of the power system was regionally safeguarded by purchasing for a significant sum start-ups of local power plants during the outages necessitated by the investments in Ostrobothnia. The so-called counter-trade costs due to disturbances amounted to EUR 10.1 million. The purpose of the counter trade was to ensure that customers experienced no outages in electricity distribution.

As a member of Finland's Power and District Heat Pool, Fingrid was one of the organisers in the VALVE 2014 (Valot verkkoon 2014) major disturbance exercise held in Rovaniemi by power companies and authorities. The exercise tested the nationwide restoration of electricity supply in the event of a major disturbance.

Power system operation	**1–12/14**	**1–12/13**	**10–12/14**	**10–12/13**
Electricity consumption in Finland, TWh	83.3	84.0	22.5	22.2
Fingrid's transmission volume, TWh	67.1	64.6	17.6	16.9
Fingrid's loss energy volume, TWh	1.3	1.1	0.3	0.3
Electricity transmission Finland–Sweden				
Exports to Sweden, TWh	0.15	0.7	0.05	0.04
Imports from Sweden, TWh	18.1	12.8	4.1	3.7
Electricity transmission Finland–Estonia				
Exports to Estonia, TWh	3.6	1.6	0.8	0.7
Imports from Estonia, TWh	0.05	0.5	0.01	0.1
Electricity transmission Finland–Russia				
Imports from Russia, TWh	3.4	4.7	1.5	1.3

1.1.4 Electricity market

The price level on the Nordic electricity market has decreased lately. The average market price of spot electricity on the electricity exchange (system price) was EUR 30 (38) per megawatt hour.

The reasons for this development include lower demand for electricity due to the current economy and high availability of hydroelectric power. The subsidised production of renewable energy in Northern Europe increasingly impacts the market as well.

Prices on the Finnish wholesale market were higher than in other Nordic countries in 2014; the average spot price per megawatt hour was around five euros higher in Finland than in Sweden. This was due to the significant deficit in electricity production in Finland, as the completion of Olkiluoto 3 has been delayed and other power plants have been closed down. The markets would have imported more electricity from the West than the cross-border transmission capacity allowed.

The transmission capacity limited cross-border trade with Sweden for half of all the hours in 2014, a historically high figure. As a result, Fingrid accrued EUR 49 (19) million in congestion income.

Exports to the Baltic countries increased thanks to the new EstLink 2 connection. Imports from Russia remained at a low level of 3.4 (4.7) terawatt hours due to the Russian capacity fees on exports. It became possible to export electricity from Finland to Russia in December when the related technical and commercial preconditions were met.

A major step was taken in the development of a single European market. The West European spot markets were merged in two stages, in February and May 2014. The new market area encompasses the Nordic and Baltic countries, western Central Europe, the UK and the Iberian Peninsula. This essentially means the creation of the world's largest electricity market, with price calculation and transmission capacity output combined in a single process. The market covers 75 per cent of total electricity consumption in the EU. A similar arrangement is under way to merge the intraday markets.

In connection with its Third Internal Energy Market Package, the EU approved the first of three key network regulations.

Fingrid is developing new market services to improve market functionality. The issuing of guarantees of origin for electricity, now the responsibility of Fingrid as a result of a change in legislation, reached full capacity towards the end of the year. More than 200 power plants with a total capacity of approximately 7,000 megawatts have joined the new register. The system makes it possible for the producers of renewable energy to provide a guarantee of origin for their electricity.

Fingrid has also initiated the development of an electronic exchange of information for the market, with the aim of standardising particularly retailers' and network operators' business operations and making them more efficient. In relation to this, Fingrid carried out, together with other industry players, an investigation into the centralisation of information exchange into a single data hub. The conclusion of the investigation was in favour of establishing the hub.

The Finnish, Norwegian and Swedish TSOs continued shared Nordic balance settlement under Fingrid's leadership. The jointly owned company eSett Oy, which Fingrid owns one third of, aims to start up operations in late 2015.

As the production of electricity increasingly becomes more diverse and more difficult to regulate, other means should be sought to guarantee the continued flexibility of the power system. The aim is to make new, flexible capacity available to the markets. Fingrid and stakeholders collaboratively started up five R&D projects during 2014 to test demand-side management of various co-operation partners both in SMEs and households.

Electricity market

	1–12/14	1–12/13	10–12/14	10–12/13
Nord Pool system price, average €/MWh	30	38	31	36
Area price Finland, average €/MWh	36	41	36	40
Congestion income between Finland and Sweden, € million*	97.7	37.2	26.3	12.4
Congestion hours between Finland and Sweden, %*	47.8	19.4	43.8	27.9
Congestion income between Finland and Estonia, € million*	4.8	7.4	1.0	1.9
Congestion hours between Finland and Estonia, %*	8.2	27.3	6.4	26.4

*The congestion income between Finland and Sweden as well as between Finland and Estonia is divided equally between the relevant TSOs. The income and costs of the transmission connections are presented in the tables under Financial result. Congestion income is used for investments aimed at eliminating the cause of congestion.

1.1.5 Financing

The Group's financial position remained satisfactory.

The Group's liquidity remained good. On 31 December 2014, financial assets and cash amounted to EUR 179 (217) million. The company additionally has an undrawn revolving credit facility of EUR 250 million to secure liquidity. Interest-bearing borrowings totalled EUR 1,225 (1,294) million and consisted of EUR 962 (975) million in non-current and EUR 263 (319) million in current debt. The counterparty risk arising from currency derivative contracts and interest rate derivative contracts (receivables) was EUR 28 (34) million. Fingrid's foreign exchange and commodity price risks are generally fully hedged.

International rating agencies updated the company's credit ratings as follows:

- On 9 December 2014, Moody's Investors Service (Moody's) affirmed the rating 'A1' for Fingrid Oyj's long-term debt (senior unsecured) and issuer rating and 'P-1' for its short-term debt (senior unsecured) and issuer rating, with a stable outlook.
- On 6 November 2014, Fitch Ratings (Fitch) affirmed the rating 'A+' for Fingrid Oyj's debt (senior unsecured), 'A' for its long-

term issuer rating and 'F1' for its short-term issuer rating, with a stable outlook.

- On 14 October 2014, Standard & Poor's Rating Services (S&P) lowered Fingrid Oyj's debt (senior unsecured) and long-term global scale issuer rating to 'A+' (previously 'AA-') and its short-term global scale issuer rating to 'A-1' (previously 'A-1+'), with a stable outlook. The rating action was a direct consequence of the downgrade of the Republic of Finland's credit rating.

1.1.6 Share capital and shareholders

At present, the share capital is EUR 55,922,485.55. Fingrid shares 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 company's website.

Suomi Mutual Life Assurance Company sold its Fingrid B shares (75 shares) to Pohjola Insurance Ltd on 10 October 2014. The Republic of Finland increased its ownership in the company, as Varma Mutual Pension Insurance Company, Mandatum Life Insurance Company Limited and If P&C Insurance Company Ltd sold their Fingrid B shares (484 shares) to The State Pension Fund. The transaction was finalised on 15 December 2014. After this transaction, the Republic of Finland owns 67.70 per cent of the shares and 77.33 per cent of the voting rights.

1.1.7 Personnel and remuneration systems

Fingrid Oyj employed 313 (287) persons, including temporary employees, at the end of the year. The number of permanent personnel was 282 (268).

Of the personnel employed by the company, 23.0 (25.4) per cent were women and 77.0 (74.6) per cent were men. The average age of the personnel was 44 (44).

During 2014, the personnel received a total of 9,797 (12,837) hours of training, with an average of 31.3 (46) hours per person. Employee absences on account of illness in 2014 accounted for 2 (2) per cent of the total working hours. In addition to a compensation system that is based on the requirements of each position, Fingrid applies incentive bonus schemes.

1.1.8 Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 6 June 2014. Helena Walldén, M.Sc. (Tech.) was elected Chairman of the Board. Juha Majanen, Budget Counsellor and Head of Fiscal Policy Unit of the Ministry of Finance, was elected Vice Chairman. Other members elected to the Board were Juhani Järvi, Vice President, International Projects, Rautakesko Oy; Sirpa Ojala, M.Sc.

(Tech.), and Esko Torsti, Head of Non-Listed Investments, Ilmarinen Mutual Pension Insurance Company.

The Board members until 6 June 2014 were Helena Walldén, Juha Majanen, Sirpa Ojala, Esko Torsti and Matti Rusanen, Ilmarinen Mutual Pension Insurance Company.

PricewaterhouseCoopers Oy was elected as the auditor of the company, with Jouko Malinen serving as the responsible auditor.

The Board of Directors has two committees: the Audit Committee and the Remuneration Committee. As of 6 June 2014, the Audit Committee consists of Juha Majanen (Chairman), Juhani Järvi and Helena Walldén. The members of the Audit Committee until 6 June 2014 were Juha Majanen (Chairman), Esko Torsti and Helena Walldén.

As of 6 June 2014, the Remuneration Committee consists of Helena Walldén (Chairman), Sirpa Ojala and Esko Torsti. The members of the Remuneration Committee until 6 June 2014 were Helena Walldén (Chairman), Sirpa Ojala and Matti Rusanen.

Jukka Ruusunen serves as President & CEO of the company. Fingrid has an executive management group intended to support the CEO in the company's management and decision-making.

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.

1.1.9 Internal control and risk management

Fingrid's internal control is a natural part of business operations. It encompasses all the procedures and methods intended to ensure that

• the company's operations comply with the strategy, are efficient and effective

• information used for management and other reporting is reliable and free of errors

• risk management is adequate

• applicable legislation, codes, regulations and the company's own procedural guidelines are complied with

Risk management is a part of internal control. Comprehensive risk management refers to systematic and consistent procedures to identify, assess and monitor risks caused by various threats related to the company's operations, environment, personnel and assets, and to protect the company from these risks. Continuity management is one area and method of risk management intended to improve the organisation's capabilities to react in the best possible way to the realisation of various risks and thus safeguard Fingrid's continued operations in such circumstances. In compliance with Fingrid’s mission, the approach to risks, their impacts and risk management takes into account the point of view of society as a whole.

Fully functional internal control is based on good leadership, a healthy corporate culture, appropriate procedures and processes, adequate control measures, open and transparent communication, continuous monitoring and development of functions processes, as well as independent verification.

Board of Directors

Fingrid’s Board of Directors is responsible for the organisation of internal control and risk management and annually approves the principles of internal control and risk management. The Board also decides on the corporate strategy and action plan, including the identification of strategic risks and the key measures to manage them, and monitors their implementation. The Board furthermore decides on the operational model of the company’s internal audit. The Board of Directors (Audit Committee) regularly receives internal audit and auditor reports and at least annually a situation report on the strategic risks relating to the company’s operations and the management thereof, as well as a report on the realised risks.

Line management and the rest of the organisation

The CEO, assisted by the Executive Management Group, is in charge of specifying the company’s policy for internal control and risk management and oversees the practical implementation of the policy and the assessment of company-level strategic risks and the related risk management. The different areas and functions implement internal control and risk management for their own area of responsibility. The heads of functions own the risks concerning operations in their areas of responsibility and are in charge of identifying, assessing and managing risks, and ensuring the adequacy and effectiveness of control measures and detailed instructions, and are responsible for reporting risks and non-conformities.

Specialists working in the company’s support functions coordinate, support and monitor the implementation of internal control and risk management from various points of view and throughout functions. Each Fingrid employee is responsible for identifying and reporting the risks and control deficiencies in their area of responsibility and for implementing the agreed risk management measures.

Internal auditor and auditor

The internal audit is established by the Board of Directors, operates in compliance with the plans approved by the Board (Audit Committee) and reports on the results of its work to the Board (Audit Committee). Administratively, the internal audit reports to the CEO. The internal audit provides a systematic approach to assessing the efficiency of the company’s risk management, control, management and governance processes, to developing them and, as an independent party, verifies their adequacy and effectiveness. The internal audit is authorised to carry out investigations and has access to all information relevant for its mission.

The company's auditor audits the accounting, financial statements and governance for each financial year and prepares the related reports for the Annual General Meeting as required by the Auditing Act or elsewhere in legislation. The auditor reports on their work, observations and recommendations to the Board of Directors and can additionally be assigned by the Board or the executive management to carry out other verification tasks.

1.1.10 Foremost risks and uncertainty factors for society and Fingrid

Since the company plays a vital role in Finnish society, the impact of risks is assessed from both the company's and society's perspective. The following have been identified as the foremost risks:

Common risks	**Risks to society**	**Risks to Fingrid**
• Major disturbance • Crisis of confidence in the electricity market • Environmental risks • Electricity and occupational safety risks	• Unsuccessful timing of capital investments • Long-term transmission capacity restrictions	• Unfavourable development of regulation • Investments that have become unnecessary • An unforeseen increase in costs or decrease in income • Financing risks • Personnel risks • IT and telecommunications risks • Asset risks • Reputation risks

One of the company's biggest business risks and the biggest risk where society is concerned is a **major disturbance** related to the functioning of the power system. A widespread disturbance in the power system may be caused by the following: several simultaneous faults in the grid, inoperability of Fingrid's operation control system, insufficient production capacity, external events, or problems related to operation support systems or data security, preventing grid operation entirely or partially. Through capital investments in the transmission grid and reserve power, Fingrid is prepared for a widespread disturbance affecting Finland or the Nordic power system. In its strategy, the company also focuses on the diverse utilisation of the operation control system, expedited disturbance clearing and management of power shortages. Fingrid also prepares for disturbances through continuity management, building up various reserves, procedural guidelines, continuity 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, high electricity prices or long-term interruption of the wholesale electricity market. The company aims to contribute to the integration of the European electricity market and to secure the efficiency of market mechanisms by constructing new cross-border transmission connections whenever necessary and by publishing key market information that has a bearing on the transparency of the market.

From the point of view of society and Fingrid, the **most significant environmental risks** are related to environmental damage and the failure to anticipate the environmental obligations set for the company’s operations. Among the most concrete risks faced by Fingrid are fuel and oil leaks and tank and transformer fires. From the company’s point of view, a capital expenditure project that is delayed due to an environmental impact assessment can also be an environmental risk. The key contingency measures for these environmental risks are proactive assessment of environmental impacts, monitoring of changes in legislation, prevention of accidents by technical means, contractual terms related to environmental issues and auditing.

From the 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 a risk may be a serious hazardous situation or a hazardous situation endangering many people, serious injury, sick leave, working incapacity, disability or death. An event may also cause electricity outages. Fingrid is constantly improving the safety of the transmission grid by developing, for example, technical solutions, work methods, skills and communications.

The reasons for **unsuccessful timing of capital investments** may be, for example, changes in the economic situation or in consumption and production, a postponement of the permit process, lack of resources or strike. Such events 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 in power transmission may cause financial harm to customers and society. The risks are managed by securing the critical parts of the transmission grid and cross-border connections and by means of efficient outage planning. For example, outages are timed so that they have minimum financial harm to society.

Fingrid’s operations are subject to official regulation and supervised by the Energy Authority. Risks related to the **unfavourable development of official regulation**, such as changes in Finnish or European regulation or legislation, can weaken the company’s financial position or its opportunities to pursue the objectives related to the development of the electricity market. The company aims to establish effective co-operation and interaction models with the various stakeholders and to contribute actively to the reports and working groups of authorities. Fingrid works within ENTSO-E, the European Network of Transmission System Operators for Electricity, through which the company aims to prepare for and contribute to changes in regulation.

Investments that 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. Fingrid aims to prevent potentially incorrect or unanticipated investments by means of continuous communication and close co-operation with customers, other transmission system operators and stakeholders. Fingrid draws up transparent, comprehensive and sustainable grounds for capital investments and updates the grid plans regularly. The company creates flexibility in the capital investment programme and executes the projects in a timely fashion.

Fingrid's major financial risks include an **unforeseen increase in costs or decrease in income**. This could be caused by unexpected changes in market-based costs. 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, the realisation of a counterparty risk related to the service businesses or a reduction in transmission and congestion income. Unanticipated increases in costs or decreases in income are limited by enhancing financial control and forecasting in the Group and the assessment of financial latitude. Fingrid can make changes to the level and structure of grid pricing as necessary. Derivatives are used to hedge 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.

Financing risks include currency risks, interest rate risks, commodity price risks, liquidity and refinancing risks, and credit and counterparty risks. Financing risks can be caused by disturbances in the capital and money markets, by the realisation of counterparty risks in terms of derivatives or investments, by the realisation of credit risks in operations or disturbances in payment transactions. Risks are limited by maintaining a high credit rating, even maturity profile and a diverse structure. The financing risks are described in more detail in note 35 to the consolidated financial statements (IFRS).

Personnel risks concern the maintenance of competence. Personnel risks are limited by the company's strategic long-term personnel planning, targeted training programmes for personnel and high-quality communication with stakeholders. As part of the energy sector, Fingrid strives to enhance the level of competence throughout the sector.

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 directly and significantly harms the company's operations. Such a situation may also be caused by a work error or breach of data security. The company aims to prepare for these risks through sufficient and solid ICT expertise and by ensuring 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 failures rendering significant assets beyond repair. Other asset risks can include significant and unanticipated factors, such as protests, earthquakes, natural disasters or war. Fingrid manages asset risks through preventive maintenance management, comprehensive 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.

Reputation risks can arise for a number of reasons; for example, 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 impartial operations, high-quality communication and active stakeholder dialogue.

Fingrid's associated companies are long-term holdings and are covered by the company's overall risk management system. The associated companies only slightly increase the risks to Fingrid Oyj's financial position, result and cash flow, as their operations are minor compared to the operations of the parent company. Risks related to associated companies consist of the unfavourable development of official regulation, investments that have become unnecessary, an unexpected increase in costs or reduction in income, loss of confidence in the electricity market, and risks related to information technology and ICT risks.

1.1.11 Corporate responsibility

Fingrid's strategy and its various perspectives form the starting point also for its corporate responsibility. Corporate responsibility is managed at Fingrid as an integrated part of overall management, supported by the company's regular management system.

Key targets have been set by identifying matters that are essential to Fingrid's strategy and operations. Fulfilment of the targets serves as the basis for remuneration of the executive management and personnel. Corporate responsibility is part of the annual planning of operations and is an integral, strategy-based component in assessing development opportunities and risks and devising measures for the subsequent year. During the year, a change was made to how responsibility is co-ordinated at the corporate level, better linking corporate responsibility to Fingrid's basic operations and the development thereof.

Responsible operations are ensured through shared values and, among other things, the company's Code of Conduct, which is based on the UN Global Compact Initiative and which all Fingrid employees must comply with in their work. During the year under review, the Code of Conduct was updated, a company-level online orientation programme was implemented, and the familiarisation of new employees with the Code of Conduct was assured. Planning of online orientation intended for all employees was additionally started, relating to the updated Code of Conduct.

The objective is to promote responsible behaviour also throughout the entire supply chain. Fingrid requires that its service and goods suppliers comply with a Supplier Code of Conduct or with their own similar code. Corporate responsibility requirements are applied to contracts that have a value of at least EUR 30,000. The requirements cover such issues as business practices, human rights, workers' rights, occupational health and safety and environmental matters. During the year, responsibility requirements were also set as criteria for entry into Fingrid's supplier register. Fingrid is prepared to commit, through similar principles, to the corporate responsibility requirements set by its contractual partners on Fingrid's operations.

In its corporate responsibility reporting, Fingrid changed over to applying the international GRI G4 (Global Reporting Initiative) reporting guidelines such that standard disclosures required by the guidelines and indicators required by sector disclosures for the energy industry are reported. Requirements for corporate responsibility reporting by state-owned companies are also taken into account.

Responsibility continues to be developed in a balanced manner in all of Fingrid's strategic perspectives and processes. Characteristically for Fingrid, the aim is to engage the entire personnel in the continuous development of the company's operating practices also when it comes to responsibility issues.

1.1.12 Environmental matters

The transmission grid is part of the necessary basic infrastructure 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 most significant environmental perspectives at substations and reserve power plants concern the storage and handling of fuels and chemicals. When making improvements to the transmission system, Fingrid's goal is to achieve minimum electricity transmission losses in a cost-effective manner and thus enhance energy efficiency. Achieving a reduction in greenhouse gas emissions is also considered important. The efficient re-use and recycling of building and demolition waste is important in all construction work.

The commitment to minimising environmental impacts is anchored in Fingrid's land use and environmental policy. Environmental impacts are carefully assessed before a project is realised, and special attention is paid to controlling environmental risks. In addition to Fingrid's personnel, the company's contractors and service suppliers participating in grid construction and maintenance are also engaged in environmental sustainability with the help of contractual terms, auditing and environmental training. Environmental matters are reported in the annual report and on the website.

During the year under review, the revised waste management model was shown to improve waste management and recycling at work sites. Environmental training was provided more frequently, both to construction project contractors and to new power line and substation maintenance providers. No significant environmental incidents took place in Fingrid's operations.

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. A total of 10,993 (5,566) units (tCO_2) of emission allowances were returned, all of which consisted of acquired emission rights units. No emissions rights were purchased in 2014. Emissions trading had minor financial significance for Fingrid.

Fingrid has a total of 24,375 (24,872) tonnes of creosote-impregnated or CCA-impregnated wooden towers, which are categorised as hazardous waste. Impregnated wood categorised as hazardous waste is also used in cable trench covers. The related disposal costs of approx. EUR 1.7 (1.7) million have been entered in the financial statements under provisions, which in turn have been added correspondingly to property, plant and equipment. Equipment used in Fingrid's substations contains 33 (32) tonnes of sulphur hexafluoride (SF_6 gas), which is categorised as a greenhouse gas.

1.1.13 Legal proceedings and proceedings by authorities

The Energy Authority issued a decision on 14 March 2014 in which it confirmed that Fingrid fulfils the requirements referred to in section 32 of the Electricity Market Act concerning the impartiality of the grid owner, provided that Imatran Seudun Sähkö Oy renounces its control and rights in Fingrid Oyj.

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 regulatory period starting 1 January 2012 and ending on 31 December 2015. The Market Court rejected Fingrid's appeal on 21 December 2012. On 21 January 2013, Fingrid appealed the decision of the Market Court to the Supreme Administrative Court.

1.1.14 Events after the review period and estimate of future outlook

On 19 January 2015, the Energy Authority granted Fingrid a licence to operate the electricity transmission system in the national grid.

The company lowered its transmission grid tariffs by two per cent as of 1 January 2015; consequently, Fingrid Group's profit for the 2015 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to decline from the previous year. Uncertainty surrounding reserve costs, congestion income and cross-border income on the interconnections from Russia makes it difficult to anticipate Fingrid's financial result for the full year. The company's debt servicing capability is expected to remain stable.

1.1.15 Board of Directors' proposal for the distribution of profit

Fingrid updated its dividend policy in 2014. The guiding principle for Fingrid's dividend policy is to distribute substantially all of the parent company profit as dividend. When making this decision, however, the economic conditions, the company’s investment and development needs for the near future, and the company’s financial targets in effect at the time are always taken into account.

Fingrid Oyj’s distributable funds in the financial statements total EUR 103,346,061.64. Since the closing of the financial year, there have been no essential changes in the company’s financial position and, in the Board of Directors’ view, the proposed dividend distribution does not threaten the company’s solvency.

The company’s Board of Directors will propose to the Annual General Meeting of Shareholders that a dividend of EUR 21,655.44 per share be paid for Series A shares and EUR 16,038.49 for Series B shares be paid, for a total of EUR 65,000,001.35, and a total of EUR 38,346,060.20 be retained in unrestricted equity.

CONSOLIDATED KEY FIGURES		2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2010 IFRS
Extent of operations						
Turnover	€M	567.2	543.1	522.1	438.5	456.3
Capital expenditure, gross	€M	129.5	225.3	139.0	244.4	144.1
- of turnover	%	22.8	41.5	26.6	55.7	31.6
Research and development expenses	€M	1.7	1.8	1.5	1.8	1.6
- of turnover	%	0.3	0.3	0.3	0.4	0.3
Personnel, average		305	277	269	263	260
Personnel, end of year		313	287	275	266	263
Salaries and bonuses, total	€M	20.5	19.0	18.2	17.2	17.2
Profitability						
Operating profit	€M	142.8	115.3	94.6	56.6	74.4
- of turnover	%	25.2	21.2	18.1	12.9	16.3
Profit before taxes	€M	132.9	87.3	88.3	34.2	56.3
- of turnover	%	23.4	16.1	16.9	7.8	12.3
Return on investment (ROI)	%	7.6	6.3	5.6	3.6	5.1
Return on equity (ROE)	%	16.3	15.0	12.4	6.5	8.7
Financing and financial position						
Equity ratio	%	31.0	29.5	27.3	25.7	28.6
Interest-bearing net borrowings	€M	1,046.1	1,076.7	1,030.3	1,020.2	855.2
Share-specific key figures						
Earnings per share	€	32,027.9	27,277.9	20,159.2	9,924.1	12,561.9
Dividend, Series A shares	€	21,655.44*	29,788.26	5,115.89	3,962.52	2,018.26
Dividend, Series B shares	€	16,038.49*	16,038.50	2,018.26	2,018.26	2,018.26
Dividend payout ratio, A shares	%	67.6	109.20	25.4	39.9	16.1
Dividend payout ratio, B shares	%	50.1	58.8	10.0	20.3	16.1
Equity per share	€	200,568	193,293	171,365	152,573	154,654
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 Annual General Meeting

CALCULATION OF KEY FIGURES

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

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

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

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

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

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

Equity per share, € $= \dfrac{\text{Equity}}{\text{Number of shares at closing date}}$

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

2 FINANCIAL STATEMENTS

2.1 Consolidated financial statements (IFRS)

2.1.1 Income statement

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	1 Jan–31 Dec 2014 €1,000	1 Jan–31 Dec 2013 €1,000
TURNOVER	2	567,155	543,088
Other operating income	3	4,619	4,071
Raw materials and consumables used	4	-264,304	-269,526
Employee benefits expenses	5	-24,993	-22,847
Depreciation	6	-91,511	-81,704
Other operating expenses	7, 8, 9	-48,149	-57,802
OPERATING PROFIT		**142,817**	**115,280**
Finance income	10	1,172	1,249
Finance costs	10	-11,910	-29,986
Finance income and costs		-10,738	-28,736
Share of profit of associated companies		854	709
PROFIT BEFORE TAXES		**132,934**	**87,253**
Income taxes	11	-26,441	3,446
PROFIT FOR THE FINANCIAL YEAR		**106,493**	**90,699**
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be transferred to profit or loss			
Cash flow hedges	12		-3,992
Translation reserve	12	-419	-646
Items related to non-current assets held for sale	12	16	-2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**106,090**	**86,059**
Profit attributable to:			
Shareholders of the company		106,493	90,699
Comprehensive income attributable to:			
Shareholders of the company		106,090	86,059
Earnings per share, €	13	32,028	27,278
Earnings per share for profit attributable to shareholders of the parent company:			
Undiluted earnings per share, €	13	32,028	27,278
Diluted earnings per share, €	13	32,028	27,278

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

Notes are an integral part of the financial statements.

2.1.2 Consolidated balance sheet

ASSETS	Notes	31 Dec 2014 €1,000	31 Dec 2013 €1,000
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	15	87,920	87,920
Other intangible assets	16	95,016	92,751
		182,937	180,671
Property, plant and equipment:	17		
Land and water areas		14,974	14,224
Buildings and structures		156,541	142,061
Machinery and equipment		576,891	582,317
Transmission lines		798,120	788,389
Other property, plant and equipment		7,906	8,525
Prepayments and purchases in progress		86,023	87,910
		1,640,454	1,623,426
Investments:	18		
Interests in associated companies		10,515	10,416
Available-for-sale investments		262	300
		10,777	10,716
Receivables:			
Derivative instruments	30	42,063	42,337
Deferred tax assets	27	10,674	13,643
Loan receivables from associated companies	20	1,600	
Other receivables	20	991	4,313
		55,328	60,293
TOTAL NON-CURRENT ASSETS		**1,889,496**	**1,875,107**
CURRENT ASSETS			
Inventories	19	12,843	11,397
Derivative instruments	30	11,208	2,128
Trade receivables and other receivables	21	57,699	76,021
Financial assets recognised in the income statement at fair value	22	116,694	194,973
Cash and cash equivalents	23	62,566	22,339
TOTAL CURRENT ASSETS		**261,010**	**306,858**
TOTAL ASSETS		**2,150,507**	**2,181,965**

Notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2014 €1,000	31 Dec 2013 €1,000
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY			
Share capital	26	55,922	55,922
Share premium account	26	55,922	55,922
Revaluation reserve	26	-11,543	-11,559
Translation reserve	26	-422	-3
Retained earnings	26	567,009	542,416
TOTAL EQUITY		**666,889**	**642,699**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	123,048	119,775
Borrowings	28	962,324	975,295
Provisions	29	1,685	1,735
Derivative instruments	30	44,974	38,757
		1,132,032	**1,135,561**
CURRENT LIABILITIES			
Borrowings	28	263,033	318,695
Derivative instruments	30	16,968	15,508
Trade payables and other liabilities	31	71,585	69,500
		351,586	**403,704**
TOTAL LIABILITIES		**1,483,617**	**1,539,265**
TOTAL EQUITY AND LIABILITIES		**2,150,507**	**2,181,965**

Notes are an integral part of the financial statements.

2.1.3 Consolidated statement of changes in equity, €1,000

Equity attributable to shareholders of the parent company

	Notes	Share capital	Share premium account	Revaluation reserves	Translation reserve	Retained earnings	Total equity
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 non-current assets held 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 shareholders							
Dividends relating to 2012	26					-13,148	-13,148
31 Dec 2013		**55,922**	**55,922**	**-11,559**	**-3**	**542,416**	**642,699**
1 Jan 2014		**55,922**	**55,922**	**-11,559**	**-3**	**542,416**	**642,699**
Comprehensive income							
Profit or loss	26					106,493	106,493
Other comprehensive income							
Translation reserve	12				-419		-419
Items related to non-current assets held for sale	12			16			16
Total other comprehensive income adjusted by tax effects				16	-419		-403
Total comprehensive income				**16**	**-419**	**106,493**	**106,090**
Transactions with shareholders							
Dividends relating to 2013	26					-81,900	-81,900
31 Dec 2014		**55,922**	**55,922**	**-11,543**	**-422**	**567,009**	**666,889**

Notes are an integral part of the financial statements.

2.1.4 Consolidated cash flow statement

	Notes	1 Jan–31 Dec 2014 €1,000	1 Jan–31 Dec 2013 €1,000
Cash flow from operating activities:			
Profit for the financial year	26	106,493	90,699
Adjustments:			
Business transactions not involving a payment transaction	36	83,495	85,818
Interest and other finance costs		11,910	29,986
Interest income		-1,163	-1,243
Dividend income		-9	-7
Taxes		26,441	-3,446
Financial assets recognised in the income statement at fair value		-192	25
Changes in working capital:			
Change in trade receivables and other receivables		19,605	7,116
Change in inventories		-1,446	-954
Change in trade payables and other liabilities		974	-6,572
Change in provisions	29	-50	-134
Interest paid		-21,687	-21,597
Interests received		1,225	1,218
Taxes paid	11	-19,677	-22,071
Net cash flow from operating activities		205,919	158,838
Cash flow from investing activities:			
Purchase of property, plant and equipment	17	-124,479	-222,272
Purchase of intangible assets	16	-5,377	-4,699
Purchase of other assets	18	57	-2,001
Proceeds from sale of property, plant and equipment	17	1,389	3,980
Loans granted		-1,600	
Dividends received	10.18	346	306
Contributions received		19,935	
Interest paid	10	-1,326	- 1,681
Net cash flow from investing activities		-111,055	-226,367
Cash flow from financing activities:			
Proceeds from non-current financing (liabilities)		110,000	77,546
Payments of non-current financing (liabilities)		-103,003	-119,968
Change in current financing (liabilities)		-58,012	126,573
Dividends paid	26	-81,900	-13,148
Net cash flow from financing activities		-132,915	71,003
Change in cash and cash equivalents and financial assets		**-38,051**	**3,474**
Cash and cash equivalents and financial assets 1 Jan		**217,311**	**213,837**
Cash and cash equivalents and financial assets 31 Dec	22, 23	**179,261**	**217,311**

Notes are an integral part of the financial statements.

2.1.5 Notes to the consolidated financial statements

1. ACCOUNTING PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Fingrid Oyj is a Finnish public limited liability company incorporated under the Finnish Companies Act. 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 the address P.O. Box 530 (Läkkisepäntie 21, 00620, Helsinki), 00101 Helsinki.

A copy of the consolidated financial statements is available on the website fingrid.fi or at Fingrid Oyj's head office.

The amounts in the financial statements are expressed in thousands of euros and are 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 25 February 2015. In accordance with the Finnish Companies Act, the shareholders have the 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 market parties on a nationwide level, and to promote the electricity market. The company is also in charge of the cross-border transmission connections to the other Nordic countries, and to Estonia and Russia.

The consolidated financial statements include the parent company Fingrid Oyj and its wholly owned subsidiary Finextra Oy. The consolidated associated companies are Porvoon Alueverkko Oy (ownership 33.3%), Nord Pool Spot AS (ownership 18.8%) 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 using the purchase method of accounting. The associated companies are consolidated using the equity method of accounting. The share corresponding to the Group's ownership interest is eliminated from the 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. For that reason, 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 to the chief operating decision-maker. The chief operating decision-maker is the company's Board of Directors.

Revenue 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, etc., are deducted from the sales income when calculating turnover.

Public contributions
Public contributions received from the EU or other parties related to property, plant and equipment are deducted from the acquisition cost of the item, and the contributions consequently reduce the depreciation made on the item. Other contributions are distributed as income over those periods when costs linked with the contributions arise. Other contributions received are presented in other operating income.

Pension schemes
The Group currently has contribution-based pension schemes only. The pension security of the Group's personnel is arranged by an external pension insurance company. Pension premiums paid for contribution-based schemes are recognised as an expense in 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 aims to intensify intra-company operations. No new or separately sold services or products are created as a result of R&D. R&D costs are recognised in the income statement as an expense in the accounting year in which they arise.

Lease agreements
Lease obligations where the risks and rewards incident to ownership remain with the lessor are treated as other lease agreements. Lease obligations paid on the basis of other lease agreements are treated within other operating expenses and are recognised in

the income statement as equally large items during the lease period. Other lease agreements primarily concern office facilities, land areas and network leases. In accordance with the principles of standard IAS 17 Leases, those leases which transfer substantially all the risks and rewards incident to ownership to the company are classified as finance leases.

Foreign currency transactions
The consolidated financial statements are presented in euros, which is the functional currency of the parent company. Transactions and financial items denominated in foreign currencies are recognised at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction date. Receivables and liabilities denominated in foreign currencies are valued in the financial statements at the mid-rate quoted by the ECB at the closing date. Foreign exchange gains and losses from business are included in the corresponding items above operating profit. Foreign exchange gains and losses from financial instruments are recognised 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 closing rate 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 recognises deferred tax assets as non-current receivables and deferred tax liabilities as non-current liabilities.

Deferred tax assets and liabilities are recognised on all temporary differences between the tax values of asset and liability items and their carrying amounts using the liability method. Deferred tax is recognised using tax rates valid up until the closing date.

The largest temporary differences result from the depreciation of property, plant and equipment and from financial instruments. No deferred tax is recognised on 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 recognised up to an amount which can likely be utilised against future taxable income.

Earnings per share
The Group has calculated undiluted earnings per share in accordance with standard IAS 33. Undiluted earnings per share are calculated using the weighted average number of shares outstanding during the financial year.

Since Fingrid has no share option schemes or benefits bound to shareholders' equity or other equity financial instruments, there is no dilutive effect.

Goodwill and other intangible assets
Goodwill created as a result of the acquisition of enterprises and businesses is composed of the difference between the acquisition cost and the net identifiable assets of the acquired business valued at fair value. Goodwill is allocated to cash-generating units and is tested annually for impairment. With associated companies, goodwill is included in the value of the investment in the associated company.

Other intangible assets consist of computer software and land use rights. Computer software is valued at its original acquisition cost and depreciated on a straight line basis during its estimated useful life. Land use rights, which have an indefinite useful life, are not depreciated but are tested annually for impairment.

The depreciation periods of intangible assets are as follows:

Computer software	3 years

Subsequent expenses relating to intangible assets are only capitalised if their economic benefits to the company increase beyond the former performance level. In other cases, expenses are recognised in the income statement when they are incurred.

Emission rights
Emission rights acquired free of charge are recognised in intangible assets at their nominal value, and purchased emission rights at their acquisition cost. A liability is recognised for emission rights to be returned. If the Group has sufficient 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 value of the emission rights in question. No depreciation is recognised on 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 recognised in the income statement under the expense item 'Materials and services'.
Capital gains from emissions rights are recognised 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 valued 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 useful lives of different lengths, the parts are treated as separate items.

When a part of property, plant and equipment that is treated as a separate item is renewed, the costs relating to the new part are capitalised. Other subsequent costs are capitalised only if it is likely that the future economic 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 when they are incurred.

Borrowing costs, such as interest costs and arrangement fees, directly linked with the acquisition, construction or manufacture of a qualifying asset form part of the acquisition cost of the asset item in question. A qualifying commodity is one that necessarily requires a considerably long time to be made ready for its intended purpose. Other borrowing costs are recognised as an expense. Borrowing costs included in the acquisition cost are calculated on the basis of the average borrowing cost of the Group.

Property, plant and equipment is depreciated over the useful life of the item using the straight-line method. Depreciation on property, plant and equipment taken into use during the financial year is calculated on an item-by-item basis 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 costs	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 recognised 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 impairment loss is recognised if the carrying amount of the asset or of a cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement.

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 proportionally reduce 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 cash-generating unit in question 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 to define 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 on it in the previous years. An impairment loss recognised on goodwill is not reversed.

Available-for-sale investments
Available-for-sale investments are non-current assets unless executive management intends to sell them within 12 months from the closing date. Publicly quoted shares are classified as available-for-sale investments and recognised at fair value, which is the market value at the closing date. Changes in fair value are recognised directly in shareholders' equity until the investment is sold or otherwise disposed of, at which time the changes in fair value are recognised in the income statement.

Inventories
Inventories are measured 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 and other receivables
Loans and other receivables are recognised initially at fair value. The amount of doubtful receivables is estimated based on the risks of individual items. An impairment loss is recorded on receivables when there is valid evidence that the Group will not receive

all of its receivables at the original terms (e.g. due to the debtor's serious financial problems, likelihood that the debtor will go bankrupt or be subject to other financial rearrangements, and negligence of due dates of payments by more than 90 days). Impairment losses are recognised directly, under other operating expenses, to reduce the carrying amount of the receivables.

Derivative instruments
Trading derivatives are classified as held-for-trading derivative assets or liabilities. Derivatives are initially recognised at fair value according to the date the derivative contract is entered into, and are subsequently re-measured at 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 the principles for financing.

Electricity derivatives
The company enters into electricity derivative contracts in order to hedge the price risk of electricity purchases in accordance with the loss energy forecast, in compliance with the loss energy purchasing policy approved by the Board of Directors. Fingrid discontinued hedge accounting for electricity derivatives at the beginning of 2014. As a result, the entire change in the fair value of electricity derivatives was recorded and will continue to be recorded in the income statement. The hedge fund in the balance sheet will be dismantled in the income statement during 2015 and 2016 in fixed instalments such that it decreases the result by EUR 11.6 million.

Interest and currency derivatives
The company enters into derivative contracts in order to hedge financial risks (interest rate and foreign exchange exposure) in accordance with the principles for financing approved by the Board of Directors. Fingrid does not apply hedge accounting to these derivatives. A derivative asset or liability is recognised at its original fair value. Derivatives are measured at fair value at the closing date, and the change in fair value is recognised in the income statement under 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 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 using generally accepted option pricing models in the market.

Held-for-trading financial assets
Financial securities are classified as financial assets held for trading. The category includes money market securities and investments in short-term money market funds. Financial securities are recognised in the balance sheet at fair value at the settlement date. Subsequently, the financial assets are measured in the financial statements at fair value, and the change in their fair value is recognised in the income statement under 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 no more than 3–6 months, and investments in short-term money market funds.
Financial assets 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 in the balance sheet 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 measured at amortised cost; any difference between the loan amount and the amount to be repaid is recognised in the income statement over the loan period 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 the 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 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 on the costs arising from the disposal obligation in future decades was recognised in 2004.

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 under the conditions which constitute the foundation for the estimates of the items recognised 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.

Estimate of the purchase and sale of imbalance power
The income and expenses of imbalance power are ascertained through a nationwide imbalance settlement procedure, which is based on the Ministry of Employment and Economy’s 9 December 2008 decree on the disclosure obligation related to the settlement of electricity delivery.
The final imbalance 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 imbalance settlement. The preliminary settlement has been made separately for consumption, production 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.

Inter-Transmission System Operator Compensation (ITC)
Compensation for the transit transmissions of electricity has been agreed upon through an ITC (Inter-Transmission System Operator Compensation) agreement. The centralised calculations are carried out by ENTSO-E (the European Network of Transmission System Operators of Electricity). ITC compensation is determined on the basis of the compensation paid for use of the grid and transmission losses. The ITC calculations take into account the electricity transmissions between the various ITC agreement countries. ITC compensation can represent both an income and a cost for a transmission system operator. Fingrid's share of the ITC compensation is determined on the basis of the cross-border electricity transmissions and imputed grid losses. ITC compensation is invoiced retroactively after all parties to the ITC agreement have approved the invoiced sums, after the monthly control. This is why the uninvoiced ITC compensations for 2014 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 by analysing the actual figures from 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 consolidated financial statements, the Group has followed the same standards as in 2013, except for the following amendments to existing standards, which the company has applied since 1 January 2014.

IFRS 12, ‘Disclosures of interests in other entities’.
The standard contains disclosure requirements for interests in other entities, including associated companies, joint arrangements, structured entities and other companies excluded from the balance sheet. The new standard expands the notes that the Group presents on its ownership in other entities.

IAS 32,
‘Financial instruments: Presentation’ amendment on asset and liability offsetting. The amendment specifies the accounting requirements for the presentation of the net amounts of financial assets and liabilities and provides additional guidance on the matter. The amendment does not have a material impact on the Group’s financial statements.

As of 1 January 2015 or later, the Group will introduce the following IFRS standards, interpretations and amendments, which will take effect at a later date:

IFRS 9 Financial Instruments, including amendments*. The new standard will replace the current IAS 39 standard ‘Financial Instruments: Recognition and Measurement’. IFRS 9 will amend the classification and measurement of financial assets, and it contains a new ‘expected loss’ impairment model. The classification and measurement of financial liabilities corresponds, for the most part, to the current requirements of IAS 39. Where hedge accounting is concerned, there are still three types of hedging relationships. With the amendment, more risk positions are eligible for hedge accounting, and the hedge accounting principles have been better aligned with risk management. The Group is currently examining the possible impacts of the standard.

IFRS 15 Revenue from Contracts with Customers*
The new standard includes a five-step model for recognising revenue received on the basis of customer contracts and replaces the current IAS 18 and IAS 11 standards and their related interpretations. Revenue is recognised as control is passed, either over time or at a certain point in time. The standard also increases the number of notes to be presented. The Group is currently examining the possible impacts of the standard.

IFRIC 21 Levies. The interpretation covers accounting for outflows imposed on entities by governments. The interpretation has not had an impact on the Group's financial statements.

Annual Improvements to IFRS standards 2012–2014*. The changes are not significant and they do not have an impact on the Group's financial statements.

*not yet endorsed by the EU

2. INFORMATION ON TURNOVER AND SEGMENTS

TURNOVER, €1,000	2014	2013
Grid service income	326,327	321,029
Imbalance power sales	150,734	158,522
Cross-border transmission	9,401	13,225
ITC income	12,157	8,301
Peak load capacity	8,009	13,376
EstLink congestion income	2,388	3,701
Nordic congestion income	48,857	18,594
Other turnover	9,282	6,341
Total	**567,155**	**543,088**

Through the grid services, a customer obtains the right to transmit electricity to and from the main grid through its connection point. Grid service is agreed by means of a grid service contract signed between a customer connected to the main grid and Fingrid. Fingrid charges a consumption fee, grid usage fee, connection point fee and market border fee for the grid service. The contractual 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 with 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 contractual terms are equal and public.

Each electricity market party must ensure its electricity balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to stabilise the hourly power balance of an electricity market party (balance provider). Imbalance power trade and pricing 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 on 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.

Congestion income is revenues that the transmission system operator receives from market parties for use of transmission capacity for those transmission links on which the capacity and operational reliability of the power system restricts the power transmission. Fingrid receives a contractual share of Nordic congestion income. Congestion income is used for investments aimed at eliminating the cause of congestion. ITC compensation is, for Fingrid, income and/or costs which the transmission system operator receives for the use of its grid by other European transmission system operators and/or pays to other transmission system operators when using their grid to serve its own customers.

Peak load power includes production capacity to safeguard the sufficiency of power based on a separate legal act.

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 major differences in the risks and profitability of individual products and services.

3. OTHER OPERATING INCOME, €1,000

	2014	2013
Rental income	1,267	1,620
Capital gains on fixed assets	1,048	1,458
Contributions received	200	215
Other income	2,105	778
Total	**4,619**	**4,071**

4. MATERIALS AND SERVICES, €1,000

	2014	2013
Purchases during the financial year	244,132	242,026
Change in inventories, increase (-) or decrease (+)	-1,446	-954
Materials and consumables	242,687	241,072
External services	21,618	28,455
Total	**264,304**	**269,526**

5. EMPLOYEE BENEFITS EXPENSES, €1,000

	2014	2013
Salaries and bonuses	20,460	18,995
Pension expenses - contribution-based schemes	3,462	3,248
Pension expenses - benefit-based schemes*		-346
Other personnel expenses	1,071	950
Total	**24,993**	**22,847**

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

Salaries and bonuses of top management (note 37)	**1,438**	**1,582**

Since 2014, the Group has applied a remuneration system whose general principles were accepted by the Board of Directors of Fingrid Oyj on 13 February 2014. 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 CEO is 25 per cent and to the other members of the executive management group 20 per cent of their annual salary. The maximum annual amount of the long-term incentive scheme payable to the CEO 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:	**2014**	**2013**
Personnel, average	305	277
Personnel, 31 Dec	313	287

6. DEPRECIATION, €1,000	2014	2013
Intangible assets	1,580	1,338
Buildings and structures	6,659	5,715
Machinery and equipment	45,737	39,804
Transmission lines	36,408	33,769
Other property, plant and equipment	1,128	1,078
Total	**91,511**	**81,704**

7. OTHER OPERATING EXPENSES, €1,000	2014	2013
Contracts, assignments etc. undertaken externally	45,746	40,192
Gains/losses from measuring electricity derivatives at fair value	-6,044	6,489
Rental expenses	2,598	6,173
Foreign exchange gains and losses	103	71
Other costs	5,746	4,876
Total	**48,149**	**57,802**

8. AUDITORS' FEES, €1,000	2014	2013
Auditing fee	50	51
Other fees	150	97
Total	**200**	**148**

9. RESEARCH AND DEVELOPMENT, €1,000	2014	2013
Research and development expenses	1,728	1,777
Total	**1,728**	**1,777**

10. FINANCE INCOME AND COSTS, €1,000	2014	2013
Interest income on held-for-trading financial assets	859	1,180
Interest income on cash and cash equivalents and bank deposits	176	63
Dividend income	9	7
	1,044	1,249
Interest expenses on borrowings	-33,371	-33,041
Net interest expenses on interest rate and foreign exchange derivatives	10,508	12,121
Gains from measuring derivative contracts at fair value	13,784	2,138
Losses from measuring derivative contracts at fair value	-2,870	-11,696
Net foreign exchange gains and losses	128	-3
Other finance costs	-1,286	-1,185
	-13,108	-31,667
Capitalised finance costs, borrowing costs; at a capitalisation rate of 1.89% (note 17)	1,326	1,681
Total	**-10,738**	**-28,736**

11. INCOME TAXES, €1,000

	2014	2013
Direct taxes	20,203	20,885
Change in deferred taxes (note 27)	6,238	-24,331
Total	**26,441**	**-3,446**
Reconciliation of income tax:		
Profit before taxes	**132,934**	**87,253**
Tax calculated in accordance with the statutory tax rate in Finland 20.0%	26,587	
Tax calculated in accordance with the statutory tax rate in Finland 24.5%		21,377
Change in deferred tax resulting from change in tax rate		-24,547
Non-deductible expenses and tax-free income	-146	-276
Income taxes in the Consolidated Income Statement	**26,441**	**-3,446**

The company will pay its income taxes for 2014 in accordance with the underlying tax rate, with no tax planning.

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

	2014			2013		
	Before taxes	Tax impact	After taxes	Before taxes	Tax impact	After taxes
Cash flow hedges				-4,425	433	-3,992
Translation reserve	-419		-419	-646		-646
Items related to non-current assets held for sale	20	-4	16	-2	0	-2
Total	**-399**	**-4**	**-403**	**-5,074**	**434**	**-4,640**

13. EARNINGS PER SHARE

	2014	2013
Profit for the financial year, €1,000	106,493	90,699
Weighted average number of shares, qty	3,325	3,325
Undiluted earnings per share, €	32,028	27,278
Diluted earnings per share, €	32,028	27,278

14. DIVIDEND PER SHARE

Since the closing date, the Board of Directors has proposed that a dividend of EUR 21,655.44 for Series A shares and EUR 16,038.49 for Series B shares be distributed per share (Series A shares 29,788.26; Series B shares 16,038.50), totalling EUR 65.0 (81.9) million.

15. GOODWILL, €1,000

	2014	2013
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 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 impairment testing are based on income and expenses from business operations and investments made according to the capital expenditure programme. The estimated cash flows cover the subsequent 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 4.0 (5.0) per cent. The discount rate has been lowered as a result of the general decline in interest rates. In management’s view, reasonable changes in the primary assumptions used in the calculations will not lead to a need for recording impairment losses.

16. INTANGIBLE ASSETS, €1,000	2014	2013
Land use rights		
Cost at 1 Jan	89,802	87,974
Increases 1 Jan–31 Dec	2,155	2,947
Decreases 1 Jan–31 Dec	-37	-1,119
Cost at 31 Dec	**91,920**	**89,802**
Carrying amount 31 Dec	**91,920**	**89,802**
Other intangible assets		
Cost at 1 Jan	28,102	26,925
Increases 1 Jan–31 Dec	1,727	1,358
Decreases 1 Jan–31 Dec		-181
Cost at 31 Dec	**29,829**	**28,102**
Accumulated depreciation according to plan 1 Jan	-25,153	-23,815
Depreciation according to plan 1 Jan–31 Dec	-1,580	-1,338
Carrying amount 31 Dec	**3,097**	**2,949**
Carrying amount 31 Dec	**95,016**	**92,751**

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	2014	2013
Land and water areas		
Cost at 1 Jan	14,224	13,933
Increases 1 Jan–31 Dec	750	291
Cost at 31 Dec	**14,974**	**14,224**
Carrying amount 31 Dec	**14,974**	**14,224**
Buildings and structures		
Cost at 1 Jan	181,231	159,839
Increases 1 Jan–31 Dec	21,139	21,392
Cost at 31 Dec	**202,370**	**181,231**
Accumulated depreciation according to plan 1 Jan	-39,169	-33,454
Depreciation according to plan 1 Jan–31 Dec	-6,659	-5,715
Carrying amount 31 Dec	**156,541**	**142,061**
Machinery and equipment		
Cost at 1 Jan	974,980	880,407
Increases 1 Jan–31 Dec	40,316	95,244
Decreases 1 Jan–31 Dec	-13	-671
Cost at 31 Dec	**1,015,283**	**974,980**
Accumulated depreciation according to plan 1 Jan	-392,663	-353,295
Decreases, depreciation according to plan 1 Jan–31 Dec	8	435
Depreciation according to plan 1 Jan–31 Dec	-45,737	-39,804
Carrying amount 31 Dec	**576,891**	**582,317**
Transmission lines		
Cost at 1 Jan	1,167,798	1,031,935
Increases 1 Jan–31 Dec	46,437	139,890
Decreases 1 Jan–31 Dec	-693	-4,027
Cost at 31 Dec	**1,213,542**	**1,167,798**
Accumulated depreciation according to plan 1 Jan	-379,409	-347,748
Decreases, depreciation according to plan 1 Jan–31 Dec	394	2,108
Depreciation according to plan 1 Jan–31 Dec	-36,408	-33,769
Carrying amount 31 Dec	**798,120**	**788,389**
Other property, plant and equipment		
Cost at 1 Jan	21,948	20,674
Increases 1 Jan–31 Dec	284	1,274

Cost at 31 Dec	**22,232**	**21,948**
Accumulated depreciation according to plan 1 Jan	-13,423	-12,486
Depreciation according to plan 1 Jan–31 Dec	-903	-937
Carrying amount 31 Dec	**7,906**	**8,525**
Prepayments and purchases in progress		
Cost at 1 Jan	81,674	120,174
Increases 1 Jan–31 Dec	93,383	168,343
Transfers to other tangible and intangible assets 1 Jan–31 Dec	-96,371	-206,843
Cost at 31 Dec	**78,687**	**81,674**
Carrying amount 31 Dec	**78,687**	**81,674**
Capitalised interest		
Cost at 1 Jan	6,410	4,728
Increases 1 Jan–31 Dec (note 10)	1,326	1,681
Cost at 31 Dec	7,735	6,410
Accumulated depreciation according to plan	-174	-33
Depreciation on capitalised interest according to plan 1 Jan–31 Dec	-225	-141
Carrying amount 31 Dec	**7,336**	**6,236**
Carrying amount 31 Dec	**86,023**	**87,910**
Carrying amount 31 Dec Property, plant and equipment	**1,640,454**	**1,623,426**

The item ‘Prepayments and purchases in progress’ contains the prepayments of noncurrent property, plant and equipment and intangible assets, and acquisition costs caused by capital expenditure in progress.

18. INVESTMENTS, €1,000

	2014	**2013**
Available-for-sale investments		
Cost at 1 Jan	300	302
Decreases 1 Jan–31 Dec	-57	
Changes in fair value 1 Jan–31 Dec	20	-2
Carrying amount 31 Dec	**262**	**300**

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

Interests in associated companies		
Cost at 1 Jan	10,416	8,292
Increases, eSett Oy		2,001
Share of profit 1 Jan–31 Dec	854	709
Share issue Nord Pool Spot AS 30 Aug 2013		360
Translation reserve 1 Jan–31 Dec	-419	-649
Dividends 1 Jan–31 Dec	-337	-300
Carrying amount 31 Dec	**10,515**	**10,416**
Carrying amount 31 Dec	**10,777**	**10,716**
Carrying amount of associated companies includes goodwill 31 Dec.	3,245	3,245

There are no material temporary differences related to associated companies on which deferred tax assets or liabilities have been recognised.

Financial summary of associated companies, €1,000

2014	Non-current assets	Non-current liabilities	Current assets	Current liabilities	Turnover	Profit/loss	Dividends received during the financial period	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	3,040		360,661	335,303	25,576	5,588	337	18.8
Porvoon Alueverkko Oy, Porvoo, Finland	3,352	2,871	1,217	1,007	7,486	9		33.3
eSett Oy, Helsinki, Finland	3,368	4,800	6,960	377		-851		33.3

2013	Non-current assets	Non-current liabilities	Current assets	Current liabilities	Turnover	Profit/loss	Dividends received during the financial period	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	4,182		246,541	223,916	21,299	3,899	300	18.8
Porvoon Alueverkko Oy, Porvoo, Finland	3,546	3,110	2,909	2,858	7,535	9		33.3
eSett Oy, Helsinki, Finland	6,455			457		-4		33.3

The Group's associated companies indicated in the tables are treated in the consolidated financial statements using the equity method of accounting.

The Nordic Balance Settlement (NBS) will be introduced in Finland in November 2015. When the NBS begins its operations, management of the balance settlement services will transfer from Fingrid's Balance Service Unit to eSett Oy.

Subsidiary shares 31 Dec 2014	Ownership (%)	Ownership (%)
Finextra Oy, Helsinki, Finland	100	100

19. INVENTORIES, €1,000

	2014	**2013**
Materials and consumables at 1 Jan	12,604	11,363
Work in progress	239	34
Total	**12,843**	**11,397**

The cost of inventories recognised as an expense was EUR 2.4 (1.7) million.

20. OTHER NON-CURRENT RECEIVABLES, €1,000

	2014	**2013**
Depreciation on the electricity grid from associated companies	1,600	
Guarantee fund Nasdaq OMX, pledged account	794	813
Guarantee account Nasdaq OMX	197	3,500
Total	**2,591**	**4,313**

21. TRADE RECEIVABLES AND OTHER RECEIVABLES, €1,000	**2014**	**2013**
Trade receivables	41,891	59,037
Trade receivables from associated companies (note 37)	2,257	2,561
Prepayments and accrued income	13,514	14,399
Prepayments and accrued income from associated companies (note 37)	2	
Other receivables	34	25
Total	**57,699**	**76,021**

Essential items included in prepayments and accrued income	**2014**	**2013**
Accruals of sales	3,051	430
Accruals of purchases/prepayments	4,132	6,427
Interest receivables	6,144	7,352
Rents/prepayments	188	190
Total	**13,514**	**14,399**

Ageing of trade receivables	**2014**	**2013**
Trade receivables not overdue	44,149	61,419
Trade receivables 1–30 days overdue		179
Trade receivables more than 60 days overdue	0	
Total	**44,149**	**61,598**

In 2014, the company recorded impairment losses on trade receivables totalling EUR 311,148.95, incl. 24% VAT due to a customer filing for bankruptcy.

Trade receivables and other receivables broken down by currency, €1,000	**2014**	**2013**
EUR	57,699	76,021
Total	**57,699**	**76,021**

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

22. FINANCIAL ASSETS, €1,000

	2014	2013
Certificates of deposit		39,982
Commercial papers	87,315	134,818
Short-term money market funds	29,379	20,173
Total	**116,694**	**194,973**

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

23. CASH AND CASH EQUIVALENTS, €1,000

	2014	2013
Cash assets and bank balances	62,278	22,050
Pledged accounts	289	289
Total	**62,566**	**22,339**

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

Balance sheet item 31 Dec 2014	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
Non-current financial assets:						
Available-for-sale investments			262		262	18
Interest rate and currency derivatives		47,150			47,150	30
Current financial assets						
Interest rate and currency derivatives		12,236			12,236	30
Trade receivables and other receivables	51,555				51,555	21
Financial assets recognised in the income statement at fair value		116,694			116,694	22
Cash in hand and bank receivables		62,566			62,566	23
Financial assets total	**50,329**	**238,646**	**262**		**289,238**	
Non-current financial liabilities:						
Borrowings				962,324	962,324	28
Interest rate and currency derivatives		29,160			29,160	30
Current financial liabilities						
Borrowings				263,033	263,033	28
Interest rate and currency derivatives		2,492			2,492	30
Trade payables and other liabilities	46,127			17,193	63,320	31
Financial liabilities total	**46,127**	**31,652**		**1,242,550**	**1,320,329**	

Balance sheet item 31 Dec 2013	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
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	68,669				68,669	21
Financial assets recognised in the 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**	

Netting of financial assets and liabilities

The following financial assets and liabilities relate to enforceable master netting agreements and similar agreements:
The fair values of derivatives are presented in the balance sheet in gross amounts. Under an ISDA agreement, netting can take place in conditional circumstances such as default or bankruptcy. The table presents a situation in which derivative receivables and liabilities are netted in the balance sheet.
Trade receivables and trade payables of the Balance Service Unit which are invoiced in net amounts in accordance with a balance service agreement.

		2014				**2013**		
	Gross amount of recognised financial assets	Gross amount of netted financial liabilities	Net amount of derivative receivables and liabilities under ISDA	Net amount of financial assets presented in the balance sheet	Gross amount of financial assets	Gross amount of netted financial liabilities	Net amount of derivative receivables and liabilities under ISDA	Net amount of financial assets presented in the balance sheet
Derivative receivables	46,094	-17,719	28,375		48,445	-14,463	33,982	
Trade receivables	53,342	-9,193		44,149	72,422	-10,824		61,598
Total	99,436	-26,912		44,149	120,867	-25,287	33,982	61,598

		2014				**2013**		
	Gross amount of financial liabilities	Gross amount of netted financial assets	Net amount of derivative receivables and liabilities under ISDA	Net amount of financial liabilities presented in the balance sheet	Gross amount of financial liabilities	Gross amount of netted financial assets	Net amount of derivative receivables and liabilities under ISDA	Net amount of financial liabilities presented in the balance sheet
Derivative liabilities	-18,360	17,719	-641		-14,808	14,463	-345	
Trade payables	36,879	-9,193		27,686	34,694	-10,824		23,870
Total	18,519	8,525		27,686	19,886	3,639	-345	23,870

25. FAIR VALUE HIERARCHY, €1,000

	2014			2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held at fair value						
Available-for-sale investments	78	190		58	190	
Interest rate and currency derivatives		59,386			34,509	
Financial assets recognised in the income statement at fair value	29,379	87,315		20,173	174,800	
Financial assets held at fair value total	**29,457**	**146,891**		**20,321**	**209,498**	
Financial liabilities held at fair value						
Interest rate and currency derivatives		31,652			872	
Electricity forward contracts, NASDAQ OMX Commodities	32,165			38,208		

Financial liabilities held at fair value total	32,165	31,652	38,208	872

In the presentation of fair value, assets and liabilities measured at fair value are categorised into a three-level hierarchy. The appropriate hierarchy is based on the input data of the instrument. The level is determined on the basis of the lowest level of input for the instrument in its entirety that is significant to the fair value measurement.
Level 1: inputs are publicly quoted in active markets.
Level 2: inputs are not publicly quoted and are based on observable market parameters either directly or indirectly.
Level 3: inputs are not publicly quoted and are unobservable market parameters.

26. EQUITY

Equity is composed of the share capital, share premium account, revaluation reserve (incl. hedging and fair value reserves), translation reserve, and retained earnings. The hedging reserve includes changes in the fair value of hedging instruments for loss energy. The fair value reserve includes changes in the fair value of available-for-sale investments. The translation reserve includes translation differences in the net capital investments of associated companies in accordance with the purchase method of accounting. The profit for the financial year is recorded in retained earnings.

Share capital and share premium account, €1,000	Share capital	Share premium account	Total
1 Jan 2013	55,922	55,922	111,845
Change			
31 Dec 2013	55,922	55,922	111,845
Change			
31 Dec 2014	**55,922**	**55,922**	**111,845**

The share capital is broken down as follows:	Number of shares, qty	Of all shares, %	Of votes, %
Series A shares	2,078	62.49	83.32
Series B shares	1,247	37.51	16.68
Total	**3,325**	**100.00**	**100.00**

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2014	2,078	1,247	3,325
Change			
31 Dec 2014	**2,078**	**1,247**	**3,325**

The maximum number of shares is 13,300, as in 2013. 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 shares confer 10 votes each at the Annual General Meeting and Series B shares 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. 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, such 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.
Eighty-two (82) per cent of the dividends to be distributed for each financial year is distributed for all Series A shares and eighteen (18) per cent for all Series B shares, however such that EUR twenty (20) million of the dividends to be distributed for each financial year is first distributed for all Series B shares. If the above-mentioned EUR twenty (20) million minimum amount for the financial period is not distributed (all or in part) for Series B shares in a financial period, Series B shares confer the right to receive the undistributed minimum amount in question (or the accumulated undistributed minimum amount accrued during such financial periods) in the next profit distribution, in any disbursements paid out, or in any other distribution of assets prior to any other dividends, disbursements or asset distribution until the undistributed minimum amount has been distributed in full for Series B shares.

There are no non-controlling interests.

Shareholders by category, 31 Dec	Number of shares, qty	Of all shares, %	Of votes, %
Public entities	2,251	67.70	77.33
Financial and insurance institutions	1,074	32.30	22.67
Total	**3,325**	**100.00**	**100.00**

Shareholders, 31 Dec	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
The State Pension Fund	484	14.56	6.47
National Emergency Supply Agency	385	11.58	15.44
Elo Mutual Pension Insurance Company	150	4.51	2.01
Pohjola Insurance Ltd	150	4.51	2.01
LocalTapiola General Mutual Insurance Company	50	1.50	0.67
LocalTapiola Mutual Life Insurance Company	47	1.41	0.63
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life Insurance Company	6	0.18	0.08
	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. The share premium account consists of restricted equity as referred to in the Finnish Limited Liability Companies Act. The share capital can be increased by transferring funds from the share premium account. The share premium account can be decreased in order to cover losses or, under certain conditions, it can be returned to the owners.

Revaluation reserve
The revaluation reserves include changes in the fair value of derivative instruments used for hedging cash flow (hedging reserve) and changes in the fair value of available-for-sale investments (publicly quoted and unquoted securities) (fair value reserve).

Hedging reserve, €1,000	2014	2013
1 Jan	-11,571	-7,578
Changes in fair value during the financial year		-4,425
Taxes		433
Hedging reserve 31 Dec	**-11,571**	**-11,571**

Fair value reserve, €1,000	2014	2013
1 Jan	12	14
Changes in fair value during the financial year	20	-2
Taxes on changes in fair value during financial year	-4	0
Fair value reserve 31 Dec	**28**	**12**

Translation reserve, €1,000	2014	2013
Translation reserve 31 Dec	**-422**	**-3**

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

Dividends, €1,000	2014	2013
Dividends paid	**81,900**	**13,148**

The proposal for dividend distribution for the financial year 2014 is presented in note 14.

Retained earnings, €1,000	2014	2013
Profit from previous financial years	460,516	451,717
Profit for the financial year	106,493	90,699
Retained earnings 31 Dec	**567,009**	**542,416**

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

Changes in deferred taxes in 2014:

Deferred tax assets	31 Dec 2013	Recorded in income statement at profit or loss	Recorded in other comprehensive income	31 Dec 2014
Provisions	347	-10		337
Current financial receivables	1,222	-1,222		
Trade payables and other liabilities	379	-15		365
Interest-bearing borrowings	3,932	-2,975		957
Derivative instruments	7,751	1,243		8,995
Other items	12	9		21
Total	**13,643**	**-2,969**		**10,674**
Deferred tax liabilities				
Depreciation difference	-89,779			-89,779
Tangible and intangible assets	-20,503	-2,223		-22,726
Available-for-sale investments	-21		-4	-25
Other receivables	-1,471	242		-1,229
Financial assets recognised in the income statement at fair value	-124	38		-85
Non-current financial receivables	-7,878	-422		-8,299
Current financial receivables		-905		-905
Total	**-119,775**	**-3,269**	**-4**	**-123,048**

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 receivables	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				
Depreciation difference	-109,980	20,200		-89,779
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 the income statement at fair value	-145	22		-124
Non-current financial receivables	-18,010	10,133		-7,878
Total	**-152,579**	**32,803**	**1**	**-119,775**

28. BORROWINGS, €1,000	2014		2013	
Non-current	Fair value	Balance sheet value	Fair value	Balance sheet value
Bonds	883,954	768,749	812,812	765,295
Loans from financial institutions	210,364	193,576	220,917	210,000
	1,094,318	962,324	1,033,730	975,295
Current	Fair value	Balance sheet value	Fair value	Balance sheet value
Bonds	89,151	87,263	101,963	100,081
Loans from financial institutions	17,931	16,424	4,048	4,000
Other loans/Commercial papers (international and domestic)	159,480	159,346	214,683	214,614
	266,561	263,033	320,694	318,695
Total	**1,360,879**	**1,225,358**	**1,354,424**	**1,293,990**

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 the ECB at the closing date.
The fair value of loans is categorised into level 2 of the fair value hierarchy.

Bonds included in borrowings, €1,000				**2014**	**2013**
Currency	Nominal value	Maturity date	Interest		
EUR	24,000	02.07.2014	floating rate		24,000
EUR	18,000	11.11.2014	floating rate		18,000
EUR	8,000	11.11.2014	floating rate		8,000
EUR	10,000	20.11.2014	3.26%		10,000
EUR	20,000	11.04.2017	floating rate	20,000	20,000
EUR	25,000	11.04.2017	floating rate	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	30,000
EUR	300,000	03.04.2024	3.50%	298,718	298,603
EUR	25,000	27.03.2028	2.71%	25,000	25,000
EUR	10,000	12.09.2028	3.27%	10,000	10,000
EUR	80,000	24.04.2029	2.95%	80,000	
EUR	30,000	30.05.2029	2.89%	30,000	
				548,718	**498,603**
JPY	3,000,000	20.04.2015	1.45%	20,657	20,730
JPY	500,000	22.06.2017	1.28%	3,443	3,455
				24,100	**24,185**
NOK	170,000	19.11.2014	4.68%		20,328
NOK	200,000	17.10.2016	5.15%	22,119	23,915
NOK	200,000	11.04.2017	5.16%	22,119	23,915
NOK	200,000	10.11.2017	5.12%	22,119	23,915
NOK	200,000	12.11.2019	5.37%	22,119	23,915
NOK	100,000	16.09.2025	4.31%	11,060	11,957
				99,536	**127,945**
SEK	175,000	04.04.2014	4.30%		19,754
SEK	300,000	15.06.2015	3.20%	31,939	33,863
SEK	100,000	17.06.2015	3.10%	10,646	11,288
SEK	220,000	01.12.2015	interest rate structure	24,022	25,654
SEK	100,000	15.01.2016	3.30%	10,646	11,288
SEK	500,000	18.10.2016	floating rate	53,175	56,439
SEK	500,000	18.10.2016	3.50%	53,231	56,358
				183,659	**214,644**

Bonds, non-current, total	768,749	765,295
Bonds, current, total	87,263	100,081
Total	**856,012**	**865,376**

Maturity of non-current borrowings, €1,000

	2016	2017	2018	2019	2019+	Total
Bonds	139,171	122,681		22,119	484,778	**768,749**
Loans from financial institutions	20,710	21,662	21,662	21,662	107,879	**193,576**
Total	**159,881**	**144,343**	**21,662**	**43,781**	**592,656**	**962,324**

The company's finances are planned over a long time span, and the company is ensured sufficient latitude and independent power of decision in the management of its 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 targets the lowest possible average capital costs by utilising the lower cost of debt financing as compared to equity cost. However, the goal is to keep the level of cash flow and the company's debt service ratios at such a level that the company retains its high credit rating. The high credit rating enables the company to tap into the international and domestic money and loan capital markets.

29. PROVISIONS, €1,000	2014	2013
Provisions 1 Jan	1,735	1,869
Provisions used	-50	-134
Provisions 31 Dec	**1,685**	**1,735**

30. DERIVATIVE INSTRUMENTS, €1,000

	2014				2013			
	Fair value				Fair value			
Interest rate and currency derivatives	Pos. 31.12.2014	Neg. 31.12.2014	Net fair value 31.12.2014	Nominal value 31.12.2014	Pos. 31.12.2013	Neg. 31.12.2013	Net fair value 31.12.2013	Nominal value 31.12.2013
Currency swaps	28,599	-19,758	8,841	321,383	39,830	-9,225	30,605	366,033
Forward contracts	3,308		3,308	55,401		-872	-872	135,347
Interest rate swaps	27,480	-11,894	15,585	365,000	11,939	-8,036	3,904	471,000
Interest rate options bought				310,000				350,000
Total	**59,386**	**-31,652**	**27,734**	**1,051,783**	**51,770**	**-18,133**	**33,637**	**1,322,381**

	Fair value				Fair value			
Electricity derivatives	Pos. 31.12.2014	Neg. 31.12.2014	Net fair value 31.12.2014	Volume TWh 31.12.2014	Pos. 31.12.2013	Neg. 31.12.2013	Net fair value 31.12.2013	Volume TWh 31.12.2013
Electricity forward contracts designated as hedge accounting NASDAQ OMX Commodities						-18,091	-18,091	1.76
Electricity forward contracts not designated as hedge accounting NASDAQ OMX Commodities		-32,165	-32,165	4.19		-20,117	-20,117	2.21
Total		**-32,165**	**-32,165**	**4.19**		**-38,208**	**-38,208**	**3.97**

The reference rate for interest rate options is the 6-month Euribor. The option premium is paid in full to the counterparty at the contract date.
The company uses electricity derivatives to hedge the price risk of future loss energy purchases.

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last trading day of 2014.

Maturity of derivative contracts:

Nominal value, €1,000	2015	2016	2017	2018	2019	2019+	Total
Interest rate swaps	30,000	70,000		105,000	60,000	100,000	**365,000**
Interest rate options	220,000	90,000					**310,000**
Currency swaps	87,485	144,809	52,852		23,725	12,512	**321,383**
Forward contracts	55,401						**55,401**
Total	**392,886**	**304,809**	**52,852**	**105,000**	**83,725**	**112,512**	**1,051,783**

TWh	2015	2016	2017	2018	2019	2019+	Total
Electricity derivatives	1.38	1.24	0.79	0.53	0.26		**4.19**
Total	**1.38**	**1.24**	**0.79**	**0.53**			**4.19**

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

	2014	2013
Trade payables	27,181	23,527
Trade payables to associated companies	504	343
Interest payable	17,193	16,485
Advances received on orders	437	
Value added tax	5,304	8,895
Electricity tax	2,866	2,624
Accruals	17,409	17,010
Other liabilities	595	568
Total	**71,490**	**69,452**

Essential items included in accruals	2014	2013
Personnel costs	3,590	4,069
Accruals of sales and purchases	9,622	10,311
Other accruals	4,198	2,630
Total	**17,409**	**17,010**

32. COMMITMENTS AND CONTINGENT LIABILITIES, €1,000

	2014	2013
Pledges		
Pledge covering property lease agreements	9	9
Pledge covering customs credit account	280	280
Pledge covering electricity exchange purchases	991	4,313
	1,279	**4,601**
Unrecorded investment commitments	**143,527**	**137,441**
Other financial commitments		
Counter-guarantee in favour of an associated company	1,700	1,700
Rent security deposit, guarantee	38	38
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	355	565
Commitment fee for subsequent years	815	1,170
	2,907	**3,473**

33. OTHER RENTAL AND RIGHT-OF-USE AGREEMENTS, €1,000

	2014	2013
Minimum rental obligations of other irrevocable lease agreements:		
In one year	2,456	2,220
In more than one year and less than five years	10,686	9,239
In more than five years	13,907	16,053
Total	**27,048**	**27,512**

Right-of-use agreements for gas turbine power plants:		
In one year	9,905	7,786
In more than one year and less than five years	43,514	42,857
In more than five years	46,469	55,071
Total	**99,888**	**105,714**

The Group's lease agreements 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 leased, for instance, several land areas and some 110 kilovolt transmission lines and circuit breaker bays.

Under its system responsibility, Fingrid is also obligated to maintain a fast-active disturbance reserve to prepare for disruptions to the power system. In order to ensure the availability of the fast-active disturbance reserve, Fingrid has, in addition to its reserve power plant capacity, acquired power plant capacity suited to this purpose as well as disconnectable loads for industry by long-term agreement.

34. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

The Energy Authority issued a decision on 14 March 2014 in which it confirmed that Fingrid fulfils the requirements referred to in section 32 of the Electricity Market Act concerning the impartiality of the grid owner, provided that Imatran Seudun Sähkö Oy renounces its control and rights in Fingrid Oyj.

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 rejected 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, action plan, and budget. The Board of Directors (Audit Committee) receives a situation report on the major risks relating to the operations of the company and on the management of such risks.

FINANCIAL RISK MANAGEMENT
Fingrid Oyj is exposed to market, liquidity and credit risks when managing the company's financial position. The objective of financial risk management is to foster shareholder value by securing the financing required for the company's business operations, by hedging against the main financial risks and by minimising financing costs within the risk limits.

Principles for financing
The Board of Directors of Fingrid Oyj approves the principles for financing which define how Fingrid Oyj manages financing as a whole, encompassing securing external financing, managing liquidity, managing counterparty risks and financial risks, and supporting business operations in matters related to financing in general. The external financing of Fingrid Group is carried out by Fingrid Oyj.

Risk management execution and reporting
Fingrid's Chief Financial Officer is responsible for the practical measures related to securing financing and managing liquidity and financial and counterparty risks, in line with the company's financing principles and policy. The CFO oversees the day-to-day organisation, reporting and adequate control of financing, and reports regularly to the President and CEO and the Board of Directors (Audit Committee). The Treasury function is furthermore responsible for identifying, measuring and reporting the financial risks that the company may be exposed to.

Risk management processes
The Treasury is in charge of risk monitoring, systems and the models and methods used to calculate and assess risks. The internal audit additionally ensures that there is compliance with the principles for financing and the internal guidelines.

Market risks
Fingrid Oyj uses derivative contracts in order to hedge market risks such as foreign exchange, interest rate and commodity price risks. Derivative contracts are concluded for hedging purposes only. The permitted hedging instruments are defined in the financing or loss energy purchasing policies and are chosen in order to achieve the most effective hedging possible for the risks in question.

Currency risk
The functional currency of the company is the euro. In principle, currency risks are fully hedged. A risk that amounts to less than EUR 5 million when realised can be unhedged for reasons of cost-effectiveness.

Transaction risk
The company issues securities in the international and domestic money and loan capital markets. The company's loan portfolio is spread across different convertible currencies, and the total debt portfolio and the related interest rate flows are hedged against the currency risk.
The currency risk for each bond is hedged in conjunction with its issuance. Business-related currency risks are small and they are mainly hedged.
During the financial year, the company used foreign exchange forwards and currency swaps to hedge transaction risks. The tables below first illustrate the currency distribution and degree of hedging on the company's borrowings, and then the sensitivity analysis of the euro against the foreign currency in question.

Currency distribution and hedging degree of borrowings, €1,000

Currency distribution 31 Dec 2014	Carrying amount	Share, %	Hedging degree	Currency distribution 31 Dec 2013	Carrying amount	Share, %	Hedging degree
EUR	863,688	70		EUR	793,577	61	
GBP	25,597	2	100	GBP	41,910	3	100
JPY	24,100	2	100	JPY	24,185	2	100
NOK	99,536	8	100	NOK	127,945	10	100
SEK	183,659	15	100	SEK	214,644	17	100
USD	28,779	2	100	USD	91,729	7	100
Total	**1,225,358**	**100**	**100**	**Total**	**1,293,990**	**100**	**100**

The sensitivity analysis of changes in the foreign exchange rate is measured as a 10 per cent change between the euro and the currency in question. The company's result is not subject to exchange rate differentials, since the foreign-currency-denominated debt is hedged against changes in the foreign exchange rate. In the figures presented in the tables below, a negative figure would increase foreign exchange losses and a positive figure would correspondingly increase foreign exchange gains.

Exchange rate changes, €1,000

31 Dec 2014		Bonds	Commercial papers	Total	Currency swaps	Forward contracts	Total	Net exposure total
GBP	+10%		-2,852	-2,852		2,852	2,852	0
	-10%		2,333	2,333		-2,333	-2,333	0
JPY	+10%	-2,721		-2,721	2,721		2,721	0
	-10%	2,227		2,227	-2,227		-2,227	0
NOK	+10%	-12,610		-12,610	12,610		12,610	0
	-10%	10,318		10,318	-10,318		-10,318	0
SEK	+10%	-21,066		-21,066	21,066		21,066	0
	-10%	17,236		17,236	-17,236		-17,236	0
USD	+10%		-3,203	-3,203		3,203	3,203	0
	-10%		2,882	2,882		-2,882	-2,882	0

Exchange rate changes, €1,000

31 Dec 2013		Bonds	Commercial papers	Total	Currency swaps	Forward contracts	Total	Net exposure total
GBP	+10%		4,661	4,661		-4,661	-4,661	0
	-10%		3,814	3,814		-3,814	-3,814	0
JPY	+10%	-2,757		-2,757	2,757		2,757	0
	-10%	2,256		2,256	-2,256		-2,256	0
NOK	+10%	-15,567		-15,567	15,567		15,567	0
	-10%	12,805		12,805	-12,805		-12,805	0
SEK	+10%	-24,569		-24,569	24,569		24,569	0

	-10%	20,176		20,176	-20,176		-20,176	0
USD	+10%		10,193	10,193		-10,193	-10,193	0
	-10%		9,174	9,174		-9,174	-9,174	0

Translation risk
The company has an equity investment in Norwegian kroner in an associated company. This translation risk is unhedged.
The sensitivity analysis (using a 10 per cent change) is presented in the following table. The table shows a 10 per cent change in the Norwegian krone and the impact of the change on the company's equity.

Translation risk, €1,000		**2014**	**2013**
		Equity 31 Dec 2014	Equity 31 Dec 2013
NOK	+10%	593	560
	-10%	-485	-458

Interest rate risk
The company is only exposed to the interest rate risk in euros, because the company's borrowings are, both in terms of principal and interest payments, hedged against exchange rate risks, and the financial assets are denominated in euros.
The interest rate risk is managed in accordance with the principles for financing. Until the end of 2014, the interest rate risk on the loan portfolio was managed such that 30–70 per cent of the interest costs were hedged over the subsequent five years. When interest rates are high, the hedging level is kept close to the lower limit of the range, and when interest rates are low, the hedging level is kept close to the upper limit of the range. The interest rate level is considered to be low when the 6-month Euribor is 3 per cent or lower. The interest rate level is considered to be high when the 6-month Euribor is 5 per cent or higher. At the end of 2014, 61 per cent (63%) of the interest costs for the next five years were hedged.

As of 1 Jan 2015, interest rate risk management will include optimisation of the future interest rate risk of business operations (risk-free interest in the so-called WACC model) together with the company's net debt interest rate risk through a regulatory model specified by the Energy Authority. The objective of managing the interest rate risk on the loan portfolio is to minimise interest costs in the long term. The basic principle is to keep the interest rate exposure of the company's loan portfolio (gross) linked to a floating rate of interest; in other words, at most an average interest rate period of 12 months is targeted.

Interest rate sensitivity is measured as a 1 percentage unit change in interest rate costs over a period of 12 months starting from the closing date. The analysis of interest rate sensitivity is carried out on borrowings, on the derivatives portfolio hedging the interest rate exposure, and on cash and cash equivalents, resulting in a net debt position exposed to interest rate fluctuations.

Interest rate sensitivity, €1,000	**2014**		**2013**	
	-1% unit	+1% unit	-1% unit	+1% unit
Borrowings	4,982	-4,982	6,195	-6,195
Interest rate derivatives	-999	999	-1,101	1,101
Borrowings, total	3,982	-3,982	5,094	-5,094
Financial assets and cash	-669	669	-1,696	1,696
Net borrowings, total	**3,314**	**-3,314**	**3,398**	**-3,398**

Commodity risk
The company is exposed to electricity price and volume risk through transmission losses. Loss energy purchases and the hedging thereof are based on the corporate financial and procurement principles approved 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, approved by the Executive Management Group, for hedging and for physical electricity purchases, as well as 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 on the electricity 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 EUR 27.6 million euros higher or lower (EUR 25.3 million in 2013).

Commodity risks other than those related to loss energy purchases arise if the company enters into purchasing agreements in which the price of the underlying commodity influences the final price of the investment commodity (commodity price risk). As a rule, the price risk of the commodity and the exchange rate risks are fully hedged. A risk that amounts to less than EUR 5 million when realised can be unhedged for reasons of cost-effectiveness.

Liquidity risk and refinancing risk

Fingrid is exposed to liquidity and refinancing risks arising from the redemption of loans, payments and fluctuations in cash flow from operating activities.

The liquidity of the company must be arranged so that 110% of the refinancing needs for the next 12 months can be covered by liquid assets and available long-term committed credit lines; however, such that the refinancing need may not account for more than 30% of the total amount of the company's debt financing. The company has a revolving credit facility of EUR 250 million to secure liquidity. The revolving credit facility will mature on 18 April 2018. It has not been drawn.

The company's funding is handled through debt issuance programmes. The company operates in the international debt capital market by issuing bonds under the Euro Medium Term Note Programme. The programme size is EUR 1.5 billion. Short-term funding is arranged through commercial paper programmes: a Euro Commercial Paper Programme of EUR 600 million and a domestic commercial paper programme of EUR 150 million. The refinancing risk is minimised by building an even maturity profile such that the share of non-current loans in a single calendar year constitutes less than 30 per cent of the total debt and the average maturity of the company's loan portfolio is at least three years.

Contractual repayments and interest costs on borrowings are presented in the next table. The interest rates on floating-rate loans are defined using the zero coupon curve. The repayments and interest amounts are undiscounted values. Finance costs arising from interest rate swaps are often paid in net amounts depending on the nature of the swap. In the following table, they are presented in gross amounts.

Fingrid's existing loan agreements, debt or commercial paper programmes are uncollateralized and do not include any financial covenants based on financial key figures.

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

31 Dec 2014		2015	2016	2017	2018	2019	2019+	Total
Bonds	- repayments	87,263	139,171	122,681		22,119	484,778	856,012
	- interest costs	27,508	24,703	20,477	17,208	17,208	99,919	207,023
Loans from financial institutions	- repayments	16,424	20,710	21,662	21,662	21,662	107,879	210,000
	- interest costs	4,360	3,860	3,591	3,274	2,928	9,512	27,525
Commercial papers	- repayments	159,346						159,346
	- interest costs	160						160
Currency swaps	- payments	89,320	146,414	53,499	410	24,199	13,930	327,772
Interest rate swaps	- payments	4,384	3,804	2,365	2,448	1,550	8,033	22,584
Forward contracts	- payments	52,093						52,093
Guarantee commitments*	- payments	1,700						1,700
Total		**442,558**	**338,662**	**224,275**	**45,002**	**89,666**	**724,050**	**1,864,214**
Currency swaps	- receivables	97,889	146,377	51,426	1,664	23,606	13,833	334,796
Interest rate swaps	- receivables	4,834	4,745	4,772	4,081	3,596	16,557	38,585
Forward contracts	- receivables	55,401						55,401
Total		**158,124**	**151,122**	**56,198**	**5,745**	**27,202**	**30,390**	**428,781**
Total		**284,434**	**187,540**	**168,077**	**39,257**	**62,464**	**693,660**	**1,435,433**

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

Contractual repayments and interest costs on borrowings, and payments and receivables on 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
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 commitments*	- payments	1,700						1,700
Total		**535,839**	**233,654**	**350,696**	**229,305**	**45,940**	**692,768**	**2,088,201**
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**
Total		**341,321**	**125,120**	**186,044**	**166,750**	**37,374**	**631,261**	**1,487,871**

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

Credit risks
Parties causing the company's credit risks are customers and suppliers. The company's credit risks are managed in accordance with the financing principles and policy. The Treasury defines, in the procurement policy and guidelines, as well as in separate instructions, the financial criteria for suppliers and how they should be monitored.

Financial counterparty risks
The company's counterparty risks are caused by counterparties related to investing, derivatives counterparties and bank counterparties. The company is exposed to counterparty risks in its financial operations through derivative contracts and financial investments. The company enters into derivative contracts or invests its funds within the euro-denominated risk limits permitted specifically for each counterparty. Before entering into a derivative transaction, the company signs the International Swap Dealers Association's (ISDA) Master Agreement with the counterparty.

The company has not received any collaterals decreasing the credit risks covering the financial assets or derivative contracts. Under the ISDA Master Agreement, a process has been agreed upon with a defaulting party involving the termination of obligations under derivative contracts and the subsequent combining of positive and negative replacement values into a single net payable or receivable in the event of bankruptcy or insolvency proceedings of the defaulting party. The company did not incur any losses from counterparty risks of financial instruments.

36. OPERATING CASH FLOW ADJUSTMENTS, €1,000

	2014	2013
Business transactions not involving a payment transaction		
Depreciation	91,511	81,704
Capital gains/losses (-/+) on tangible and intangible assets	-991	-1,282
Share of profit of associated companies	-854	-709
Share issue Nord Pool Spot AS 30 Aug 2013		-360
Gains/losses from the valuation of assets and liabilities	-6,171	6,465
Total	**83,495**	**85,818**

37. RELATED PARTY TRANSACTIONS

Transactions with owners include transactions conducted with the State of Finland. Other related party transactions include transactions concluded with entities in which the State of Finland has a holding in excess of 50 per cent.

Fingrid Group's related parties additionally include the associated companies eSett Oy, Porvoon Alueverkko Oy and Nord Pool Spot AS, as well as top management and its related parties. The top management is composed of the Board of Directors, President, and management team.

The company has not lent money to the top management, and the company has no transactions with the top management. Fingrid Oyj has granted Porvoon Alueverkko Oy a counter-guarantee of EUR 1.7 million.

Business with related parties is conducted at market prices.

Employee benefits of top management, €1,000	**2014**	**2013**
Salaries and other short-term employee benefits	1,438	1,582

Transactions with associated companies, €1,000	**2014**	**2013**
Sales	7,211	7,824
Expense adjustments		231
Purchases	41,894	42,505
Receivables	2,257	2,561
Liabilities	504	343

Loan receivables from associated companies, €1,000	**2014**	**2013**
1 Jan		
eSett Oy	1,600	
31.12	1,600	

On 8 December 2014, Fingrid granted a loan of EUR 1.6 million to eSett Oy. The loan matures on 15 September 2021.

Transactions with owners, €1,000	**2014**	**2013**
Owners:		
Purchases	6,011	5,000
Liabilities	11	1
Other related parties:		
Sales	54,938	82,750
Purchases	83,788	50,489
Receivables	1,842	8,602
Liabilities	4,466	5,359

General procurement principles
The Group follows three alternative procurement methods when purchasing goods or services. When the value of the purchase is less than 30,000 euros, an oral request for a quotation 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 threshold values applied to public procurements, the procurement is subject to competitive bidding by requesting written bids from the supplier candidates. When the public procurement threshold values that apply to Fingrid (approx. EUR 414,000 for goods and services and approx. EUR 5,186,000 for construction projects in 2014) are exceeded, the company follows the public procurement legislation applied to special sectors.

38. EMISSION RIGHTS

Fingrid has not been granted free-of-charge emission rights for the emissions trade period 2013–2020. The use of emission rights had no impact on the financial result in 2014.

	2014	**2013**
	tCO_2	**tCO_2**
Total CO_2 emissions	10,993	5,566

39. EVENTS AFTER THE CLOSING DATE

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

2.2 Parent company financial statements (FAS)

2.2.1 Parent company income statement

	Notes	1 Jan–31 Dec 2014 €	1 Jan–31 Dec 2013 €
TURNOVER	2	559,376,009.70	529,973,491.76
Other operating income	3	4,619,211.39	3,710,950.69
Materials and services	4	-256,537,114.99	-256,492,919.79
Personnel costs	5	-24,992,709.21	-22,847,247.60
Depreciation and amortisation expense	6	-101,416,042.08	-91,301,518.24
Other operating expenses	7, 8	-54,306,622.24	-51,305,879.61
OPERATING PROFIT		**126,742,732.57**	**111,736,877.21**
Finance income and costs	9	-25,495,979.84	-26,014,888.09
PROFIT BEFORE EXTRAORDINARY ITEMS		**101,246,752.73**	**85,721,989.12**
PROFIT BEFORE APPROPRIATIONS AND TAXES		**101,246,752.73**	**85,721,989.12**
Income taxes	10	-20,202,818.48	-20,872,258.31
PROFIT FOR THE FINANCIAL YEAR		**81,043,934.25**	**64,849,730.81**

Notes are an integral part of the financial statements.

2.2.2 Parent company balance sheet

ASSETS	Notes	31 Dec 2014 €	31 Dec 2013 €
Intangible assets			
Goodwill	11	17,155,168.42	23,588,356.60
Other non-current expenses	12	86,490,344.28	89,081,372.20
		103,645,512.70	**112,669,728.80**
Tangible assets	13		
Land and water areas		14,973,832.40	14,223,829.67
Buildings and structures		156,458,575.61	142,018,523.70
Machinery and equipment		574,685,973.12	580,302,462.29
Transmission lines		781,024,069.73	770,826,975.77
Other property, plant and equipment		117,516.35	117,516.35
Prepayments and purchases in progress		78,686,612.48	81,674,341.34
		1,605,946,579.69	**1,589,163,649.12**
Investments	14		
Interests in Group companies		504,563.77	504,563.77
Interests in associated companies		8,642,260.21	8,642,260.21
Other shares and interests		1,416,588.74	1,378,426.50
		10,563,412.72	**10,525,250.48**
TOTAL NON-CURRENT ASSETS		**1,720,155,505.11**	**1,712,358,628.40**
CURRENT ASSETS			
Inventories	15	**12,842,932.89**	**11,397,077.70**
Receivables			
Non-current			
Loan receivables			
from associated companies	16	1,600,000.00	
Other receivables	16	990,560.83	4,312,577.55
		2,590,560.83	**4,312,577.55**
Current			
Trade receivables		39,421,020.87	56,549,091.02
Receivables from Group companies		141,170.90	64,418.89
Receivables from associated companies	17	2,259,112.52	2,560,815.83
Other receivables		34,276.66	24,534.78
Prepayments and accrued income	18, 19	14,536,143.11	18,225,075.59
		56,391,724.06	**77,423,936.11**
Financial securities	20	**116,267,973.20**	**194,354,841.08**
Cash in hand and bank receivables	20	**62,566,334.25**	**22,338,719.57**
TOTAL CURRENT ASSETS		**250,659,525.23**	**309,827,152.01**
TOTAL ASSETS		**1,970,815,030.34**	**2,022,185,780.41**

Notes are an integral part of the financial statements.

PARENT COMPANY BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec 2014 €	31 Dec 2013 €
EQUITY	21		
Share capital		55,922,485.55	55,922,485.55
Share premium account		55,922,485.55	55,922,485.55
Profit from previous financial years		22,302,127.39	39,352,410.36
Profit for the financial year		81,043,934.25	64,849,730.81
TOTAL SHAREHOLDERS' EQUITY		**215,191,032.74**	**216,047,112.27**
ACCUMULATED APPROPRIATIONS	22	**448,896,757.27**	**448,896,757.27**
PROVISIONS FOR LIABILITIES AND CHARGES	29	**1,685,046.78**	**1,734,746.78**
LIABILITIES			
Non-current liabilities			
Bonds	23, 24	783,897,840.95	761,382,622.41
Loans from financial institutions		193,575,757.57	210,000,000.00
		977,473,598.52	**971,382,622.41**
Current liabilities			
Bonds	23	87,484,781.53	98,977,209.88
Loans from financial institutions		16,424,242.43	4,000,000.00
Advances received on orders		430,000.00	
Trade payables		24,640,790.65	21,119,511.21
Liabilities to Group companies	25	387,959.31	533,547.16
Liabilities to associated companies	26	504,191.00	342,810.97
Other liabilities	27	164,923,505.33	227,566,502.63
Accruals	28	32,773,124.78	31,584,959.83
		327,568,595.03	**384,124,541.68**
TOTAL LIABILITIES		**1,305,042,193.55**	**1,355,507,164.09**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,970,815,030.34**	**2,022,185,780.41**

Notes are an integral part of the financial statements.

2.2.3 Parent company cash flow statement

	Notes	1 Jan–31 Dec 2014 €	1 Jan–31 Dec 2013 €
Cash flow from operating activities:			
Profit for the financial year	21	81,043,934.25	64,849,730.81
Adjustments:			
Business transactions not involving a payment transaction	31	100,425,341.95	90,019,528.46
Interest and other finance costs		34,653,836.13	34,218,291.68
Interest income		-8,773,603.99	-7,860,946.54
Dividend income		-384,252.30	-342,457.05
Taxes		20,202,818.48	20,872,258.31
Changes in working capital:			
Change in trade receivables and other receivables		20,324,217.04	3,901,777.84
Change in inventories		-1,445,855.19	-954,462.55
Change in trade payables and other liabilities		833,932.06	-3,347,245.17
Change in provisions		-49,700.00	-134,200.00
Interest paid		-23,905,643.97	-23,277,403.45
Interest received		1,224,895.34	1,217,939.45
Taxes paid	10	-19,659,013.72	-22,057,738.08
Net cash flow from operating activities		204,490,906.08	157,105,073.71
Cash flow from investing activities:			
Purchase of property, plant and equipment	13	-125,334,844.08	-222,503,301.21
Purchase of intangible assets	12	-4,170,608.56	-4,265,762.72
Purchase of other assets	14	-38,162.24	-2,203,012.49
Proceeds from sale of property, plant and equipment	13	1,389,481.60	3,980,000.00
Loans granted		-1,600,000.00	0.00
Dividends received	9	384,252.30	342,457.05
Contributions received		19,935,004.81	0.00
Net cash flow from investing activities		-109,434,876.17	-224,649,619.37
Cash flow from financing activities:			
Proceeds from current financing (liabilities)		364,009,628.00	451,093,811.06
Payments of current financing (liabilities)		-422,021,861.00	-324,530,424.31
Proceeds from non-current financing (liabilities)		110,000,000.00	77,546,059.30
Payments of non-current financing (liabilities)		-103,003,036.33	-119,967,991.86
Dividends paid	21	-81,900,013.78	-13,147,589.64
Net cash flow from financing activities		-132,915,283.11	70,993,864.55
Change in cash and cash equivalents and financial assets		**-37,859,253.20**	**3,449,318.89**
Cash and cash equivalents and financial assets 1 Jan		**216,693,560.65**	**213,244,241.76**
Cash and cash equivalents and financial assets 31 Dec	20	**178,834,307.45**	**216,693,560.65**

Notes are an integral part of the financial statements.

2.2.4 Notes to the financial statements of parent company

1. ACCOUNTING PRINCIPLES

Fingrid Oyj's financial statements have been drawn up in accordance with the Finnish Accounting Standards (FAS). The items in the financial statements are valued at original acquisition cost.

Foreign currency transactions
Commercial transactions and financial items denominated in foreign currencies are recognised at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction date. Interest-bearing liabilities and receivables and the derivatives hedging these items are valued at the mid-rate quoted by the ECB at the closing date. Foreign exchange gains and losses on interest-bearing liabilities and receivables, and on the instruments hedging these items, are recognised at maturity under finance income and costs. Foreign exchange rate differences arising from the derivatives used to hedge commercial currency flows are recognised to adjust the corresponding item in the income statement.

Interest and currency derivatives
In accordance with the principles for financing, interest rate and currency swaps, foreign exchange forwards and interest rate options are used to hedge the interest rate and foreign exchange risk in Fingrid's balance sheet items, as well as its commercial items. The accounting principles for derivative contracts are the same as for the underlying items. Interest rate items of interest rate and currency swaps and interest rate options are accrued and recognised in the income statement under interest income and costs. The interest portion of forward foreign exchange contracts hedging the interest-bearing liabilities and receivables is accrued over the maturity of the contracts and recognised under finance income and costs. Premiums paid or received on interest rate options are accrued over the hedging period.

Electricity derivatives
Fingrid hedges its loss energy purchases by employing forward instruments quoted on the NASDAQ OMX Oslo ASA. There can also be trading in the OTC market in instruments corresponding to Nasdaq OMX Oslo ASA's financial instruments. The profits and losses arising from these contracts are used to adjust the loss energy purchases in the income statement in the period in which the hedging impacts profit or loss.

Research and development expenses
Research and development expenses are treated 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 useful life of the fixed asset. Depreciation on fixed assets taken into use during the financial year is calculated on an item-by-item basis 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 useful life, 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 costs*	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

*Disposal costs are discounted at present value and added to the value of the fixed asset and recognised under provisions for liabilities and charges.

Goodwill is depreciated over a 20-year period, since power transmission operation is a long-term business in which income is accrued over several decades.

Emission rights
Emission rights are treated in accordance with the net procedure in conformance with statement 1767/2005 of the Finnish Accounting Board.

Valuation of inventories
Inventories are recognised according to the FIFO principle at 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 Euro Medium Term Note (EMTN) programme. The current interest-bearing liabilities consist of commercial papers issued under the domestic and international programmes and of the current portion of noncurrent borrowings 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 recognised as an expense, and the commitment fees are recognised as an expense over the maturity of the facility.

FINANCIAL RISK MANAGEMENT
The principles applied to the management of financial risks are presented in item 35 of the Notes to the Consolidated Financial Statements.

Income taxes
Taxes include the accrued tax corresponding to the profit for the financial year as well as tax adjustments for previous financial years.

Deferred taxes
Deferred tax assets and liabilities are not recorded in the income statement or balance sheet. Information concerning these is presented in the notes.

2. TURNOVER BY BUSINESS AREA

The business of Fingrid Oyj comprises entirely transmission grid business with system responsibility. For that reason, there is no distribution of turnover by business area.

TURNOVER, €1,000	2014	2013
Grid service income	326,327	321,029
Imbalance power sales	150,734	158,522
Cross-border transmission	9,401	13,225
ITC income	12,157	8,301
Peak load capacity		
EstLink congestion income	2,388	3,701
Nordic congestion income	48,857	18,594
Income from peak load capacity services	184	261
Income from guarantee-of-origin services	210	
Other turnover	9,117	6,341
Total	**559,376**	**529,973**

3. OTHER OPERATING INCOME, €1,000	2014	2013
Rental income	1,267	1,620
Capital gains on fixed assets	1,048	1,458
Contributions received	200	215
Other income	2,105	418
Total	**4,619**	**3,711**

4. MATERIALS AND SERVICES, €1,000	2014	2013
Purchases during the financial year	178,378	183,722
Loss energy purchases	65,754	58,304
Change in inventories, increase (-) or decrease (+)	-1,446	-954
Materials and consumables	242,687	241,072
Grid service charges	58	46
Other external services	13,792	15,375
Services	13,850	15,421
Total	**256,537**	**256,493**

5. PERSONNEL EXPENSES, €1,000	2014	2013
Salaries and bonuses	20,460	18,995
Pension expenses	3,462	2,902
Other personnel expenses	1,071	950
Total	**24,993**	**22,847**
Salaries and bonuses of the members of the Board of Directors and President and CEO	**481**	**474**
Helena Walldén, Chairman (since 3 May 2011)	42	42
Juha Majanen, Vice Chairman (since 22 March 2012)	28	26
Sirpa Ojala, Member of the Board (since 22 March 2012)	22	22
Esko Torsti, Member of the Board (since 22 March 2012)	23	23
Juhani Järvi, Member of the Board (since 6 June 2014)	13	
Esko Raunio, Member of the Board (since 3 May 2011)		7
Matti Rusanen, Member of the Board (since 27 May 2013, Deputy Member of the Board from 22 March 2012–27 May 2013)	11	15
Timo Ritonummi, Deputy Member of the Board (since 3 May 2001)	1	3
Marja Hanski, Deputy Member of the Board (since 3 May 2011)	2	3
Niko Ijäs, Deputy Member of the Board (since 22 March 2012)	1	3
Jari Eklund, Deputy Member of the Board (since 3 May 2011)		1
Ari Hakala, Deputy Member of the Board (since 27 May 2013)	1	2
Katja Salovaara, Deputy Member of the Board (since 27 May 2013)	1	2
Jukka Ruusunen, President and CEO	333	327
Number of salaried employees in the company during the financial year:		
Personnel, average	305	277
Personnel, 31 Dec	313	287

6. DEPRECIATION ACCORDING TO PLAN, €1,000	2014	2013
Goodwill	6,433	6,433
Other non-current expenses	6,762	6,156
Buildings and structures	6,657	5,713
Machinery and equipment	45,623	39,697
Transmission lines	35,941	33,302
Total*	**101,416**	**91,302**
*Depreciation on the electricity grid (notes 12 and 13)	92,004	81,877

7. OTHER OPERATING EXPENSES, €1,000

	2014	2013
Contracts, assignments etc. undertaken externally	45,737	40,190
Grid rents	226	231
Other rental expenses	2,372	5,943
Other costs	5,972	4,942
Total	**54,307**	**51,306**

8. AUDITORS' FEES, €1,000

	2014	2013
Auditing fee	50	51
Other fees	150	97
Total	**200**	**148**

9. FINANCE INCOME AND COSTS, €1,000

	2014	2013
Dividend income from Group companies	38	36
Dividend income from others	346	306
Interest and other finance income from others	8,774	7,861
	9,158	8,203
Interest and other finance costs to Group companies	-2	-1
Interest and other finance costs to others	-34,652	-34,217
	-34,654	-34,218
Total	**-25,496**	**-26,015**

10. INCOME TAXES, €1,000

	2014	2013
Income taxes for the financial year	**20,203**	**20,872**
Total	**20,203**	**20,872**

The company will pay its income taxes for 2014 in accordance with the underlying tax rate, with no tax planning.

Deferred tax assets and liabilities, €1,000

Deferred tax assets		
On temporary differences	337	347
	337	347
Deferred tax liabilities		
On temporary differences	269	283
On appropriations	89,779	89,779
	90,049	90,063
Total	89,712	89,716

11. GOODWILL, €1,000

	2014	2013
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	**128,664**	**128,664**
Accumulated depreciation according to plan 1 Jan	-105,075	-98,642
Depreciation according to plan 1 Jan–31 Dec	-6,433	-6,433
Carrying amount 31 Dec	**17,155**	**23,588**
Accumulated depreciation difference 1 Jan	-23,588	-30,022
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	**-17,155**	**-23,588**

12. OTHER NON-CURRENT EXPENSES, €1,000

	2014	2013

Cost at 1 Jan	176,287	172,021
Increases 1 Jan–31 Dec	4,208	4,810
Decreases 1 Jan–31 Dec	-280	-544
Cost at 31 Dec	**180,215**	**176,287**
Accumulated depreciation according to plan 1 Jan	-87,205	-81,049
Decreases, depreciation according to plan 1 Jan–31 Dec	243	
Depreciation according to plan 1 Jan–31 Dec	-6,762	-6,156
Carrying amount 31 Dec*	**86,490**	**89,081**
Accumulated depreciation difference 1 Jan	-56,073	-57,111
Increase in depreciation difference reserve 1 Jan–31 Dec	-8,277	-5,525
Decrease in depreciation difference reserve 1 Jan–31 Dec	6,996	6,563
Accumulated depreciation in excess of plan 31 Dec	**-57,354**	**-56,073**

***Net capital expenditure in electricity grid, €1,000**	**2014**	**2013**
Carrying amount 31 Dec	80,742	82,295
Carrying amount 1 Jan	-82,295	-83,901
Depreciation according to plan 1 Jan–31 Dec	5,494	4,839
Decreases 1 Jan–31 Dec	37	544
Total	**3,979**	**3,776**

13. TANGIBLE ASSETS, €1,000

	2014	**2013**
Land and water areas		
Cost at 1 Jan	14,224	13,933
Increases 1 Jan–31 Dec	750	291
Cost at 31 Dec	**14,974**	**14,224**
Buildings and structures		
Cost at 1 Jan	179,553	158,161
Increases 1 Jan–31 Dec	21,097	21,392
Cost at 31 Dec	**200,650**	**179,553**
Accumulated depreciation according to plan 1 Jan	-37,534	-31,821
Depreciation according to plan 1 Jan–31 Dec	-6,657	-5,713
Carrying amount 31 Dec	**156,459**	**142,019**
Accumulated depreciation difference 1 Jan	-12,330	-11,417
Increase in depreciation difference reserve 1 Jan–31 Dec	-7,917	-6,626
Decrease in depreciation difference reserve 1 Jan–31 Dec	6,657	5,713
Accumulated depreciation in excess of plan 31 Dec	**-13,590**	**-12,330**
Machinery and equipment		
Cost at 1 Jan	951,646	856,645
Increases 1 Jan–31 Dec	40,012	95,236
Decreases 1 Jan–31 Dec	-13	-235
Cost at 31 Dec	**991,645**	**951,646**
Accumulated depreciation according to plan 1 Jan	-371,343	-331,646
Decreases, depreciation according to plan 1 Jan–31 Dec	8	
Depreciation according to plan 1 Jan–31 Dec	-45,623	-39,697
Carrying amount 31 Dec	**574,686**	**580,302**
Accumulated depreciation difference 1 Jan	-105,227	-107,676
Increase in depreciation difference reserve 1 Jan–31 Dec	-128,771	-37,424
Decrease in depreciation difference reserve 1 Jan–31 Dec	45,626	39,873
Accumulated depreciation in excess of plan 31 Dec	**-188,372**	**-105,227**
Transmission lines		
Cost at 1 Jan	1,151,345	1,013,374
Increases 1 Jan–31 Dec	46,437	139,890
Decreases 1 Jan–31 Dec	-693	-1,919
Cost at 31 Dec	**1,197,089**	**1,151,345**

Accumulated depreciation according to plan 1 Jan	-380,518	-347,216
Decreases, depreciation according to plan 1 Jan–31 Dec	394	
Depreciation according to plan 1 Jan–31 Dec	-35,941	-33,302
Carrying amount 31 Dec	**781,024**	**770,827**
Accumulated depreciation difference 1 Jan	-251,679	-242,671
Increase in depreciation difference reserve 1 Jan–31 Dec	-141,954	-42,310
Decrease in depreciation difference reserve 1 Jan–31 Dec	35,958	33,302
Accumulated depreciation in excess of plan 31 Dec	**-357,675**	**-251,679**
Other property, plant and equipment		
Cost at 1 Jan	118	118
Cost at 31 Dec	**118**	**118**
Prepayments and purchases in progress		
Cost at 1 Jan	81,674	120,174
Increases 1 Jan–31 Dec	-2,874	-38,500
Decreases 1 Jan–31 Dec	-114	
Cost at 31 Dec	**78,687**	**81,674**
Total*	**1,605,947**	**1,589,164**

***Net capital expenditure in electricity grid, €1,000**	**2014**	**2013**
Carrying amount 31 Dec	1,598,045	1,580,737
Carrying amount 1 Jan	-1,580,737	-1,442,711
Depreciation according to plan 1 Jan–31 Dec	86,509	77,039
Decreases 1 Jan–31 Dec	304	2,698
Total	**104,121**	**217,763**

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.

14. INVESTMENTS, €1,000	**2014**	**2013**
Interests in Group companies		
Cost at 1 Jan	505	505
Cost at 31 Dec	**505**	**505**
Interests in associated companies		
Cost at 1 Jan	8,642	6,641
Increases 1 Jan–31 Dec		2,001
Cost at 31 Dec	**8,642**	**8,642**
Other shares and interests		
Cost at 1 Jan	1,378	1,176
Increases 1 Jan–31 Dec	95	202
Decreases 1 Jan–31 Dec	-57	
Cost at 31 Dec	**1,417**	**1,378**
Total	**10,563**	**10,525**

15. INVENTORIES, €1,000	**2014**	**2013**
Materials and consumables at 31 Dec	12,604	11,363
Work in progress	239	34
Total	**12,843**	**11,397**

16. OTHER NON-CURRENT RECEIVABLES, €1,000	**2014**	**2013**
Loan receivables from associated companies	1,600	
Guarantee fund Nasdaq OMX, pledged account	794	813

Guarantee account Nasdaq OMX	197	3,500
Total	**2,591**	**4,313**

17. RECEIVABLES FROM ASSOCIATED COMPANIES, €1,000

	2014	2013
Current:		
Trade receivables	2,257	2,561
Interest receivables	2	
Total	**2,259**	**2,561**

18. PREPAYMENTS AND ACCRUED INCOME, €1,000

	2014	2013
Interest and other financial items	8,170	12,201
Accruals of sales and purchases	6,179	5,834
Other prepayments and accrued income	188	190
Total	**14,536**	**18,225**

19. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME, €1,000

	2014	2013
Par value differentials	**1,963**	**2,361**

20. CASH AND CASH EQUIVALENTS, €1,000

	2014	2013
Certificates of deposit		39,971
Commercial papers	87,268	134,384
Short-term money market funds	29,000	20,000
	116,268	194,355
Cash in hand and bank receivables	62,278	22,050
Pledged accounts	289	289
	62,566	22,339
Total	**178,834**	**216,694**

21. SHAREHOLDERS' EQUITY, €1,000

	2014	2013
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	104,202	52,500
Dividend distribution	-81,900	-13,148
Profit from previous financial years 31 Dec	**22,302**	**39,352**
Profit for the financial year	**81,044**	**64,850**
Shareholders' equity 31 Dec	**215,191**	**216,047**
Distributable shareholders' equity	**103,346**	**104,202**

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2014	2,078	1,247	3,325
31 Dec 2014	**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 shares confer 10 votes each at the Annual General Meeting and Series B shares 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. 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, such 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.
Eighty-two (82) per cent of the dividends to be distributed for each financial year is distributed for all Series A shares and eighteen (18) per cent for all Series B shares, however such that EUR twenty (20) million of the dividends to be distributed for each financial year is first distributed for all Series B shares. If the above-mentioned EUR twenty (20) million minimum amount for the financial period is not distributed (all or in part) for Series B shares in a financial period, Series B shares confer the right to receive the undistributed minimum amount in question (or the accumulated undistributed minimum amount accrued during such financial periods) in the next profit distribution, in any disbursements paid out, or in any other distribution of assets prior to any other dividends, disbursements or asset distribution until the undistributed minimum amount has been distributed in full for Series B shares.

There are no non-controlling interests.

22. ACCUMULATED APPROPRIATIONS, €1,000

	2014	2013
Accumulated depreciation from the difference between depreciation according to plan and depreciation carried out in taxation	**448,897**	**448,897**

23. BONDS, €1,000

Currency	Nominal value	Maturity date	Interest	2014	2013
EUR	24,000	02.07.2014	floating rate		24,000
EUR	18,000	11.11.2014	floating rate		18,000
EUR	8,000	11.11.2014	floating rate		8,000
EUR	10,000	20.11.2014	3.26%		10,000
EUR	20,000	11.04.2017	floating rate	20,000	20,000
EUR	25,000	11.04.2017	floating rate	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	30,000
EUR	300,000	03.04.2024	3.50%	298,718	298,603
EUR	25,000	27.03.2028	2.71%	25,000	25,000
EUR	10,000	12.09.2028	3.27%	10,000	10,000
EUR	80,000	24.04.2029	2.95%	80,000	
EUR	30,000	30.05.2029	2.89%	30,000	
				548,718	**498,603**
JPY	3,000,000	20.04.2015	1.45%	20,657	20,730
JPY	500,000	22.06.2017	1.28%	3,443	3,455
				24,100	**24,185**
NOK	170,000	19.11.2014	4.68%		20,328
NOK	200,000	17.10.2016	5.15%	22,119	23,915
NOK	200,000	11.04.2017	5.16%	22,119	23,915
NOK	200,000	10.11.2017	5.12%	22,119	23,915
NOK	200,000	12.11.2019	5.37%	22,119	23,915
NOK	100,000	16.09.2025	4.31%	11,060	11,957
				99,536	**127,945**
SEK	175,000	04.04.2014	4.30%		19,754
SEK	300,000	15.06.2015	3.20%	31,939	33,863
SEK	100,000	17.06.2015	3.10%	10,646	11,288
SEK	220,000	01.12.2015	interest rate structure	24,022	25,654
SEK	100,000	15.01.2016	3.3%	10,646	11,288

SEK	500,000	18.10.2016	floating rate	53,175	56,439
SEK	500,000	18.10.2016	3.50%	53,231	56,358
				183,659	**214,644**
Bonds, non-current, total				768,749	762,295
Bonds, current, total				87,263	103,081
Total				**856,012**	**865,376**

24. LOANS FALLING DUE IN FIVE YEARS OR MORE, 1,000 €	2014	2013
Bonds	484,778	399,475
Loans from financial institutions	107,879	129,541
Total	**592,656**	**529,016**

25. LIABILITIES TO GROUP COMPANIES, €1,000	2014	2013
Current:		
Other liabilities	388	534
Total	**388**	**534**

26. LIABILITIES TO ASSOCIATED COMPANIES, €1,000	2014	2013
Current:		
Trade payables	504	343
Total	**504**	**343**

27. OTHER LIABILITIES, €1,000	2014	2013
Current:		
Other loans/Commercial papers (international and domestic)	156,158	215,479
Value added tax	5,304	8,895
Electricity tax	2,866	2,624
Other liabilities	595	568
Total	**164,924**	**227,567**

28. ACCRUALS, €1,000	2014	2013
Current:		
Interest and other financial items	15,911	15,313
Salaries and additional personnel expenses	3,590	4,069
Accruals of sales and purchases	10,188	9,663
Other accruals	3,084	2,540
Total	**32,773**	**31,585**

29. PROVISIONS FOR LIABILITIES AND CHARGES, €1,000	2014	2013
Creosote-impregnated and CCA-impregnated wooden towers, disposal costs	1,685	1,735
Total	**1,685**	**1,735**

30. COMMITMENTS AND CONTINGENT LIABILITIES, €1,000

	2014	2013
Rental liabilities		
Liabilities for the next year	2,456	2,220
Commitment fee for subsequent years	24,593	25,292
	27,048	27,512
Right-of-use agreements		
Liabilities for the next year	9,905	7,786
Commitment fee for subsequent years	89,983	97,928
	97,888	105,714
Pledges		
Pledge covering property lease agreements	9	9
Pledge covering customs credit account	280	280
Pledge covering electricity exchange purchases	991	4,313
	1,279	4,601
Other financial commitments		
Counter-guarantee in favour of an associated company	1,700	1,700
Rent security deposit, guarantee	38	38
Commitment fee for the next year	355	565
Commitment fee for subsequent years	815	1,170
	2,907	3,473

31. OPERATING CASH FLOW ADJUSTMENTS, €1,000 €1,000

	2014	2013
Business transactions not involving a payment transaction		
Depreciation	101,416	91,302
Capital gains/losses (-/+) on tangible and intangible assets	-991	-1,282
Total	**100,425**	**90,020**

32. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

The Energy Authority issued a decision on 14 March 2014 in which it confirmed that Fingrid fulfils the requirements referred to in section 32 of the Electricity Market Act concerning the impartiality of the grid owner, provided that Imatran Seudun Sähkö Oy renounces its control and rights in Fingrid Oyj.

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 rejected 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.

33. SEPARATION OF BUSINESSES IN ACCORDANCE WITH THE ELECTRICITY MARKET ACT

Imbalance power and regulating power
Each electricity market party must ensure its electricity balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to stabilise the hourly power balance of an electricity market party (balance provider). Imbalance power trade and pricing 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 on 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 12 of the Electricity Market Act.

The income statement 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 principle
Finance income and costs	on the basis of imputed debt
Income taxes	based on result

The average number of personnel during 2014 was 18 (17). The operating profit was 1 (0) per cent of turnover.

MANAGEMENT OF BALANCE OPERATION, SEPARATED INCOME STATEMENT	**1 Jan–31 Dec 2014 €1,000**	**1 Jan–31 Dec 2013 €1,000**
TURNOVER*	169,933	169,143
Other operating income	203	0
Materials and services*	-165,476	-165,041
Personnel costs	-1,761	-1,581
Depreciation and amortisation expense	-359	-442
Other operating expenses	-1,389	-2,151
OPERATING PROFIT	**1,151**	**-72**
Finance income and costs	2	
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	**1,153**	**-72**
Appropriations	-208	-272
Income taxes	0	
PROFIT/LOSS FOR THE FINANCIAL YEAR	**945**	**-344**

Turnover includes EUR 11.9 (12.2) million in sales of imbalance power to balance provider Fingrid Oyj, and Materials and services includes EUR 10.9 (7.7) million euros in purchases by Fingrid Oyj.

MANAGEMENT OF BALANCE OPERATION, SEPARATED BALANCE SHEET

ASSETS	**31 Dec 2014 €1,000**	**31 Dec 2013 €1,000**
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	442	476
Tangible assets		
Machinery and equipment	375	539
	375	539
Investments		
Interests in associated companies	2,001	2,001
	2,817	**3,016**

TOTAL NON-CURRENT ASSETS		
CURRENT ASSETS		
Non-current receivables		
Receivables from associated companies	1,600	
Current receivables		
Trade receivables	24,109	26,541
Receivables from Group companies	7,191	3,358
Receivables from associated companies	353	
Other receivables	2,050	1,061
	33,703	30,960
Cash in hand and bank receivables	1	1
TOTAL CURRENT ASSETS	**35,304**	**30,961**
TOTAL ASSETS	**38,121**	**33,977**

SHAREHOLDERS' EQUITY AND LIABILITIES	**31 Dec 2014 €1,000**	**31 Dec 2013 €1,000**
EQUITY		
Share capital	32	32
Share premium account	286	286
Profit from previous financial years	7,348	7,692
Profit for the financial year	945	-344
TOTAL SHAREHOLDERS' EQUITY	**8,610**	**7,665**
ACCUMULATED APPROPRIATIONS	**-524**	**-460**
LIABILITIES		
Current liabilities		
Trade payables	29,028	25,878
Liabilities to Group companies	1,007	894
	30,035	26,772
TOTAL LIABILITIES	**30,035**	**26,772**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**38,121**	**33,977**

Development of information exchange

It is Fingrid's task to develop the exchange of information required for electricity trade and imbalance settlement as set out in the Electricity Market Act. Fingrid's information exchange services are part of the electricity markets' information exchange environment. In order to develop the effective and accurate exchange of information, Fingrid works in close co-operation with e.g. electricity market parties, interest groups, service providers, supervisory authorities, legislators, organisations that develop national and international communications and other transmission system operators.

In accordance with a decision by the Energy Market Authority, Fingrid Oyj must separate the duties pertaining to the development of information exchange from its other businesses by virtue of Chapter 12 of the Electricity Market Act.

DEVELOPMENT OF INFORMATION EXCHANGE, SEPARATED INCOME STATEMENT	**1 Jan–31 Dec 2014 €1,000**
TURNOVER	**5**
Personnel costs	-245
Other operating expenses	-682

OPERATING PROFIT	**-922**
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	**-922**
Income taxes	184
PROFIT/LOSS FOR THE FINANCIAL YEAR	**-738**

DEVELOPMENT OF INFORMATION EXCHANGE, SEPARATED BALANCE SHEET

	31 Dec 2014 €1,000
CURRENT ASSETS	
Trade receivables	5
Other receivables	211
	216
TOTAL CURRENT ASSETS	**216**
TOTAL ASSETS	**216**
SHAREHOLDERS' EQUITY AND LIABILITIES	
EQUITY	
Share capital	3
Profit for the financial year	-738
TOTAL SHAREHOLDERS' EQUITY	**-735**
LIABILITIES	**-735**
Current liabilities	
Trade payables	137
Liabilities to Group companies	814
	951
TOTAL LIABILITIES	**951**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**216**

Transmission system operation
Transmission system operation is deemed to cover the entire business of Fingrid Oyj, including system responsibility, which in turn includes balance operation. Therefore, Fingrid Oyj's financial statements represent the financial statements of transmission system operation.

34. KEY FIGURES OF TRANSMISSION SYSTEM OPERATION

	2014	**2013**
Return on investment (ROI) in transmission system operation, %	7.4	6.7

$$\text{Return on investment, \%} = \frac{\text{profit before extraordinary items + interest and other finance costs + interest portions of electricity grid leasing fees and rents}}{\text{balance sheet total - non-interest-bearing liabilities + leasing and rent liabilities related to electricity grid (average for the year)}} \times 100$$

35. EMISSION RIGHTS

Fingrid has not been granted free-of-charge emission rights for the emissions trade period 2013–2020. The use of emission rights had no impact on the financial result in 2014.

	2014 tCO_2	**2013 tCO_2**
Total CO_2 emissions	10,993	5,566

3. SIGNATURES FOR THE ANNUAL REVIEW AND FOR THE FINANCIAL STATEMENTS

Helsinki, 25 February 2015

Helena Walldén
Chairman

Juha Majanen
Deputy Chairman

Sirpa Ojala

Juhani Järvi

Esko Torsti

Jukka Ruusunen
President and CEO

Auditor’s notation

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

Helsinki, 25 February 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jouko Malinen, APA