16 February 2011

English translation

FINGRID OYJ

ANNUAL REVIEW AND FINANCIAL STATEMENTS

1 January 2010 - 31 December 2010

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1. REPORT OF THE BOARD OF DIRECTORS

Financial result

Revenue of the Fingrid Group in 2010 was 456 million euros (359 million euros in 2009). Other operating income was 7 (2) million euros.

Grid revenue rose by 24 million euros on the previous year as a result of the tariff increase of 4.5 per cent and higher electricity consumption. The sales of imbalance power were 160 (92) million euros and purchases of imbalance power 145 (85) million euros. Cross-border transmission income remained at the same level as in the previous year. Due to the high Nordic congestion income in the early part of the year, Fingrid's portion of the congestion income grew by 4 million euros on the previous year. The costs of 9 million euros of the Estlink 1 cross-border transmission connection rented for use by the price area of Estonia were covered by the congestion income received from the link. Fingrid's share of the European inter-TSO compensations decreased by 2 million euros.

The loss energy costs rose by 13 million euros due to an increase in the volume of loss energy procured and a rise in the average area price for Finland. The depreciation and reserve costs also grew from the previous year. The maintenance management costs and personnel costs remained at the same level as in 2009. There were no essential changes in the net income from the feed-in tariff for peat and from the peak load power arrangement as compared to the previous year. The corresponding changes during the last quarter of the financial year are shown in the table below (in million euros).

Revenue and other operating income	**1-12/10**	**1-12/09**	**10-12/10**	**10-12/09**
Grid service revenue	211	188	64	57
Sales of imbalance power	160	92	49	26
Cross-border transmission	24	24	6	6
Estlink congestion income	9	0	6	0
Nordic congestion income	9	5	1	1
Peak load reserve	14	13	2	4
ITC income	19	28	5	6
Feed-in tariff for peat	1	3	0	3
Other revenue	9	5	4	0
Other operating income	7	2	4	1
Revenue and other income total	463	361	142	105

Costs	1-12/10	1-12/09	10-12/10	10-12/09
Purchase of imbalance power	145	85	49	25
Purchase of loss energy	65	52	19	15
Depreciation	67	65	17	16
Reserves	22	21	6	5
Personnel	20	20	6	6
Maintenance management	18	18	5	6
Peak load reserve	13	13	3	3
ITC charges	10	16	2	4
Estlink grid rents	9	0	6	0
Feed-in tariff for peat	1	3	0	3
Other costs	21	19	7	5
Costs total	391	312	120	89
Operating profit*	72	49	22	16

* excluding the change in the fair value of electricity derivatives

The operating profit of the Group was 74 (51) million euros. Of the change in the fair value of electricity derivatives, +2 (+2) million euros were recognised in the income statement.

In the last quarter, the operating profit was 23 (16) million euros.

The Group's profit for the year was 42 (25) million euros.

The return on investment was 5.1 (3.9) per cent and the return on equity 8.7 (5.7) per cent. The equity ratio was 28.6 (27.2) per cent at the end of the review period. Revenue of the parent company was 456 (356) million euros and profit for the financial year 6 (5) million euros.

Grid development and maintenance

Fingrid's annual expenditure in the transmission grid has increased considerably from the level of 40 million euros in the early part of the millennium to over 140 million euros. The sharp increase in capital investments is the result of the promotion of the functioning of the electricity market, connection of new generating capacity to the transmission grid, renewal of the ageing grid, and regional changes in electricity consumption and production patterns in Finland.

Four new substations and approx. 150 kilometres of new transmission lines were completed for Fingrid in 2010. Fingrid also brought to completion the 220 kilovolt upgrades in Lapland, used for improving system security in Northern Finland. There were also several projects within the life cycle management of the transmission grid. Among these were the overhaul of main transformers and gas-insulated substations, reinforcement of guy structures of towers, and the renovation of the 220 kilovolt line between Leväsuo and Ventusneva. Moreover, the Tahkoluoto reserve power plant was modernised and the fuel storage at the Vaskiluoto reserve power plant was renewed.

Fingrid’s Board of Directors made a capital investment decision concerning the construction of the second direct current transmission link (650 megawatts) between Estonia and Finland in co-operation with the Estonian transmission system operator Elering. The European Union granted the project a subsidy of 100 million euros. The total construction costs of the connection are expected to be approx. 320 million euros, about half of which will be covered by Fingrid.

A total of 255 million euros worth of new procurement decisions were made in 2010. Among others, these covered procurement related to the Forssa reserve power plant, the direct current link between Finland and Estonia, and the transmission connection between Yllikkälä and Huutokoski.

ENTSO-E’s Ten Year Network Development Plan was drawn up in 2010 between the European transmission system operators. The plan encompasses significant capital investment proposals worth approx. 25 thousand million euros so as to enhance the European transmission system.

Fingrid’s gross capital expenditure in 2010 was 144 million euros (136 million euros in 2009). Of this amount, a total of 109 (126) million euros were used for the transmission grid and 31 (5) million euros for reserve power. IT-related capital expenditure was approximately 4 (4) million euros.

Research and development were allocated a total of 1.5 (1.3) million euros. Some 60 research and development projects were in progress in 2010. The foremost R&D input was placed on the development work for transmission line towers and on promoting the system security of the grid, and market integration.

Power system

Electricity consumption in Finland returned to the growth track in 2010, approaching the pre-recession level. Electricity consumption was raised by the rapid increase in industrial electricity use and by the cold winter weather. Electricity consumption in Finland in 2010 totalled 87.5 terawatt hours (81.3 terawatt hours in 2009), which was almost 8 per cent more than in the previous year. A total of 68.1 (62.8) terawatt hours of electricity was transmitted in Fingrid’s grid, representing 78 per cent of the electricity consumption in Finland.

Electricity transmissions between Finland and Sweden consisted mainly of exports to Sweden with the exception of the late summer. Construction or maintenance work on the transmission grid did not cause significant restrictions in the transmission capacity made available to the electricity market. A total of 2.8 terawatt hours (2.7 terawatt hours in 2009) of electricity was imported from Sweden to Finland during 2010, and 5.7 (4.1) terawatt hours was exported from Finland to Sweden.

Electricity was exported from Finland to Estonia in the late summer and autumn, but at other times the transmissions were dominated by imports from Estonia to Finland. Fingrid took care of the operation of the Estlink connection together with Elering Oü, the transmission system operator in Estonia. The volume of electricity imports from Estonia to Finland on the Estlink connection was 2.0 (1.8) terawatt hours, and 0.2 terawatt hours of electricity was exported from Finland to Estonia.

The electricity import capacity from Russia was in full use as in previous years. However, the annual service of the connection restricted the import capacity in July. Electricity imports from Russia to Finland totalled 11.6 (11.7) terawatt hours in 2010.

The number of disturbances in the Finnish grid was at the average level as compared to the previous years. There were no significant disturbances in the transmission grid in 2010, although the average time with no electricity, caused by disturbances at the connection points, grew somewhat from the previous years.

Promotion of electricity market

The weather was cold in all the Nordic countries in the early part of 2010. This was reflected in the price spikes of wholesale electricity. Towards the end of the year, the prices were raised by cold weather and scant water reservoirs in Norway. As a result, the price level in the spot market was clearly higher than in 2009. The average system price was 53 euros per megawatt hour (35 €/MWh in 2009), and the average area price for Finland was 57 €/MWh (37 €/MWh).

Significant steps were taken in electricity market integration in 2010. The spot markets in the Nordic countries and Western Continental Europe were integrated on 9 November 2010. As a result of the integration, the transmission capacity between the price areas is now used more efficiently, and there is more competition especially in Western Continental Europe. Market integration in the Baltic Sea region also made swift progress. The Nordic electricity exchange expanded to Estonia at the beginning of April, and trading in the price area of Estonia started actively.

Fingrid accumulated 9 million euros of Nordic congestion income in the year under review. This was mainly created on the border between the bidding areas of Southern Norway and Denmark, but in accordance with the allocation principles applied until the end of November 2010, Fingrid also received a share of this income. In the future, congestion income will only be allocated between the countries creating the income.

In 2010, Fingrid used 0.2 million euros for counter trade (0.7 million euros in 2009). This mainly resulted from disturbances on the cross-border connections and partly from transmission restrictions within Finland.

Financing

The financial position of the Group continued to be satisfactory. During the year, Fingrid issued a total of 86 million euros worth of bonds in form of private placements, and withdrew a long-term loan of 20 million euros from the Nordic Investment Bank (NIB) and a long-term loan of 150 million euros from the European Investment Bank (EIB). The company has increased the hedging level of its interest costs by entering into primarily interest rate cap contracts extending over the next 3 to 5 years.

The net financial costs excluding the change in the fair value of derivatives decreased considerably to 12 (20) million euros. Interest income was 2 (4) million euros. The net financial costs in accordance with the IFRS were 18 (18) million euros, including the negative change of -6 (2) million euros in the fair value of derivatives.

The cash flow from the operations of the Group deducted by capital expenditure and dividends was -19 (-74) million euros.

The financial assets at 31 December 2010 totalled 222 (204) million euros. The interest-bearing borrowings, totalled 1,077 (995) million euros, of which 878 (679) million euros were long-term and 199 (316) million euros were short-term. The counterparty risk arising from the currency derivative contracts and interest rate derivative contracts was 56 (25) million euros.

The company has a fully undrawn revolving credit facility of 250 million euros.

International rating agencies updated Fingrid's credit ratings in 2010. On 9 August 2010, Fitch Ratings downgraded Fingrid Oyj's long-term issuer default rating (IDR) from AA- to A+, and the short-term IDR from F+ to F1 and a senior unsecured debt rating from AA to AA-. Fitch Ratings assessed Fingrid's outlook to be negative. Standard & Poor's Rating Services (S&P) affirmed Fingrid's credit ratings on 20 September 2010, the long-term rating A+ and the short-term rating is A-1. S&P assessed Fingrid's outlook to be stable. On 20 December 2010, Moody's Investors Service affirmed Fingrid's long-term rating A1 and short-term rating P-1. Moody's assessed Fingrid's outlook to be negative.

Personnel and rewarding systems

The Fingrid Group and Fingrid Oyj employed 263 persons, including temporary employees, at the end of 2010. The corresponding figure a year before was 260. The number of permanent personnel was 249 (245).

Of the personnel employed by the company, 22.4 per cent (22.7 per cent in 2009) were women and 77.6 (77.3) per cent were men at the end of the year. Among permanent personnel, those in age group 24 - 29 years of age numbered 21 (24) in 2010, 30 - 34 years 36 (33), 35 - 39 years 37 (40), 40 - 44 years 35 (31), 45 - 49 years 41 (42), 50 - 54 years 37 (35), 55 - 59 years 21 (23), and age group 60 - 65 years 21 (17).

During 2010, a total of 17,564 (15,317) hours were used for personnel training, with an average of 67 (59) hours per person. Employee absences on account of illness in 2010 accounted for 1.7 per cent of the total working hours. In addition to a compensation system which is based on the requirements of each position, Fingrid applies quality and incentive bonus schemes.

Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 17 March 2010. Timo Rajala, President and CEO, was elected as the Chairman of the Board until 30 June 2010, and Lauri Virkkunen, President and CEO, from 1 July 2010. Timo Karttinen, Executive Vice President, was elected as the First Deputy Chairman of the Board, and Arto Lepistö, Deputy Director General, as the Second Deputy Chairman of the Board. The other Board members elected were Risto Autio, Director, Alternatives, Ari Koponen, Vice President, Ritva Nirkkonen, Fund Raising Manager, and Anja Silvennoinen, Senior Vice President, Energy Business Area.

PricewaterhouseCoopers Oy was elected as the auditor of the company.

The Board of Directors has two committees: an audit committee and a remuneration committee. The members of the audit committee in 2010 were Ritva Nirkkonen (Chairperson), Risto Autio, Arto Lepistö and Anja Silvennoinen. The remuneration committee consisted of Timo Rajala until 30 June 2010 (Chairperson), Lauri Virkkunen from 1 July 2010 (Chairperson), Timo Karttinen and Arto Lepistö.

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

An account of the governance and control systems of the company, required by the Finnish Corporate Governance Code, has been provided separately. The account and other information required by the Code are also available on the company's website at www.fingrid.fi.

Internal control, risk management, internal audit

Fingrid's internal control is based on independent internal audit, internal operating principles and guidelines, financial reporting, supervision, documentation, and transparent processes and procedures. Internal control intends to make sure that Fingrid works efficiently and productively, that financial reporting is reliable, and that the laws, regulations and the company's own procedural guidelines are followed.

The Board of Directors approves the risk management policy and any changes in it annually. The Board approves the risk management measures as part of the corporate strategy, performance indicators, action plan and budget. The audit committee of the Board of Directors obtains an annual report of the foremost risks pertaining to the company's operations and of their management.

The internal auditor monitors issues such as adherence to the internal rules of the company, acts and official regulations, and reports his findings concerning the company's procedural guidelines, authorisation and rules to the audit committee. The audit committee of the Board of Directors examines the functioning of internal control and reports to the Board of Directors.

As part of internal control, internal audit audited in 2010 issues such as the company's continuity planning and outsourced payroll administration as well as processes related to the acquisition of land areas. Internal audit is also responsible for auditing business risk management, and it reports the results of its work to the audit committee.

Fingrid's risk management is divided into the management of operative risks and strategic risks. The heads of the units are responsible for the identification, reporting and risk management measures of operative risks in their respective areas of responsibility. Responsible managers in each function attend to the implementation and follow-up of risk management in their areas of responsibility.

The foremost strategic risks are identified as part of the company's strategy work under the executive management group. The corporate strategy presents the primary corporate-level risks and the related risk management. These risks are monitored, co-ordinated and managed by the executive management group, but each function and/or business process is responsible for implementing its own risk management. The executive management group identifies and assesses regularly the strategic risks pertaining to personnel and expertise, corporate finances, customers and stakeholders, and business processes. Moreover, the risks are assessed in view of society with regard to the functioning of the electricity market, system security, safety, and the environment. The financial administration of the Group is responsible for the control structures relating to the financial reporting process.

Foremost risks and factors of uncertainty

The foremost business risks of the company include risks relating to the functioning of the power system, such as a major disturbance or a power shortage, and incorrect or unanticipated capital expenditure projects, for example due to a change in regional electricity consumption or changes in generation. Risks related to official regulation, such as changes in the Finnish or the European regulation, can also weaken the financial position of the company or its opportunities to pursue the objectives related to the development of the electricity market. Other significant risks include counterparty risk as well as risks pertaining to the price of electricity and changes in the interest rate level. Other risks include personnel risks related to issues such as electrical safety.

Fingrid is prepared for a wide-spread disturbance concerning Finland or the Nordic power system by means of various reserves, procedural guidelines, contingency plans, and exercises. In its strategy, the company also focuses on the versatile utilisation of the operation control system, expedited disturbance management, and management of power shortage situations. A wide-spread disturbance in the power system may be caused by several simultaneous faults in the grid, inoperability of Fingrid's operation control system, insufficiency of production capacity, or an external event which prevents grid operation entirely or partially.

The objective is to avoid incorrect or unanticipated capital expenditure by updating the grid plans regularly, by means of constant interaction with the customers, and by conducting co-operation with the other transmission system operators.

Fingrid’s operations are subject to official regulation and supervised by the Energy Market Authority. The company aims to establish well-working and transparent co-operation and interaction with the various stakeholders, to contribute actively to the reports and task forces of authorities, and to focus on working within ENTSO-E, the European Network of Transmission System Operators for Electricity.

An unanticipated increase in costs or decrease in income is restricted by enhancing financial control in the Group and assessment concerning financial latitude. Derivatives are used for hedging against changes in the price of electricity or the interest rate level. The counterparty risk involved in the obligations of parties which have a contractual relationship with Fingrid is limited contractually by using various limits and by regularly monitoring the financial standing of the counterparties.

The expertise and occupational safety risks pertaining to personnel risks are limited by the company's strategic long-term personnel planning, allocated training programmes for both the company’s own personnel and service providers and by auditing the work sites systematically in order to attain the best practices and to enhance occupational safety.

As part of its corporate social responsibility, Fingrid has identified the risks that have a major impact on society. These include a major disturbance or an extensive disturbance with a long duration, diminished confidence in the electricity market, postponement of cross-border line construction projects, delayed reinforcement programme for the trunk grid, and unexpected and long-term restrictions in transmission capacity.

In its selected strategic focal areas, Fingrid has also taken the management of these risks into account and made preparations for the risks in its action plan using various means, such as those described above in conjunction with a major disturbance. The company aims to contribute to the integration of the European electricity market and intensification of market mechanisms by constructing new cross-border transmission connections and by publishing market information which has bearing on the transparency of the market. The company prepares and allocates resources for projects which reinforce the cross-border connections and the trunk grid, and takes environmental impacts into account in planning and construction with a long time span. Long-term restrictions in transmission capacity inflict financial disadvantage on the customers and society. This disadvantage is minimised by securing the critical items in the transmission grid and on the cross-border connections and by means of efficient outage planning, for example by optimising the timing of outages so that the financial impact on the customers is kept to a minimum.

Share capital

The minimum share capital of the company is 55,900,000 euros and the maximum share capital is 223,600,000 euros, within which limits the share capital may be increased or lowered without amending the Articles of Association. At present, the share capital is 55,900,000 euros. The shares of the company are divided into series A shares and series B shares.

The number of series A shares is 2,078 and the number of series B shares is 1,247. The votes and dividends related to the shares are described in more detail in the notes to the financial statements and in the Articles of Association available on the website of the company.

Environmental matters

The environmental principles of the company have been described in Fingrid Oyj's way of working in environmental matters, published on the company's website. The primary environmental impacts of Fingrid's operations are caused by transmission lines which constitute the backbone of the electricity transmission system together with areas required by these plus substations serving as nodes in the transmission grid.

Fingrid has a total of 26,514 tonnes of creosote-impregnated or CCA-impregnated wooden towers and cable trench covers, categorised as hazardous waste. The related disposal costs of approx. 1.9 million euros have been entered in the financial statements under provisions for liabilities and charges, which in turn have been added correspondingly to property, plant and equipment. Equipment used in Fingrid's substations contains 25.9 tonnes of sulphur hexafluoride (SF_6 gas), which is categorised as a greenhouse gas. However, no provision has been made for the disposal cost of this gas because it can be re-used after cleaning.

Fingrid serves as the issuing body for guarantees of origin of electricity in Finland. The guarantee is included in the system required by the RES-E directive of the European Union.

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

Changes are taking place in Fingrid's ownership arrangements, because the EU's directive concerning the internal electricity market requires that transmission system companies are unbundled from electricity generating and selling companies by March 2012. By virtue of a preliminary agreement, Fortum Power and Heat Oy is selling its shareholding of 25 per cent in Fingrid to the State of Finland and Mutual Pension Insurance Company Ilmarinen. Pohjolan Voima Oy is also negotiating the divestment of its holding of 25 per cent in Fingrid to the State of Finland and Ilmarinen. After the share transaction, the holding of the State of Finland in Fingrid would be 53.1 per cent and that of Ilmarinen 19.9 per cent. The other shareholders, which are mainly Finnish pension insurance and insurance companies, would have a holding of 27 per cent.

Fingrid is making capital investments totalling 1,700 million euros in the transmission grid and reserve power in the next 10 years. The investments on an annual level are about 100-200 million euros. The extensive capital investments have a negative impact on cash flow and will require additional borrowing. This is why Fingrid will have to raise its grid transmission tariffs in the coming years.

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On 28 January 2011, international rating agency Standard & Poor's Rating Services (S&P) placed Fingrid Oyj's long-term corporate credit rating of A+ and short-term corporate credit rating of A-1 on CreditWatch with positive implications.

In other respects, there have been no material events or changes in Fingrid's business or financial situation after the closing of the financial year.

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CONSOLIDATED KEY INDICATORS		2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS	2010 IFRS
Extent of operations						
Turnover	million €	351.3	334.6	382.3	358.9	456.3
Capital expenditure, gross	million €	69.6	79.2	87.9	135.6	144.1
- of turnover	%	19.8	23.7	23.0	37.8	31.6
Research and development expense	million €	1.2	1.2	0.9	1.3	1.6
- of turnover	%	0.4	0.4	0.2	0.4	0.3
Personnel, average		238	241	241	251	260
Personnel, end of year		233	244	249	260	263
Salaries and bonuses, total	million €	13.8	14.6	15.8	16.0	17.2
Profitability						
Operating profit	million €	79.5	90.7	68.4	50.8	74.4
- of revenue	%	22.6	27.1	17.9	14.1	16.3
Profit before taxes	million €	51.5	56.5	37.5	33.2	56.3
- of revenue	%	14.7	16.9	9.8	9.3	12.3
Return on investment (ROI)	%	6.4	7.3	5.8	3.9	5.1
Return on equity (ROE)	%	10.4	10.3	6.6	5.7	8.7
Financing and financial position						
Equity ratio	%	25.5	27.5	26.7	27.2	28.6
Interest-bearing net borrowings	million €	766.3	754.6	726.7	797.5	855.2
Share-specific indicators						
Earnings per share	€	11,531	12,616	8,379	7,417	12,562
Dividends per share	€	2,082	2,156	2,018	2,022	2,018*
Equity per share	€	115,952	129,338	125,600	134,676	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 General Annual Meeting.

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CALCULATION OF KEY INDICATORS

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

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

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

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THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

Fingrid Oyj's distributable funds in the financial statements are 7,208,616.08 euros. After the closing of the financial year, there have not been essential changes in the financial position of the company, nor does the proposed dividend distribution threaten the solvency of the company according to the Board of Directors.

The company's Board of Directors will propose to the Annual General Meeting of Shareholders that

- 2,018.26 euros of dividend per share be paid in accordance with article 5 of the Articles of Association, totalling 6,710,698.27 euros

- 497,917.81 euros to be carried over as unrestricted equity.

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2. Financial statements

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	1 Jan - 31 Dec 2010 1,000 €	1 Jan - 31 Dec 2009 1,000 €
REVENUE	2	456,326	358,938
Other operating income	3	6,978	2,248
Raw materials and consumables used	4	-253,593	-188,468
Employee benefits expenses	5	-20,385	-19,803
Depreciation	6	-66,813	-64,612
Other operating expenses	7, 8, 9	-48,096	-37,522
OPERATING PROFIT		**74,416**	**50,780**
Finance income	10	2,040	4,084
Finance costs	10	-20,508	-21,911
Finance income and costs		-18,468	-17,827
Portion of profit of associated companies		384	284
PROFIT BEFORE TAXES		**56,332**	**33,238**
Income taxes	11	-14,564	-8,575
PROFIT FOR THE FINANCIAL YEAR		**41,768**	**24,663**
OTHER COMPREHENSIVE INCOME			
Cash flow hedges	12	31,159	11,760
Translation reserve	12	224	456
Available-for-sale financial assets	12	1	8
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**73,152**	**36,886**
Profit attributable to:			
Equity holders of parent company		41,768	24,663
Total comprehensive income attributable to:			
Equity holders of the company		73,152	36,886
Earnings per share, €	13	12,562	7,417
Undiluted earnings per share, €	13	12,562	7,417
Diluted earnings per share, €	13	12,562	7,417

Notes are an integral part of the financial statements.

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CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31 Dec 2010 1,000 €	31 Dec 2009 1,000 €
NON-CURRENT ASSETS			
Intangible assets:			
Goodwill	15	87,920	87,920
Other intangible assets	16	89,692	88,039
		177,613	175,960
Property, plant and equipment:	17		
Land and water areas		13,509	11,410
Buildings and structures		82,991	76,877
Machinery and equipment		403,357	412,155
Transmission lines		607,389	607,996
Other property, plant and equipment		3,097	3,253
Advance payments and purchases in progress		142,930	69,447
		1,253,273	1,181,139
Investments:	18		
Equity investments in associated companies		7,718	7,110
Available-for-sale investments		366	329
		8,084	7,439
Receivables:			
Derivative instruments	30	79,400	11,740
Deferred tax assets	26	10,893	6,711
		90,293	18,451
TOTAL NON-CURRENT ASSETS		**1,529,263**	**1,382,988**
CURRENT ASSETS			
Inventories	19	6,101	5,415
Derivative instruments	30	295	2,115
Trade receivables and other receivables	20	57,563	54,184
Financial assets recognised in income statement at fair value	21	217,903	199,766
Cash and cash equivalents	22	3,780	4,105
TOTAL CURRENT ASSETS		**285,642**	**265,585**
TOTAL ASSETS		**1,814,905**	**1,648,573**

Notes are an integral part of the financial statements.

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CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2010 1,000 €	31 Dec 2009 1,000 €
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	25	55,922	55,922
Share premium account	25	55,922	55,922
Revaluation reserve	25	19,768	-11,392
Translation reserve	25	312	88
Retained earnings	25	382,299	347,255
TOTAL EQUITY		**514,224**	**447,796**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	26	149,262	121,774
Borrowings	28	877,530	679,124
Provisions	29	1,899	1,921
Derivative instruments	30	116	24,042
		1,028,807	**826,862**
CURRENT LIABILITIES			
Borrowings	28	199,327	315,974
Derivative instruments	30	481	
Trade payables and other liabilities	31	72,066	57,940
		271,874	**373,915**
TOTAL LIABILITIES		**1,300,681**	**1,200,776**
TOTAL EQUITY AND LIABILITIES		**1,814,905**	**1,648,573**

Notes are an integral part of the financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, 1,000 €

Attributable to equity holders of the parent company

	Notes	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total
Balance at 1 Jan 2009		**55,922**	**55,922**	**-23,159**	**-368**	**329,303**	**417,621**
Comprehensive income							
Profit or loss	25					24,663	24,663
Other comprehensive income							
Cash flow hedges	12			11,760			11,760
Translation reserve	12				456		456
Available-for-sale financial assets	12			8			8
Total other comprehensive income				11,768	456		12,224
Total comprehensive income				**-11,392**	**88**	**24,663**	**36,886**
Transactions with owners							
Dividends relating to 2008						-6,711	-6,711
Balancc at 31 Dec 2009		**55,922**	**55,922**	**-11,392**	**88**	**347,255**	**447,796**
Balance at 1 Jan 2010		**55,922**	**55,922**	**-11,392**	**88**	**347,255**	**447,796**
Comprehensive income							
Profit or loss	25					41,768	41,768
Other comprehensive income							
Cash flow hedges	12			31,159			31,159
Translation reserve	12				224		224
Available-for-sale financial assets	12			1			1
Total other comprehensive income				31,160	224		31,384
Total comprehensive income				**31,160**	**224**	**41,768**	**73,152**
Transactions with owners							
Dividends relating to 2009	25					-6,724	-6,724
Balance at 31 Dec 2010		**55,922**	**55,922**	**19,768**	**312**	**382,299**	**514,224**

Notes are an integral part of the financial statements.

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CONSOLIDATED CASH FLOW STATEMENT

	Notes	1 Jan - 31 Dec 2010 1,000 €	1 Jan - 31 Dec 2009 1,000 €
Cash flow from operating activities:			
Profit for the financial year	25	41,768	24,663
Adjustments:			
Business transactions not involving a payment transaction	36	63,677	62,841
Interest and other finance costs		20,508	21,911
Interest income		-2,035	-4,080
Dividend income		-4	-4
Taxes		14,564	8,575
Changes in working capital:			
Change in trade receivables and other receivables		-3,270	-5,376
Change in inventories		-686	-787
Change in trade payables and other liabilities		-496	707
Change in provisions	29	-23	-34
Financial assets at fair value		-133	-3,081
Interests paid		-19,450	-43,703
Interests received		2,167	7,157
Taxes paid	11	-1,760	-1,956
Net cash flow from operating activities		114,827	66,833
Cash flow from investing activities:			
Purchase of property, plant and equipment	17	-137,982	-127,585
Purchase of intangible assets	16	-4,814	-6,937
Purchase of other assets	18	3	1
Proceeds from sale of property, plant and equipment	17	904	116
Repayment of loans receivable			
Dividends received	10	4	4
Contributions received		15,000	
Net cash flow from investing activities		-126,885	-134,400
Cash flow from financing activities:			
Withdrawal of loans		475,688	365,396
Repayment of loans		-439,094	-293,391
Dividends paid	25	-6,724	-6,711
Net cash flow from financing activities		29,870	65,294
Net change in cash and cash equivalents		**17,812**	**-2,273**
Cash and cash equivalents 1 Jan		**203,871**	**206,144**
Cash and cash equivalents 31 Dec	21,22	**221,683**	**203,871**

Notes are an integral part of the financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Fingrid Oyj is a Finnish public limited company established in accordance with Finnish law. Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Fingrid's registered office is in Helsinki at address P.O. Box 530 (Arkadiankatu 23 B), 00101 Helsinki.

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

The amounts in the financial statements are in thousands of euros and based on the original acquisition costs unless otherwise stated in the accounting principles or notes.

Fingrid Oyj's Board of Directors has accepted the publication of these financial statements in its meeting on 14 February 2011. In accordance with the Finnish Companies Act, the shareholders have an opportunity to adopt or reject the financial statements in the shareholders' meeting held after their publication. The shareholders' meeting can also amend the financial statements.

Primary business areas
Fingrid Oyj is the national transmission system operator responsible for the main electricity transmission grid in Finland. The company's responsibilities are to develop the main grid, to maintain a continuous balance between electricity consumption and generation, to settle the electricity deliveries between the parties on a nation-wide level, and to promote the electricity market. The company is also in charge of the cross-border transmission connections to the other Nordic countries, Estonia and Russia.

The consolidated financial statements contain the parent company Fingrid Oyj and its fully-owned subsidiary Finextra Oy. The consolidated associated companies are Porvoon Alueverkko Oy (ownership 33.3%) and Nord Pool Spot AS (ownership 20.0%). The Group has no joint ventures.

All intercompany transactions, internal margins on inventories and property, plant and equipment, internal receivables and liabilities as well as internal profit distribution are eliminated in consolidation. Ownership of shares between the Group companies is accounted for under the purchase method of accounting. The associated companies are consolidated using the equity method of accounting. The portion corresponding to the Group's ownership in the associated companies is eliminated of unrealised profits between the Group and its associated companies. If necessary, the accounting principles applied by the associated companies have been adjusted to correspond to the principles applied by the Group.

Segment reporting
The entire business of the Fingrid Group is deemed to comprise transmission system operation in Finland with system responsibility, only constituting a single segment. There are no essential differences in the risks and profitability of individual products and services. This is why segment reporting in accordance with the IFRS 8 standard is not presented. The operating segment is reported in a manner consistent with the internal reporting delivered to the Chief Operating Decision Maker. The Chief Operating Decision Maker is the government.

Revenue and sales recognition
Sales recognition takes place on the basis of the supply of the service. Electricity transmission is recognised once the transmission has taken place. Balance power services are recognised on the basis of the supply of the service. Connection fees are recognised on the basis of the relevant time. Indirect taxes and discounts, among others, are deducted from the sales income when calculating revenue.

Public contributions
Public contributions received from the EU or other parties related to property, plant and equipment are deducted in the acquisition cost of the item of property, plant or equipment, whereby the contributions reduce the depreciation made on the property, plant or equipment. Other contributions received are presented in other operating income.

Pension schemes
The pension security of the Group's personnel is arranged by an outside pension insurance company. The Group has both contribution-based pension schemes in accordance with IAS 19 and benefit-based schemes. Pension premiums paid for contribution-based schemes are charged to the income statement in the year to which they relate. In contribution-based schemes, the Group has no legal or factual obligation to pay additional premiums if the party receiving the premiums is unable to pay the pension benefits. The present value of the commitment at the closing date is recorded as a liability in the balance sheet of benefit-based pension schemes. The fair value of the assets included in the scheme is deducted from this present value, and it is adjusted by unrecorded actuarial gains and losses and by expenses based on retroactive long-term work performance. The amount of the commitment resulting from benefit-based schemes is based on annual calculations by impartial actuaries, with the calculations employing the projected unit credit method. The present value of the commitment is determined by discounting the estimated future cash flows by an interest rate which corresponds to the interest rate of high-quality bonds issued by business enterprises. Actuarial gains and losses, which result from empirical adjustments and changes in actuarial assumptions and which exceed 10% of the fair value of the assets included in the scheme or 10% of the present value of the commitment resulting from a benefit-based scheme (depending on which of these two is higher), are recognised in the income statement at fair value.

Research and development
Research and development by the Group aim to intensify intra-company operations. No new services or products sold separately are created as a result of R&D. This is why R&D costs are recorded in the income statement as expenses in the accounting year in which they are created.

Leases
Lease obligations where the risks and rewards incident to ownership remain with the lessor are recorded as other leases. Lease obligations paid on the basis of other leases are recorded in other operating expenses, and they are recognised in the income statement as equally large items during the lease period. The other leases primarily concern office facilities, land areas and network leases. In accordance with the principles of standard IAS 17 Leases, those leases where the company is transferred substantially all the risks and rewards incident to ownership are categorised as finance leases.

Foreign currency transactions
The consolidated financial statements are presented in euros, which is the currency used by the parent company. Commercial flows and financial items denominated in foreign currencies are booked at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction value date. Receivables and liabilities denominated in foreign currencies are translated at the mid-rate quoted by ECB at the closing day and recognised in the financial statements. Foreign exchange gains and losses from business are included in corresponding items above operating profit. Foreign exchange gains and losses from financial instruments are recorded at net amounts in finance income and costs.

Foreign exchange gains and losses from translating the income statement items of the foreign associated company to the mid-rate and from translating its balance sheet items to the rate at the closing date are presented as a separate item in shareholders' equity.

Income taxes
Taxes presented in the consolidated income statement include the Group companies' accrual taxes for the profit of the financial year, tax adjustments from previous financial years and changes in deferred taxes. In accordance with IAS 12, the Group records deferred tax assets as non-current receivables and deferred tax liabilities as non-current liabilities.

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

The largest temporary differences result from the depreciation of property, plant and equipment and from financial instruments. No deferred tax is recorded of the undistributed profits of the foreign associated company, because receiving the dividend does not cause a tax impact by virtue of a Nordic tax agreement (and the difference will not likely be realised in the foreseeable future). The deferred tax asset from temporary differences is recorded up to an amount which can likely be utilised against taxable income created in the future.

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

Since Fingrid has no option systems or benefits bound to the shareholders' equity nor other equity financial instruments, there is no dilution effect.

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

Other intangible assets comprise computer systems and land use rights. Computer systems are valued at the original acquisition cost and depreciated on a straight line basis during their estimated economic lives. Land use rights with unlimited economic lives are not depreciated but tested annually for impairment.

The depreciation periods of intangible assets are as follows:

Computer systems	3 years

Subsequent expenses relating to intangible assets are only capitalised if their financial benefit for the company increases above the former performance level. In other cases, the expenses are recorded in the income statement when they materialise.

Emission rights
Emission rights acquired free of charge are valued in intangible assets at their nominal value, and purchased emission rights are recorded at the acquisition cost. A liability is recorded of emission rights to be returned. If the Group has a sufficient volume of emission rights to cover the return obligations, the liability is recognised at the carrying amount corresponding to the emission rights in question. If there are not sufficient emission rights to cover the return obligations, the liability is recognised at the market price of the emission rights in question. No depreciation is recorded of emission rights. They are derecognised in the balance sheet at the time of transfer when the actual emissions have been ascertained. The expense resulting from the liability is recorded in the income statement under the expense item Materials and services. Capital gains from emissions rights are recorded under Other operating income.

Property, plant and equipment
Land areas, buildings, transmission lines, machinery and equipment constitute most of the property, plant and equipment. These are recognised in the balance sheet at the original acquisition cost less accumulated depreciation and potential impairment. Interest expenses during the construction period are not capitalised. If an asset is made up of several parts with economic lives of different lengths, the parts are recorded as separate items.

The revised standard IAS 23 Borrowing Costs requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the acquisition cost of that asset. The Group has applied the revised standard to those qualifying assets the capitalisation of whose borrowing costs has commenced at 1 January 2009, when the value of the assets exceeds 50,000 euros and when the completion of the investment takes more than 12 months. Borrowing costs capitalised to the acquisition cost are calculated on the basis of the average borrowing cost of the Group.

When a separately recorded part of property, plant and equipment is renewed, the costs relating to the new part are capitalised. Other subsequent costs are capitalised only if it is likely that the future financial benefit relating to the asset benefits the Group and the acquisition cost of the asset can be determined reliably. Repair and maintenance costs are recognised in the income statement once they have materialised.

Straight-line depreciation is recorded of property, plant and equipment on the basis of their economic lives. Depreciation on property, plant and equipment taken into use during the financial year is calculated asset-specifically from the month of introduction. Land and water areas are not depreciated. The expected economic lives are verified at each closing date, and if they differ significantly from the earlier estimates, the depreciation periods are amended accordingly.

The depreciation periods of property, plant and equipment are as follows:

Buildings and structures	
Substation buildings and separate buildings	40 years
Substation structures	30 years
Buildings and structures at gas turbine power plants	20-40 years
Separate structures	15 years
Transmission lines	
Transmission lines 400 kV	40 years
Direct current lines	40 years
Transmission lines 110-220 kV	30 years
Creosote-impregnated towers and related disposal expenses	30 years
Aluminium towers of transmission lines (400 kV)	10 years
Optical ground wires	10-20 years
Machinery and equipment	
Substation machinery	10-30 years
Gas turbine power plants	20 years
Other machinery and equipment	3-5 years

Gains or losses from the sale or disposition of property, plant and equipment are recorded in the income statement under either other operating income or expenses. Property, plant and equipment are derecognised in the balance sheet when the planned depreciation period has expired, the asset has been sold, scrapped or otherwise disposed of to an outsider.

Impairment
The carrying amounts of asset items are assessed at the closing date to detect potential impairment. If impairment is detected, the recoverable amount of the asset is estimated. An asset is impaired if the balance sheet value of the asset or of a cash-generating unit exceeds the recoverable amount. Impairment losses are recorded in the income statement.

The asset items subject to depreciation are examined for impairment also when events or changes in circumstances suggest that the amount corresponding to the carrying amount of the asset items may not be recovered.

The impairment loss of a cash-generating unit is first allocated to reduce the goodwill of the cash-generating unit and thereafter to reduce in proportion the other asset items of the unit.

The recoverable amount of intangible assets and property, plant and equipment is defined so that it is the higher of the fair value reduced by the costs resulting from sale or the value in use. When defining the value in use, the estimated future cash flows are discounted at their present value based on discount rates which reflect the average capital cost of the said cash-generating unit before taxes. The specific risk of the assets in question is also considered in the discount rates.

An impairment loss relating to property, plant and equipment and intangible assets other than goodwill is reversed if a change has taken place in the estimates used for defining the recoverable amount of the asset. An impairment loss is reversed at the most up to an amount which would have been defined as the carrying amount of the asset (reduced by depreciation) if no impairment loss had been recorded of it in the previous years. An impairment loss recorded of goodwill is not reversed.

Available-for-sale investments
Available-for-sale investments are long-term assets unless executive management intends to sell them within 12 months from the closing date. Publicly quoted securities are classified as available-for-sale investments and recorded at fair value, which is the market value at the closing date. Changes in fair value are recorded in the shareholders' equity until the investment is sold

or otherwise disposed of, in which case the changes in fair value are recorded in the income statement. Permanent impairment of assets is recorded in the income statement. Unlisted securities are recorded at the acquisition cost as their fair values are not reliably available.

Inventories
Inventories are entered at the lower of the acquisition cost or net realisable value. The acquisition cost is determined using the FIFO principle. The net realisable value is the estimated market price in normal business reduced by the estimated future costs of completing and estimated costs required by sale. Inventories consist of material and fuel inventories.

Loans receivables and other receivables
Loans receivables and other receivables are recorded initially at fair value. The amount of bad receivables is estimated based on the risks of individual items. An impairment loss of receivables is recorded when there is valid evidence that the Group will not receive all of its receivables at the original terms (e.g. due to the debtor's serious financial problems, likelihood that the debtor will go bankrupt or subject to other financial rearrangements, and negligence of due dates of payments by more than 90 days). Impairment losses are recorded directly to reduce the carrying amount of receivables and under item Other operating expenses.

Derivative instruments
Trading derivatives are classified as a derivatives asset or liability. Derivatives are initially recognised at fair value on the date a derivative contract is entered into are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company uses derivative contracts only for hedging purposes according to a specific risk management policy.

Electricity derivatives
The company enters into electricity derivative contracts in order to hedge its electricity purchases in accordance with the loss energy forecast.
The company applies hedge accounting for electricity derivatives based on cash flow hedging of loss energy purchases. The company documents at the inception of the contract the relationship between the hedged item and the hedging instrument. Similarly are the risk management objectives and strategy documentated for undertaking various hedging transactions. The effective portion of changes in the fair values of instruments that are designated and qualify as cash flow hedges are recorded in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other gains and losses. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit and loss. Changes in fair value of instruments which are designated and qualify for hedge accounting are recorded in equity, hedging reserve. Changes in the fair values of other electricity derivatives continue to be recorded in the income statement. Hedge accounting is applied to publicly quoted annual and quarterly instruments bought by the company. When a hedging instrument expires, is sold or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity, and is recognised only when the forecast transaction is ultimately recognised in the income statement within other gains and losses.
Instruments quoted at NASDAQ OMX Commodities are valued at the market prices at the closing date.

Interest rate and currency derivatives
The company enters into derivative contracts in order to hedge the financial risks (interest rate and foreign exchange exposures) in accordance with the primary principles for financing approved by the Board of Directors. Fingrid does not apply hedge accounting to the derivatives.
Derivative assets and liabilities are recognised at the original acquisition cost. Derivatives are measured at fair value at the closing date, and their change in fair value is recorded in the income statement in finance income and costs. The fair values of derivatives at the closing date are based on different calculation methods. Foreign exchange forwards have been measured at the forward prices. Interest rate and cross-currency swaps have been measured at the present value on the basis of the yield curve of each currency. Interest rate options have been valued by using generally accepted option pricing models in the market.

Financial securities
Financial securities at fair value through profit or loss are financial assets held for trading. The category includes money market securities and investments in short-term money market funds. Financial securities are recorded in the balance sheet at fair value at the settlement day. Subsequently financial securities are measured in the financial statements at fair value, and their change in fair value is recognised in the income statement in finance income and costs.

Financial assets recognised in the income statement at fair value primarily comprise certificates of deposit, commercial papers and municipality bills with maturities of 3 - 6 months, and investments in short-term money market funds.
Financial securities are derecognised when they mature, are sold or otherwise disposed of.
Assets in this category are classified as current assets.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and bank deposits. Bank deposits are classified as held-to-maturity assets and they are recognised at the original acquisition cost. In the financial statements, bank deposits are measured at the amortised acquisition cost.
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 include bond and commercial paper issuance and loans raised by the company, recognised initially at fair value net of the transaction costs incurred. Transaction costs consist of bond prices above or below par value, credit fees, commissions

and administrative fees. Borrowings are subsequently carried at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are derecognised when they mature and are repaid.

Provisions
A provision is recorded when the Group has a legal or factual obligation based on an earlier event and it is likely that fulfilling the obligation will require a payment, and the amount of the obligation can be estimated reliably.
The provisions are valued at the present value of costs required to cover the obligation. The discounting factor used in calculating the present value is chosen so that it reflects the market view of the time value of money at the assessment date and of the risks pertaining to the obligation.

Fingrid uses creosote-impregnated and CCA-impregnated wooden towers and cable trench covers. Decree YMA 711/2001 by the Finnish Ministry of the Environment categorises decommissioned impregnated wood as hazardous waste. A provision was recorded in 2004 of the related disposal costs materialising in the future decades.

Dividend distribution
The Board of Directors' proposal concerning dividend distribution is not recorded in the financial statements. This is only recorded after a decision made by the Annual General Meeting of Shareholders.

Critical accounting estimates and judgements
When the consolidated financial statements are drawn up in accordance with the IFRS, the company management needs to make estimates and assumptions which have an impact on the amounts of assets, liabilities, income and expenses recorded and conditional items presented. These estimates and assumptions are based on historical experience and other justified assumptions which are believed to be reasonable in the conditions which constitute the foundation for the estimates of the items recorded in the financial statements. The actual amounts may differ from these estimates. In the financial statements, estimates have been used for example in the drawing up of impairment testing calculations, when specifying the economic lives of tangible and intangible asset items, and in conjunction with deferred taxes, provisions, and valuation of assets and liabilities related to benefit-based pensions.

Imbalance power purchase and sale estimate
The income and expenses of imbalance power are ascertained through nation-wide imbalance settlement procedure, which is based on the decree by the Ministry of Employment and Economy on 9 December 2008 disclosure obligation related to settlement of electricity delivery. The final balance settlement is completed is completed no later than two months from the delivery month, which is why the income and expenses of imbalance power in the financial statements are partly based on preliminary balance settlement. The preliminary settlement has been made separately for consumption balance, production balance and foreign balances. For the two first balances, the volume of unsettled imbalance power has been estimated using reference group calculations.
For foreign balances, the calculations have been verified with the foreign counterparties.

ITC compensation
Inter-compensations for the transit transmissions of electricity have been agreed upon through the ITC agreement between the European transmission system operators. The centralised calculations are carried out by ENTSO-E, the European Network of Transmission System Operators of Electricity. The ITC compensations are determined on basis of the compensation paid for the use of the grid and transmission losses in Europe. The ITC compensations are calculated considering the electricity transmissions between the various ITC agreement countries plus the price of electricity in Europe. Fingrid's portion of the ITC compensation is determined on the basis of the cross-border electricity transmissions and imputed grid losses.
The ITC compensation invoicing is monthly in arrears after all parties to the ITC agreement have accepted the invoice sums, approximately 3 to 5 months in arrears for the allocated month. This is why the uninvoiced ITC compensations for August to December 2010 have been estimated in the financial statements. The estimate has been made using actual energy border transmissions in Finland and unit compensations, which have been estimated analysing the actual figures in previous months and data on grid transmissions during these months.

Estimated impairment of goodwill
Goodwill is tested annually for potential impairment, in accordance with the accounting principles stated in note 15.

Application of new or revised IFRS standards and IFRIC interpretations
In preparing these interim financial statements, the group has followed the same accounting policies as in the annual financial statements for 2009 except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to existing standards and interpretations on 1 January 2010. These new or revised standards and interpretations do not have a material impact on the 2010 financial statements.

IFRS 3 (Revised) Business Combinations
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed.

IAS 27 (Revised) Consolidated and Separate Financial Statements
The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the

accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

IFRIC 12 Service Concession Arrangements
The interpretation applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure of public sector services.

IFRIC 15 Agreements for the Construction of Real Estate
The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.

IFRIC 16 Net Investment in a Foreign Operation
IFRIC 16 clarifies the accounting for the hedge of a net investment in a foreign operation in an entity's consolidated financial statements. It eliminates the possibility of an entity applying hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item.

IFRIC 17 Distribution of non-cash assets to owners
This interpretation provides guidance on accounting for arrangements
whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets be classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

IFRIC 18 Transfers of Assets from Customers
The interpretation clarifies the requirements of IFRS standards for agreements in which an entity receives from a customer an item of property, plant and equipment or cash to be invested in an item that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

IFRIC 9 and IAS 39 (Amendment) Reassessment of embedded derivatives on reclassification
The amendments to IFRIC 9 and IAS 39 clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements.

IAS 39 (Amendment) Financial instruments: Recognition and measurement – Eligible Hedged Items'
The amendment prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.

IFRS 2 (Amendment) Share-based Payment – Group Cash-settled Share-based Payment Transactions
The amendment to IFRS 2 clarifies that an entity that receives goods or services from its suppliers must apply IFRS 2 even though the entity has no obligation to make the required share-based cash payments.

IASB published changes to 12 standards or interpretations in April 2009 as part of the annual Improvements to IFRSs:

IFRS 2 (Amendment) Scope of IFRS 2 – Share-based Payment
The amendment is to confirm that in addition to business combinations as defined by IFRS 3 (revised) 'Business combinations', contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2, 'Share-based payment'.

IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations
The amendment clarifies that IFRS 5, 'Non-current assets held for sale and discontinued operations', specifies the disclosures required in respect to non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1

IFRS 8 (Amendment) Operating Segments
Minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker.

IAS 1 (Amendment) Presentation of Financial Statements
The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IAS 7 (Amendment) Statement of Cash Flows
The amendment is to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities.

IAS 17 (Amendment) Leases

The amendment deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17

IAS 18 (Amendment) Revenue
Additional guidance added to the appendix to IAS 18 Revenue regarding the determination as to whether an entity is acting as a principal or an agent.

IAS 36 (Amendment) Impairment of Assets
The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined in IFRS 8, ‘Operating segments' (that is, before the aggregation of segments with similar economic characteristics permitted by IFRS 8).

IAS 38 (Amendment) Intangible Assets
The amendment clarifies the requirements under IFRS 3 (2008) regarding accounting for intangible assets acquired in a business combination.

IAS 38 (Amendment) Intangible Assets
The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets

IAS 39 (Amendment) Financial Instruments: Recognition and Measurement
The amendment clarifies that pre-payment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk, should be considered closely related to the host debt contract

IAS 39 (Amendment) Financial Instruments: Recognition and Measurement
The amendment to the scope exemption in paragraph 2 (g) of IAS 39 is to clarify that: (a) it only applies to binding (forward) contracts between an acquirer and a vendor in a business combination to buy an acquiree at a future date, and the term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (b) the exemption should not be applied to option contracts (whether or not currently exercisable) that on exercise will result in control of an entity, nor by analogy to investments in associates and similar transactions.

IAS 39 (Amendment) Financial Instruments: Recognition and Measurement
The amendment clarifies when to recognise gains or losses on hedging instruments as a reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

IFRIC 9 (Amendment) Reassessment of Embedded Derivatives
The amendment to the scope paragraph of IFRIC 9 clarifies that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture.

IFRIC 16 (Amendment) Hedges of a net investment in a foreign operation
The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

The following new standards, interpretations and amendments to existing standards and interpretations issued during the year 2010 will be adopted by the group in 2011:

IAS 24 (Revised) Related Party Disclosures
The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are individually or collectively significant.
The Group will adopt the revised standard in its 2011 financial statements.The interpretation does not have an impact on the consolidated financial statements.

IAS 32 (Amendment) Financial Instruments: Presentation – Classification of Rights Issues
The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.
The Group will adopt the amendment in its 2011 financial statements. The interpretation does not have an impact on the consolidated financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
Extinguishing Financial Liabilities with Equity Instruments
The interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor. IFRIC 19 requires a gain or loss to be recognised

in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. The amount of the gain or loss recognised in profit or loss will be the difference between the carrying value of the financial liability and the fair value of the equity instruments issued.
The interpretation does not have an impact on the consolidated financial statements.

IASB published changes to 12 standards or interpretations in May 2010 as part of the annual Improvements to IFRSs:

IFRS 3 (amendments)

a) Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. The amendment clarifies that the amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 32, 'Financial instruments: Presentation', and IAS 39, 'Financial instruments: Recognition and measurement', that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations, whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

b) Measurement of non-controlling interests
The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.

c) Un-replaced and voluntarily replaced share-based payment awards
The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards.

IFRS 7 (amendment) Financial instruments: Financial statement disclosures
Financial instruments: Financial statement disclosures
The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.
The amendment does not have a material impact on the financial statements.

IAS 1 (amendment) Presentation of financial statements – statement of changes in equity
Clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
The amendment does not have a material impact on the financial statements.

IAS 27 (amendment) Consolidated and separate financial statements
Clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when IAS 27 is applied earlier.
The amendment does not have a material impact on the financial statements.

IAS 34 (amendment) Interim financial reporting
The change provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:
- The circumstances likely to affect fair values of financial instruments and their classification;
- Transfers of financial instruments between different levels of the fair value hierarchy;
- Changes in classification of financial assets; and
- Changes in contingent liabilities and assets.

The amendment does not have a material impact on the financial statements.

2. INFORMATION ON REVENUE AND SEGMENTS

REVENUE, 1,000 €	**2010**	**2009**
Transmission revenue	211,462	187,850
Sale of imbalance power	159,812	92,497
Cross-border transmission	23,865	24,353
ITC income	19,298	27,904
Peak load power	13,962	13,469
Estlink congestion income	9,465	
Nordic congestion income	9,045	4,855
Feed-in tariff for peat	895	3,408
Other operating revenue	8,520	4,602
Total	**456,326**	**358,938**

Through the grid services, a customer obtains the right to transmit electricity to and from the main grid through its connection point. Grid service is agreed by means of a grid service contract signed between a customer connected to the main grid and

Fingrid. Fingrid charges a consumption fee, use of grid fee, connection point fee and market border fee for the grid service. The contract terms are equal and public.

Transmission services on the cross-border connections to the other Nordic countries enable participation in the Nordic Elspot and Elbas exchange trade. Fingrid makes transmission services on the cross-border connections from Russia available to all electricity market parties. The transmission service is intended for fixed electricity imports. When making an agreement on transmission services from Russia, the customer reserves a transmission right (in MW) for a period of time to be agreed upon separately. The smallest unit that can be reserved is 50 MW. The contract terms are equal and public.

Each electricity market party must ensure that its electricity balance is in balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to balance the hourly power balance of an electricity market party (balance provider). Imbalance power trade and pricing of imbalance power are based on a balance service agreement with equal and public terms and conditions.

Fingrid is responsible for the continuous power balance in Finland by buying and selling regulating power in Finland. The balance providers can participate in the Nordic balancing power market by submitting bids of their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

The congestion income is revenues that the transmission system operator receives from market actors for use of transmission capacity for those transmission links, on which the operational reliability of the power system restricts the power transmission. Fingrid receives a contractual portion of the Nordic congestion income.

ITC-compensation are income and/or costs for Fingrid, which the transmission system operator receives for the use of its grid by other European transmission operators and/or pays to other transmission system operators when using their grid when servicing its own customers.

Peak load power includes condensing power capacity, when it is under threat of being closed down, to be kept in readiness for use (peak load power) and the feed-in tariff for peat includes compensation for peat condensing power.

Information on segments is not presented, because the entire business of the Fingrid Group is deemed to comprise transmission system operation in Finland with system responsibility, only constituting a single segment. There are no essential differences in the risks and profitability of individual products and services.

3. OTHER OPERATING INCOME, 1,000 €

	2010	2009
Rental income	1,632	1,751
Contributions received	138	105
Other income	5,207	392
Total	**6,978**	**2,248**

4. MATERIALS AND SERVICES, 1,000 €

	2010	2009
Purchases during financial year	243,000	169,427
Change in inventories, increase (-) or decrease (+)	-686	-787
Materials and consumables	242,314	168,640
External services	11,279	19,828
Total	**253,593**	**188,468**

5. EMPLOYEE BENEFITS EXPENSES, 1,000 €

	2010	2009
Salaries and bonuses	17,177	16,028
Pension expenses - contribution-based schemes	2,891	2,800
Pension expenses - benefit-based schemes (note 28)	-456	-340
Other additional personnel expenses	773	1,314
Total	**20,385**	**19,803**
Salaries and bonuses of top management (note 37)	**1,376**	**1,358**

The Group uses a compensation system, of which the general principles have been approved by the Board of Directors on 23 October 2007. The principles for the bonus programme for the Executive Management Group have additionally been determined in a meeting held on 12 December 2007 by the Remuneration Committee. The base salary and the profit-based compensation for the Executive Management Group, is based on the strategic indicators of the company. The members of the

Executive Management Group are paid a bonus decided by the Remuneration Committee of the Board of Directors, of which the maximum amount is 35 % for the President & CEO and 25 % for the other members of the Management Executive Group of the annual salary. The system changed from a one-year to a three-year review period as of 1 January 2010, when the compensation will be based on a three-year average of the strategic indicators from 2008 until 2010.

Number of salaried employees in the company during the financial year:	**2010**	**2009**
Personnel, average	260	251
Personnel, 31 Dec	263	260

6. DEPRECIATION, 1,000 €

	2010	**2009**
Intangible assets	2,792	3,665
Buildings and structures	3,669	2,997
Machinery and equipment	32,631	31,760
Transmission lines	27,299	25,824
Other property, plant and equipment	423	367
Total	**66,813**	**64,612**

7. OTHER OPERATING EXPENSES, 1,000 €

	2010	**2009**
Contracts, assignments etc. undertaken externally	32,618	30,696
Gains/losses from measuring electricity derivatives at fair value	-2,282	-1,683
Rental expenses	11,543	2,199
Foreign exchange gains and losses	-649	-289
Other expenses	6,866	6,599
Total	**48,096**	**37,522**

8. AUDITORS FEES, 1,000 €

	2010	**2009**
Auditing fee	42	34
Other fees	46	8
Total	**88**	**42**

9. RESEARCH AND DEVELOPMENT, 1,000 €

	2010	**2009**
Research and development expenses	1,556	1,302
Total	**1,556**	**1,302**

10. FINANCE INCOME AND COSTS, 1,000 €

	2010	**2009**
Interest income on held-for-trading financial assets	-2,005	-3,982
Interest income on cash and cash equivalents and bank deposits	-30	-98
Dividend income	-4	-4
	-2,039	-4,084
Interest expenses on borrowings	21,242	24,932
Net financial expenses on interest and foreign exchange derivatives	-7,645	-863
Gains from measuring derivative contracts at fair value	-4,008	-16,637
Losses from measuring derivative contracts at fair value	10,258	13,973
Net foreign exchange gains and losses	0	22
Other finance costs	760	548
	20,607	21,974
Capitalised finance costs, borrowing costs (note 17)	-100	-63
Total	**18,468**	**17,827**

11. INCOME TAXES, 1,000 €

	2010	2009
Direct taxes	2,207	1,779
Deferred taxes (note 26)	12,357	6,796
Total	**14,564**	**8,575**

	2010	2009
Reconciliation of income tax:		
Profit before taxes	**56,332**	**33,238**
Tax calculated in accordance with statutory tax rate in Finland 26 %	14,646	8,642
Non-deductible expenses and tax-free income	-82	-67
Tax expense in income statement	**14,564**	**8,575**

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

	2010			2009		
	Before taxes	Tax impact	After taxes	Before taxes	Tax impact	After taxes
Cashflow hedges	38,084	-6,924	31,159	15,891	-4,132	11,760
Translation reserve	224		224	456		456
Items related to long-term asset items available for sale	1	0	1	11	-3	8
Total	**38,308**	**-6,924**	**31,384**	**16,358**	**-4,135**	**12,224**

13. EARNINGS PER SHARE

	2010	2009
Profit for the financial year, 1,000 €	41,768	24,663
Weighted average number of shares, qty	3,325	3,325
Undiluted earnings per share, €	12,562	7,417
Diluted earnings per share, €	12,562	7,417

14. DIVIDEND PER SHARE

After the closing date, the Board of Directors has proposed that a dividend of 2,018.26 (2009: 2,022.29) euros per share be distributed, totalling 6.7 (2009: 6.7) million euros.

15. GOODWILL, 1,000 €

	2010	2009
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 comprises transmission system operation in Finland with system responsibility, which the full goodwill of the Group concerns.

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 ten year strategic financial estimates. The cash flows used in the imparement test are based on income and expenses deriving from the business operations and replacement capital expenditure according to the capital expenditure programme. The estimated cash flows cover the following ten year period. The expected cash flows during the subsequent years are estimated by extrapolating the expected cash flows using a growth estimate of zero per cent. The discount rate before taxes used in the calculations is 5.0%.

According to the view of the management, reasonable changes in the primary assumptions used in the calculations will not lead to a need for recording impairment losses.

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16. INTANGIBLE ASSETS, 1,000 €

	2010	2009
Land use rights		
Cost at 1 Jan	82,114	78,935
Increases 1 Jan - 31 Dec	2,545	3,179
Decreases 1 Jan - 31 Dec	-59	
Cost at 31 Dec	**84,600**	**82,114**
Carrying amount 31 Dec	**84,600**	**82,114**
Other intangible assets		
Cost at 1 Jan	21,623	18,370
Increases 1 Jan - 31 Dec	1,959	3,252
Cost at 31 Dec	**23,582**	**21,623**
Accumulated depreciation according to plan 1 Jan	-15,697	-12,032
Depreciation according to plan 1 Jan - 31 Dec	-2,792	-3,665
Carrying amount 31 Dec	**5,092**	**5,925**
Carrying amount 31 Dec	**89,692**	**88,039**

17. PROPERTY, PLANT AND EQUIPMENT, 1,000 €

	2010	2009
Land and water areas		
Cost at 1 Jan	11,410	10,832
Increases 1 Jan - 31 Dec	2,098	583
Decreases 1 Jan - 31 Dec	0	-4
Cost at 31 Dec	**13,509**	**11,410**
Carrying amount 31 Dec	**13,509**	**11,410**
Buildings and structures		
Cost at 1 Jan	97,842	73,883
Increases 1 Jan - 31 Dec	9,783	23,959
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**107,624**	**97,842**
Accumulated depreciation according to plan 1 Jan	-20,964	-17,967
Decreases, depreciation according to plan 1 Jan - 31 Dec		
Depreciation according to plan 1 Jan - 31 Dec	-3,669	-2,997
Carrying amount 31 Dec	**82,991**	**76,877**
Machinery and equipment		
Cost at 1 Jan	663,983	612,269
Increases 1 Jan - 31 Dec	23,836	51,714
Decreases 1 Jan - 31 Dec	-4	
Cost at 31 Dec	**687,816**	**663,983**
Accumulated depreciation according to plan 1 Jan	-251,828	-220,068
Decreases, depreciation according to plan 1 Jan - 31 Dec		
Depreciation according to plan 1 Jan - 31 Dec	-32,631	-31,760
Carrying amount 31 Dec	**403,357**	**412,155**
Transmission lines		
Cost at 1 Jan	869,911	806,702
Increases 1 Jan - 31 Dec	27,130	63,626
Decreases 1 Jan - 31 Dec	-668	-417
Cost at 31 Dec	**896,373**	**869,911**
Accumulated depreciation according to plan 1 Jan	-261,915	-236,219
Decreases, depreciation according to plan 1 Jan - 31 Dec	230	128
Depreciation according to plan 1 Jan - 31 Dec	-27,299	-25,824
Carrying amount 31 Dec	**607,389**	**607,996**
Other property, plant and equipment		
Cost at 1 Jan	13,830	12,838
Increases 1 Jan - 31 Dec	266	991
Cost at 31 Dec	**14,096**	**13,830**
Accumulated depreciation according to plan 1 Jan	-10,577	-10,210
Depreciation according to plan 1 Jan - 31 Dec	-423	-367

Carrying amount 31 Dec	**3,097**	**3,253**
Advance payments and purchases in progress		
Cost at 1 Jan	69,447	81,081
Increases 1 Jan - 31 Dec	127,274	84,961
Transfers to other property, plant, and equipment and to other intangible assets 1 Jan - 31 Dec	-53,890	-96,659
Borrowing costs capitalised in the financial year (note 10)	100	63
Cost at 31 Dec	**142,930**	**69,447**
Carrying amount 31 Dec	**142,930**	**69,447**
Carrying amount 31 Dec	**1,253,273**	**1,181,139**

Item Advance payments and purchases in progress contains the advance payments of noncurrent property, plant and equipment and intangible assets, and acquisition costs caused by capital investments in progress.

18. INVESTMENTS, 1,000 €

	2010	2009
Available-for-sale investments		
Cost at 1 Jan	329	324
Increases 1 Jan - 31 Dec	39	
Decreases 1 Jan - 31 Dec	-3	-7
Changes in fair value 1 Jan - 31 Dec	1	11
Carrying amount 31 Dec	**366**	**329**

The changes in fair value are recorded in equity (note 25).

Equity investments in associated companies		
Cost at 1 Jan	7,110	6,370
Portion of profit 1 Jan - 31 Dec	384	284
Translation differences 1 Jan - 31 Dec	224	456
Carrying amount 31 Dec	**7,718**	**7,110**
Carrying amount 31 Dec	**8,084**	**7,439**
Goodwill contained in the carrying amount of associated companies at 31 Dec	3,245	3,245

There are no such essential temporary differences with associated companies of which deferred tax assets or liabilities would have been recorded.

Financial summary of associated companies, 1,000 €

2009	Assets	Liabilities	Revenue	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	292,049	273,554	12,346	1,215	20.0
Porvoon Alueverkko Oy, Porvoo, Finland	5,931	5,832	5,066	96	33.3

2010	Assets	Liabilities	Revenue	Profit/loss	Ownership (%)
Nord Pool Spot AS, Lysaker, Norway	340,747	319,121	13,839	2,002	20.0
Porvoon Alueverkko Oy, Porvoo, Finland	5,797	5,209	4,949	12	33.3

Subsidiary shares 31 Dec 2010	Ownership (%)	Ownership (%)
Finextra Oy, Helsinki, Finland	100	100

19. INVENTORIES, 1,000 €

	2010	2009
Materials and consumables at 1 Jan	5,542	5,318
Work in progress	559	97
Total	**6,101**	**5,415**

The cost of inventories recognised as expense was 0.2 (2009: 0.5) million euros.

20. TRADE RECEIVABLES AND OTHER RECEIVABLES, 1,000 €	2010	2009
Trade receivables	45,300	39,419
Trade receivables from associated companies (note 37)	3,219	777
Prepayments and accrued income	9,001	13,956
Other receivables	43	32
Total	**57,563**	**54,184**

Essential items included in prepayments and accrued income	2010	2009
Accruals of sales	3,606	8,996
Accruals of purchases/prepayments	857	533
Interest receivable	4,334	3,917
Rents/prepayments	205	205
Total	**9,001**	**13,650**

Age distribution of trade receivables	2010	2009
Unmatured trade receivables	47,970	39,840
Trade receivables matured by 1-30 days	501	274
Trade receivables matured by 31-60 days	32	3
Trade receivables matured by more than 60 days	16	79
Total	**48,519**	**40,196**

On 31 December 2010 or on 31 December 2009, the company did not have matured trade receivables of which impairment losses would have been recorded. Based on earlier payments, the company expects to receive the matured receivables in less than 3 months.
Receivables where the due dates have been renegotiated are not included in matured trade receivables.

Trade receivables and other receivables broken down by currencies, 1,000 €	2010	2009
EUR	57,546	54,174
GBP		7
SEK	17	4
Total	**57,563**	**54,184**

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

21. FINANCIAL ASSETS RECOGNISED AT FAIR VALUE, 1,000 €	2010	2009
Certificates of deposit	99,659	74,881
Commercial papers	118,244	124,885
Total	**217,903**	**199,766**

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

22. CASH AND CASH EQUIVALENTS, 1,000 €	2010	2009
Cash and bank accounts	1,111	1,812
Pledged accounts	2,669	592
Money market deposits		1,700
Total	**3,780**	**4,105**

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

Balance sheet item 31 Dec 2010	Loans and other receivables	Assets/ liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/ liabilities measured at amortised cost	Total	Note
Non-current financial assets						
Available-for-sale investments			366		366	18
Interest rate and currency derivatives		52,798			52,798	30
Current financial assets						
Interest rate and currency derivatives		4,629			4,629	30
Other financial receivables						
Trade receivables and other receivables	57,563				57,563	20
Cash and cash equivalents recognised in income statement at fair value		217,903			217,903	21
Cash in hand and bank receivables	3,780				3,780	22
Financial assets total	**61,343**	**275,330**	**366**		**337,039**	
Non-current financial liabilities						
Borrowings				877,530	877,530	28
Interest rate and currency derivatives		116			116	30
Current financial liabilities						
Borrowings				199,327	199,327	28
Interest rate and currency derivatives		1,679			1,679	30
Trade payables and other liabilities	58,556			9,843	68,398	31
Financial liabilities total	**58,556**	**1,795**		**1,086,700**	**1,147,051**	

Balance sheet item 31 Dec 2009	Loans and other receivables	Assets/ liabilities recognised in income statement at fair value	Available-for-sale financial assets	Financial assets/ liabilities measured at amortised cost	Total	Note
Non-current financial assets						
Available-for-sale investments			329		329	18
Interest rate and currency derivatives		11,740			11,740	30
Current financial assets						
Interest rate and currency derivatives		6,032			6,032	30
Other financial receivables	1				1	
Trade receivables and other receivables	54,184				54,184	20
Cash and cash equivalents recognised in income statement at fair value		199,766			199,766	21
Cash in hand and bank receivables	4,105				4,105	22
Financial assets total	**58,290**	**217,538**	**329**		**276,156**	
Non-current financial liabilities						
Borrowings				679,124	679,124	28
Interest and currency derivatives		7,595			7,595	30

Current financial liabilities					
Borrowings			315,974	315,974	28
Trade payables and other liabilities	45,548		8,665	54,213	31
Financial liabilities total	**45,548**	**7,595**	**1,003,763**	**1,056,906**	

24. FAIR VALUE HIERARCHY, 1,000 €

	2010			**2009**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held at fair value						
Available-for-sale investments	49	265		48	265	
Interest rate and currency derivatives		56,645			11,567	
Electricity forward contracts, NASDAQ OMX Commodities	26,602					
Financial assets recognised at fair value		217,903			199,766	
Financial assets held at fair value total	**26,651**	**274,813**		**48**	**211,598**	
Financial liabilities held at fair value						
Interest rate and currency Derivative instruments		1,013			1,391	
Electricity forward contracts, NASDAQ OMX Commodities				17,605		
Electricity forward contracts, others					182	
Financial liabilities held at fair value total		**1,013**		**17,605**	**1,574**	

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

25. EQUITY

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

Share capital and share premium account, 1,000 €	Share capital	Share premium account	Total
1 Jan 2009	55,922	55,922	111,845
Change			
31 Dec 2009	55,922	55,922	111,845
Change			
31 Dec 2010	**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 2010	2,078	1,247	3,325
Change			
31 Dec 2010	**2,078**	**1,247**	**3,325**

The maximum number of shares is 13,000 as in 2009. The shares have no par value.

Series A shares confer three votes each at a shareholders’ meeting and series B shares one vote each. When electing members of the Board of Directors, series A share confers 10 votes each at a shareholders’ meeting and each series B share one vote each.

Series B shares have the right before series A shares to obtain the annual dividend specified below from the funds available for profit distribution. After this, a corresponding dividend is distributed to series A shares. If the annual dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available for profit distribution in the subsequent years; however so that series B shares have the right before series A shares to receive the annual dividend and the undistributed amount.

The shareholders' meeting decides on the annual dividend.
The determination of the dividend: the amount of the annual dividend is calculated on the basis of calendar years so that the subscription price of the share added by amounts paid in conjunction with potential increases of share capital and reduced by potential amounts paid in refunds of equity, is multiplied by the dividend percentage; however so that the minimum dividend is 6 %. The dividend percentage is defined on the basis of the yield of the 30-year German Government Bond.

The dividend proposal for the year 2010 is 6.0 %.

There are no minority interests.

Shareholders by different categories	Number of shares qty	Of all shares %	Of votes %
Public enterprises	834	25.08	33.44
Private enterprises	844	25.38	33.57
Public organisations	410	12.33	16.44
Financial and insurance institutions	1,237	37.20	16.55
Total	**3,325**	**100.00**	**100.00**

Shareholders	Number of shares qty	Of all shares %	Of votes %
Fortum Power and Heat Oy	834	25.08	33.44
Pohjolan Voima Oy	834	25.08	33.44
Republic of Finland	410	12.33	16.44
Varma Mutual Pension Insurance Company	405	12.18	5.41
Mutual Pension Insurance Company Ilmarinen	350	10.53	4.68
Tapiola Mutual Pension Insurance Company	150	4.51	2.01
Suomi Mutual Life Assurance Company	75	2.26	1.00
Pohjola Insurance Ltd	75	2.26	1.00
Mandatum Life Insurance Company Limited	54	1.62	0.72
Tapiola General Mutual Insurance Company	50	1.50	0.67
Tapiola Mutual Life Assurance Company	47	1.41	0.63
If P&C Insurance Company Ltd	25	0.75	0.33
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life Insurance Company	6	0.18	0.08
Total	**3,325**	**100.00**	**100.00**

Share premium account
The share premium account includes the difference between the counter value of the shares and the value obtained. According to the Finnish Companies Act the premium fund means tied equity. The share capital can be increased by transferring funds from the premium fund account. The premium fund account can be decreased in order to cover losses or it can under certain conditions be returned to the owners.

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

Hedge reserve, 1,000 €	**2010**	**2009**
1 Jan	-11,452	-23,211
Changes in fair value during financial year	38,084	15,891
Taxes	-6,924	-4,132
Hedge reserve 31 Dec	**19,708**	**-11,452**

Revaluation reserve, 1,000 €	**2010**	**2009**
1 Jan	60	52
Changes in fair value during financial year	1	11
Taxes on changes in fair value during financial year	0	-3
Revaluation reserve 31 Dec	**61**	**60**

Translation reserve, 1,000 €	**2010**	**2009**
Translation reserve 31 Dec	**312**	**88**

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

Dividends, 1,000 €	**2010**	**2009**
Dividends paid	**6,724**	**6,711**

The proposal for dividend distribution for the financial year 2010 is presented in note 14.

Retained earnings, 1,000 €	**2010**	**2009**
Profit from previous financial years	340,531	322,592
Profit for the financial year	41,768	24,663
Retained earnings 31 Dec	**382,299**	**347,255**

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

	2010	**2009**
Deferred tax assets		
Valuation of derivative contracts and other financial assets and liabilities at fair value	1,924	6,198
Other temporary differences	8,970	513
	10,893	6,711
Deferred tax liabilities		
Accumulated depreciation difference	113,453	103,074
Tangible and intangible assets	17,522	14,997
Valuation of derivative contracts and other financial assets and liabilities at fair value	16,515	2,683
Other temporary differences	1,772	1,019
	149,262	121,774
Total*	**138,368**	**115,063**

***Deferred net tax liability is broken down in the balance sheet as follows:**		
Deferred tax assets	10,893	6,711
Deferred tax liabilities	149,262	121,774
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	8,710	5,334
Deferred tax asset to be recovered within 12 months	2,183	1,378
	10,893	6,711
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	147,377	119,889
Deferred tax liability to be recovered within 12 months	1,885	1,885
	149,262	121,774
Total	**138,368**	**115,063**

Changes in deferred taxes in 2010:

	31 Dec 2009	Recorded in income statement at fair value	Recorded in other comprehensive income	31 Dec 2010
Deferred tax assets				
Provisions	500	-6		494
Current financial assets	1,376	516		1,892
Non-current financial assets	196			
Interest-bearing liabilities		10,242		8,464
Derivative instruments	4,625	-571	-4,024	30
Other items	15	-1		13
Total	**6,711**	**10,179**	**-4,024**	**10,893**
Deferred tax liabilities				
Accumulated depreciations difference	-103,074	-10,379		-113,453
Property, plant and equipment, tangible and intangible assets	-14,997	-2,525		-17,522
Available-for-sale investments	-39		0	-39
Other receivables	-1,020	-109		-1,128
Financial assets recognised in income statement at fair value	-148	35		-113
Non-current financial assets		-9,634		-9,438
Interest-bearing liabilities	-1,778			
Derivative instruments			-6,924	-6,924
Trade payables and other liabilities	-718	75		-644
Total	**-121,774**	**-22,536**	**-6,925**	**-149,262**
Deferred net liabilities	**-115,062**	**-12,357**	**-10,949**	**-138,368**

Changes in deferred taxes in 2009:

	31 Dec 2008	Recorded in income statement at fair value	Recorded in equity	31 Dec 2009
Deferred tax assets				
Provisions	508	-9		500
Current financial assets	1,408	-32		1,376
Non-current financial assets	548	-353		196
Derivative instruments	9,194	-437	-4,132	4,625
Other items	19	-4		15
Total	**11,678**	**-835**	**-4,132**	**6,711**
Deferred tax liabilities				
Accumulated depreciation difference	-100,355	-2,719		-103,074
Property, plant and equipment, tangible and intangible assets	-12,557	-2,440		-14,997
Available-for-sale investments	-36		-3	-39
Other receivables	-57	-963		-1,020
Financial assets recognised in income statement at fair value	-949	801		-148
Interest-bearing liabilities	-865	-913		-1,778
Trade payables and other liabilities	-990	272		-718
Total	**-115,810**	**-5,961**	**-3**	**-121,774**
Deferred net liabilities	**-104,132**	**-6,796**	**-4,135**	**-115,062**

27. PENSION COMMITMENTS

The most important pension scheme of the Group is a contribution-based scheme in accordance with TyEL (Finnish Employee Pensions Act), where the benefits are determined directly on the basis of the beneficiary's earnings.

The Group has a benefit-based supplementary pension scheme covering those born between 1945 and 1949 who have worked at Fingrid at least as of 1 September 1997. These persons can retire at certain discretionary conditions at the earliest at an age of 60 and at the earliest in 2006. The payment of the supplementary pension will finish when the person reaches old age pension and at the latest at the age of 63, after which the person's pension will be composed of the statutory pensions incurred by that time.

The accumulation of benefit-based supplementary pension scheme for those employees who are part of the supplementary pension scheme has been terminated at 31 December 2009.

*)The pension expense and pension liabilities are zero euro starting from 31 December 2009.

Benefit-based pension expense in income statement, 1,000 €	**2010**	**2009**
Expenses based on service during financial year		46
Expected return on scheme assets		-35
Interest expenses		36
Other		24
Actuarial gains (-) and losses (+)		-164
Total		**-94**

***) Benefit-based pension liability in balance sheet, 1,000 €**	**2010**	**2009**
Present value of funded obligations		
Fair value of scheme assets		
Deficit/surplus		
Unrecognised net actuarial gains (+) and losses (-)		
Net liability		

Changes in present value of benefit obligations, 1,000 €	**2010**	**2009**
Present value of benefit obligations 1 Jan		600
Service cost		46
Interest cost on benefit obligations		36
Other		-681
Actuarial gains (+) and losses (-)		
Present value of benefit obligations 31 Dec		

Fair value of plan assets, 1,000 €	**2010**	**2009**
Fair value of plan assets 1 Jan		593
Expected return on plan assets		35
Contributions by employer		77
Other		-705
Actuarial gains (+) and losses (-)		
Fair value of plan assets 31 Dec		

Principal actuarial assumptions used	
Discount rate (%)	5.00
Expected return on scheme assets (%)	5.00
Rate of increase in future compensation levels (%)	3.30
Future pension increases (%)	0.00
Inflation (%)	2.00

28. BORROWINGS, 1,000 €	**2010**		**2009**	
Non-current	Fair value	Balance sheet value	Fair value	Balance sheet value
Bonds	675,619	663,218	638,106	627,655
Loans from financial institutions	212,976	214,312	53,139	51,469
	888,595	877,530	691,245	679,124
Current	Fair value	Balance sheet value	Fair value	Balance sheet value
Current portion of long-term borrowings maturing within a year	105,888	104,768	95,594	94,304
Other loans / Commercial papers (international and domestic)	94,897	94,559	222,371	221,671
	200,785	199,327	317,965	315,974
Total	**1,089,380**	**1,076,858**	**1,009,209**	**995,098**

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The fair values of borrowings are based on the present values of cash flows. Loans raised in various currencies are measured at the present value on the basis of the yield curve of each currency. The discount rate includes the company-specific and loan-specific risk premium. Borrowings denominated in foreign currencies are translated into euros at the mid-rate quoted by ECB at the closing day.

Bonds included in borrowings, 1,000 €				**2010**	**2009**
International:		Maturity date	Interest		
EUR	10,000	31.03.2010	interest rate structure		10,000
EUR	10,000	16.03.2011	3.625 %	10,000	10,000
EUR	25,000	23.03.2011	variable interest	25,000	25,000
EUR	15,000	24.03.2011	variable interest	15,000	15,000
EUR	20,000	07.04.2011	variable interest	20,000	20,000
EUR	25,000	16.03.2012	variable interest	25,000	25,000
EUR	25,000	12.04.2012	variable interest	25,000	25,000
EUR	10,000	16.04.2013	variable interest	10,000	10,000
EUR	20,000	28.04.2013	variable interest	20,000	20,000
EUR	20,000	15.10.2013	4.30 %	20,000	20,000
EUR	24,000	02.07.2014	variable interest	24,000	24,000
EUR	18,000	11.11.2014	variable interest	18,000	18,000
EUR	8,000	11.11.2014	variable interest	8,000	8,000
EUR	10,000	20.11.2014	3.26 %	10,000	10,000
EUR	20,000	11.04.2017	variable interest	20,000	20,000
EUR	25,000	11.04.2017	variable interest	25,000	25,000
EUR	30,000	15.06.2017	3.07 %	30,000	
				305,000	**285,000**
FIM	160,000	19.08.2013	5.20 %	26,908	26,906
				26,908	**26,906**
JPY	1,000,000	12.07.2010	2.00 %		7,510
JPY	2,000,000	16.10.2010	1.022 %		15,020
JPY	3,000,000	05.07.2011	1.31 % *	27,612	22,529
JPY	3,000,000	25.07.2012	1.3575 % **	27,612	22,529
JPY	3,000,000	20.04.2015	1.45 %	27,612	22,529
JPY	500,000	22.06.2017	1.28 %	4,602	
				87,437	**90,117**
CHF	39,000	15.03.2010	2.24 %		26,287
CHF	39,000	22.05.2012	2.475 %	31,190	26,287
				31,190	**52,575**
CZK	750,000	05.05.2010	variable interest		28,331
					28,331
NOK	170,000	19.11.2014	4.68 %	21,795	20,482
NOK	200,000	17.10.2016	5.15 %	25,641	24,096
NOK	200,000	11.04.2017	5.16 %	25,641	24,096
NOK	200,000	10.11.2017	5.12 %	25,641	24,096
NOK	200,000	12.11.2019	5.37 %	25,641	24,096
				124,359	**116,867**
SEK	225,000	03.04.2012	variable interest	25,096	21,947
SEK	225,000	11.04.2012	variable interest	25,096	21,947
SEK	100,000	21.03.2013	variable interest	11,154	9,754
SEK	200,000	03.04.2013	3.70 %	22,308	19,508
SEK	175,000	04.04.2014	4.30 %	19,519	17,070
SEK	300,000	15.06.2015	3.195 %	33,462	
SEK	100,000	17.06.2015	3.10 %	11,154	
SEK	220,000	01.12.2015	interest rate structure	26,994	24,779
SEK	100,000	15.01.2016	3.297 %	11,154	
				185,936	**115,005**
Bonds, long-term total				663,218	627,655
Bonds, short-term total				97,612	87,147

Total	**760,830**	**714,802**

*call option not exercised 5 July 2004
**call option not exercised 25 July 2006

Maturity of non-current borrowings, 1,000 €

	2011	2012	2013	2014	2015	2015+	Total
Bonds	97,612	158,994	110,369	101,314	99,221	193,320	**760,830**
Loans from financial institutions	7,156	9,156	11,156	4,000	16,424	173,576	**221,469**
Total	**104,768**	**168,150**	**121,526**	**105,314**	**115,645**	**366,896**	**982,299**

Capital structure
The corporate finances are planned over a long time span, and the company is ensured sufficient latitude and independent power of decision in the management of finances. The company aims to secure sufficient cash flow for the long-term development of transmission capacity, secured operational reliability and development of the electricity market so that the tariff level remains moderate. The company pursues as low average capital costs as possible by utilising a lower cost through debt financing as compared to equity cost. However, the goal is to keep the cash flow and debt service ratios of the company at such a level that the company retains its high credit rating. The high credit rating enables the company to tap the international and domestic money and capital markets.

29. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €	**2010**	**2009**
Provisions 1 Jan	1,921	1,955
Provisions used	-23	-34
Provisions 31 Dec	**1,899**	**1,921**

30. DERIVATIVE INSTRUMENTS, 1,000 €	**2010**				**2009**	
Interest rate and currency derivatives	Fair value Positive 31 Dec 2010	Negative 31 Dec 2010	Net fair value 31 Dec 2010	Nominal value 31 Dec 2010	Net fair value 31 Dec 2009	Nominal value 31 Dec 2009
Cross-currency swaps	48,940	-479	48,462	426,467	-1,391	399,576
Forward contracts	245		245	1,747	218	14,079
Interest rate swaps	300	-1,313	-1,013	241,000	223	191,000
Interest rate options, bought	7,938		7,938	880,000	11,125	750,000
Total	**57,424**	**-1,792**	**55,632**	**1,549,214**	**10,176**	**1,354,654**
Electricity derivatives	Fair value Positive 31 Dec 2010	Negative 31 Dec 2010	Net fair value 31 Dec 2010	Volume TWh 31 Dec 2010	Net fair value 31 Dec 2009	Volume TWh 31 Dec 2009
Electricity forward contracts, designated as hedge accounting, NASDAQ OMX Commodities	26,625	-400	26,225	3.66	-17,528	3.61
Electricity forward contracts, NASDAQ OMX Commodities	377		377	0.03	-77	0.02
Electricity forward contracts, others					-182	0.02
Total	**27,002**	**-400**	**26,602**	**3.69**	**-17,787**	**3.65**

Interest rate options included in interest and currency derivatives are interest rate cap contracts with identical structures. The reference rate of the contract is the 6 month Euribor, and at the effective date a contract includes 6 or 8 caplets. The option premium has been paid in full to the counterparty at the contract date.

Electricity forward contracts, others, include bilateral financial and physical purchase commitments concerning electricity purchases, not cleared separately by a clearing organisation. The derivatives hedge future electricity losses.

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last business day of 2010.

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Maturity of derivative contracts:

Nominal value, 1,000 €	2011	2012	2013	2014	2015	2015+	Total
Interest rate swaps	10,000	55,000	80,000	36,000	30,000	30,000	**241,000**
Interest rate options	0	30,000	185,000	445,000	220,000	0	**880,000**
Cross-currency swaps	27,612	108,994	33,642	41,314	96,766	118,320	**426,647**
Forward contracts	1,743						**1,743**
Total	**39,354**	**193,994**	**298,642**	**522,314**	**346,766**	**148,320**	**1,549,390**

TWh	2011	2012	2013	2014	2015	2015+	Total
Electricity derivatives	1.12	0.99	0.79	0.53	0.26		**3.69**
Total	**1.12**	**0.99**	**0.79**	**0.53**	**0.26**		**3.69**

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

	2010	2009
Trade payables	30,805	28,047
Trade payables to associated companies	324	146
Interest liabilities	9,843	8,665
Value added tax	3,051	3,169
Electricity tax	616	559
Accruals	26,782	16,767
Other debt	644	589
Total	**72,066**	**57,940**

Essential items included in accruals	2010	2009
Personnel expenses	4,409	4,028
Accruals of sales and purchases	22,361	12,727
Other	12	12
Total	**26,782**	**16,767**

32. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €

	2010	2009
Pledges		
Pledge covering property lease agreements	46	46
Pledged account in favour of the Customs Office	150	150
Pledged account covering electricity exchange purchases	1,878	396
	2,074	**592**
Unrecorded investment commitments	**385,012**	**177,277**
Other financial commitments		
Counterguarantee in favour of an associated company	1,700	1,700
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	120	158
Commitment fee for subsequent years	89	255
	1,908	**2,113**
Donation of five-year professorship to Helsinki University of Technology for 2006 - 2010		120

33. OTHER LEASE AGREEMENTS, 1,000 €

	2010	2009
Minimum rental obligations of other irrevocable lease agreements:		
In one year	2,038	1,793
In more than one year and less than five years	9,664	3,840
In more than five years	16,003	1,869
Total	**27,706**	**7,501**

The foremost lease agreements of the Group relate to office premises. The durations of the lease agreements range from less than one year to ten years, and the contracts can usually be extended after the original date of expiration. The index, renewal and other terms of the different agreements vary.

The Group has rented for instance several land areas and some 110 kilovolt transmission lines and circuit breaker bays.

34. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

There are no ongoing legal proceedings or proceedings by authorities that would have a material impact on the business of the company. In relation to transmission line projects there are many times complaints made to different instances of justice. According to the management of the company there are no ongoing legal proceedings or other such legal proceedings relating to other areas, which final outcome would have a material impact on the financial position of the Group.

In December 2008 the Market Court reached a decision concerning Fingrid's appeal to the Energy Market Authority´s decision 13 December 2007 "Determination of the methodology for the assessment of the return of the grid owners' grid operations transmission services pricing for the review period starting on 1 January 2008 and ending on 31 December 2011". The Market Court partly changed the Energy Market Authority's decision according to Fingrid's appeal. The Energy Market Authority in turn appealed the decision to the Supreme Administrative Court. The Supreme Administrative Court partly approved the Energy Market Authority's appeal.

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 of Directors approves the primary principles for risk management and any amendments to them. The Board of Directors approves the primary action for risk management as part of the corporate strategy, indicators, operating plan, and budget. The control committee of the Board of Directors receives a situation report of the major risks relating to the operations of the company and of the management of such risks.

FINANCIAL RISK MANAGEMENT
Fingrid Oyj is exposed to market, liquidity and credit risks when managing the financial position of the company. The company's objective is to reduce risks such that the fluctuations of Fingrid's cash flow remain low.

Primary principles for financing
The Board of Directors of Fingrid Oyj approves the primary principles for financing, stating the guidelines for external funding, financial asset management, market, liquidity, refinancing and credit risks.

Risk management execution and reporting
The treasury is responsible for executing the external funding, the financial asset management and manages the market risks which the company is exposed to. The financial activities of the company are reported four times a year to the Board of Directors. The treasury is responsible for identifying, measuring and reporting the financial risks, which the company may be exposed to.

Risk management processes
The treasury is in charge of risk management monitoring, systems and models as well as methods, for risk calculation and assessment. The internal audit additionally ensures that there is compliance with the primary principles for financing activities and the internal guidelines.

Market risks
Fingrid Oyj uses derivative agreements in order to hedge market risks such as foreign exchange, interest rate risk and commodity risks. Derivatives are only used for hedging purposes, and therefore the company does not enter into any deals for market speculation. The hedging instruments are defined in the primary principles for financing or in the loss power procurement policy, and chosen in order to achieve efficient hedging of a risk exposure.

Foreign exchange risk
The functional currency of the company is the euro. The basic rule of the company is to hedge against foreign exchange risks, but can according to the primary principals for financing, leave an exposure unhedged, which may not exceed 10 % of the financial assets.

Transaction exposure
The company issues securities in the domestic and international money and capital markets. The loan portfolio of the company is distributed between different convertible currencies and the total debt portfolio and the related interest rate flows are hedged against currency risk.
The foreign exchange risk of each bond is done in conjunction with the underlying debt issuance. Business related currency risks are small and they are hedged. Therefore there is no sensitivity analysis presentation. During the financial year the company used foreign exchange forwards and cross currency swaps for hedging the transaction exposure. The tables below first illustrate currency distribution and the hedging rate of the interest bearing debt of the company and then the sensitivity

analysis of the euro against the foreign currencies, which also proves that the company does not have any open foreign exchange risk.

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

Currency distribution 31 Dec 2010	Carrying amount	Portion %	Hedging degree	Currency distribution 31 Dec 2009	Carrying amount	Portion %	Hedging degree
EUR	647,936	60		EUR	592,203	60	
CHF	31,190	3	100	CHF	52,575	5	100
CZK				CZK	28,331	3	100
JPY	87,437	8	100	JPY	90,117	9	100
NOK	124,359	12	100	NOK	116,867	12	100
SEK	185,936	17	100	SEK	115,005	12	100
Total	**1,076,858**	**100**	**100**	**Total**	**995,098**	**100**	**100**

The sensitivity analysis of foreign exchange rate is measured as a 10 % change between the euro and the currency in question. The company's result will not be subject to exchange rate differentials, since the debt denominated in foreign currencies are hedged against foreign exchange changes. In the figures presented in the tables below, a negative figure would increase foreign exchange loss and a positive figure would correspondingly increase foreign exchange gain.

Exchange rate changes, 1,000 €

31 Dec 2010		Bonds	Commercial papers	Total	Cross-currency swaps	Forward contracts	Total	Net exposure Total
CHF	+10 %	-3,608		-3,608	3,608		3,608	0
	- 10 %	2,952		2,952	-2,952		-2,952	0
JPY	+10 %	-9,442		-9,442	9,442		9,442	0
	- 10 %	8,135		8,135	-8,135		-8,135	0
NOK	+10 %	-14,280		-14,280	14,280		14,280	0
	- 10 %	11,684		11,684	-11,684		-11,684	0
SEK	+10 %	-20,583		-20,583	20,583		20,583	0
	- 10 %	16,841		16,841	-16,841		-16,841	0

Exchange rate changes, 1,000 €

31 Dec 2009		Bonds	Commercial papers	Total	Cross-currency swaps	Forward contracts	Total	Net exposure Total
CHF	+10 %	-6,033		-6,033	6,033		6,033	0
	- 10 %	4,936		4,936	-4,936		-4,936	0
CZK	+10 %	-3,164		-3,164	3,164		3,164	0
	- 10 %	2,588		2,588	-2,588		-2,588	0
JPY	+10 %	-10,209		-10,209	10,209		10,209	0
	- 10 %	8,354		8,354	-8,354		-8,354	0
NOK	+10 %	-13,158		-13,158	13,158		13,158	0
	- 10 %	10,765		10,765	-10,765		-10,765	0
SEK	+10 %	-12,738		-12,738	12,738		12,738	0
	- 10 %	10,422		10,422	-10,422		-10,422	0

Translation exposure

The company holds an equity investment in an associated company denominated in a foreign currency. This translation risk is unhedged. The sensitivity analysis (10 % changes) is presented in the following table. The table shows a 10 % change of the Norwegian krone and the impact of the change on the company's equity.

Translation exposure, 1,000 €	2010	2009
	Equity 31 Dec 2010	Equity 31 Dec 2009

NOK	+10 %	481	429
	- 10 %	-393	-351

Interest rate risk
The company is only exposed to interest rate risk in euros, because the interest bearing debt are both in terms of principal and interest payments hedged against exchange rate risk, and the financial assets are denominated in euros. The interest-bearing liabilities are mainly linked to floating rates.
Interest rate risk is managed in accordance with the main principles of financing so that 30 - 70 % of the interest costs are hedged over the next five years. When the interest rates are high, the hedging level is kept close to the lower limit of the range, and when the interest rates are low, the hedging level is kept close to the upper limit of the range. The specified low level of interest rates is 3 % or less, and high level of interest rates is 5 % or more**.** At the end of 2010, 70 % of the interest costs for the next five years were hedged, and correspondingly 50 % were hedged at the end of 2009.

The sensitivity of the interest rate risk is measured as a 1 percentage unit interest rate fluctuation and by using the CfaR method (Cashflow at Risk). The assumed fluctuation in interest rates is the effect of a 1 percentage unit fluctuation during the next 12 months from the closing date. The analysis of interest rate sensitivity is carried out on borrowings including exchange rate hedging, the derivatives portfolio hedging the interest rate exposure, and on cash and cash equivalents, which result in a net debt position exposed to interest rate fluctuations.

Interest rate sensitivity, 1,000 €	**2010**		**2009**	
	-1 %-unit	+1%-unit	-1%-unit	+1%-unit
Borrowings	6,692	-6,692	7,664	-7,664
Interest rate derivatives	-1,034	1,034	-442	442
Borrowings total	5,658	-5,658	7,222	-7,222
Cash and cash equivalents	-1,772	1,772	-1,740	1,740
Net borrowings total	**3,887**	**-3,887**	**5,482**	**-5,482**

The following table presents how the CfaR method is used for measuring the impact of borrowings, derivatives, and cash and cash equivalents, with a given confidence level and a time horizon of 12 months, on the cash flow of the company. The other finance costs of the company are not included in the calculation.

Cashflow at Risk, 1,000 €	**2010**				**2009**
	31 Dec 2010			31 Dec 2009	
Confidence level	Net finance costs		Confidence level	Net finance costs	
96 %	min.	16,511	96 %	min.	12,306
	max.	22,339		max.	20,073
98 %	min.	16,264	98 %	min.	11,908
	max.	22,642		max.	20,720

Commodity risk
The company is exposed to price and volume risk through transmission losses. Loss energy purchases are hedged in accordance with the loss energy purchasing principles accepted by the Board of Directors. The time span of price hedging is five years, divided into three parts: basic, budgetary and operative hedging. Moreover, the company has a loss energy purchasing policy for hedging and for physical electricity purchases and operative instructions, instructions for price hedging and control room instructions. For the price hedging of loss energy purchases the company mainly uses NASDAQ OMX Commodities quoted products. The company can also use OTC products, corresponding products at NASDAQ OMX Commodities, these products are settled at the power exchange.

If the market prices of electricity derivatives had been 20 % higher or lower on the closing date, the change in the fair value of electricity derivatives would have been 39.9 million euros higher or lower (30.7 million euros in 2009).

Liquidity risk and refinancing risk
Fingrid is exposed to liquidity and refinancing risk deriving from redemption of loans, payments and fluctuations in cash flow from operating activities.

The liquidity of the company must be arranged so that 100 % of the refinancing need for the next 12 months is covered by means of liquid assets and available long-term committed credit lines; however, so that the refinancing need may not account for more than 45 % of the total amount of the company's debt financing. As back-up for the liquidity the company has a revolving credit facility of 250 million euros. The revolving credit facility will mature on 16 November 2012. The revolving credit facility has not been drawn.

The company's funding is carried out through debt issuance programmes. The company operates in the international capital market by issuing bonds under the Medium Term Note Programme: The Programme size is 1.5 billion euros. Short-term funding is arranged through commercial paper programmes; a Euro Commercial Paper Programme of 600 million euros and a domestic commercial paper programme of 150 million euros. The refinancing risk is reduced by an even maturity profile so that the refinancing need over periods of 12 months in excess of one year must not exceed 30 % of the company's amount of debt financing. Contractual repayments and interest costs of borrowings are presented in the next table. The interest rate percentages of variable-interest loans are defined using the zero coupon curve. The repayments and interest amounts are undiscounted values. Finance costs relating to cross-currency swaps, interest rate swaps and forward contracts are often paid in net amounts depending on their nature. In the following table, they are presented in gross amounts.

Fingrid's existing loan agreements, debt or commercial paper programmes are uncollateralized. Neither does any of these agreements or programmes include any financial covenants.

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

31 Dec 2010		2011	2012	2013	2014	2015	2015+	Total
Bonds	- repayments	97,612	158,994	110,371	101,314	99,220	193,319	760,830
	- interest costs	19,783	19,224	17,421	14,616	11,095	17,101	99,240
Loans from financial institutions	- repayments	7,156	9,156	11,156	4,000	16,424	173,576	221,469
	- interest costs	5,543	5,757	6,145	6,256	6,486	31,746	61,933
Commercial papers	- repayments	94,559						94,559
	- interest costs	441						441
Cross-currency swaps	- payments	33,729	105,101	38,878	46,613	93,957	121,436	439,715
Interest rate swaps	- payments	4,142	4,353	4,222	2,277	1,829	2,037	18,860
Forward contracts	- payments	1,501						1,501
Guarantee commitment*	- payments	1,700						1,700
Total		**266,166**	**302,586**	**188,194**	**175,076**	**229,011**	**539,215**	**1,700,248**
Cross-currency swaps	- receivables	40,966	122,059	44,602	51,635	105,320	130,876	495,457
Interest rate swaps	- receivables	3,811	3,941	3,573	2,429	1,941	1,842	17,537
Forward contracts	- receivables	1,743						1,743
Total		**46,520**	**126,000**	**48,175**	**54,064**	**107,261**	**132,718**	**514,737**
Grand total		**219,646**	**176,586**	**140,019**	**121,012**	**121,750**	**406,497**	**1,185,511**

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

31 Dec 2009		2010	2011	2012	2013	2014	2014+	Total
Bonds	- repayments	87,147	92,529	142,711	106,169	97,552	188,694	714,802
	- interest costs	16,289	18,046	17,422	15,207	12,012	22,627	101,603
Loans from financial institutions	- repayments	7,156	7,156	9,156	11,156	4,000	20,000	58,626
	- interest costs	982	1,316	1,410	1,192	964	2,620	8,484
Commercial papers	- repayments	221,671						221,671
	- interest costs	829						829
Cross-currency swaps	- payments	79,965	36,259	107,470	39,178	46,019	158,754	467,646
Interest rate swaps	- payments	1,843	3,441	3,631	3,062	764		12,741
Forward contracts	- payments	7,496	1,501					8,997
Guarantee commitment*	- payments	1,700						
Total		**425,079**	**160,249**	**281,800**	**175,965**	**161,311**	**392,695**	**1,597,099**
Cross-currency swaps	- receivables	87,834	32,962	103,084	37,928	45,443	158,013	465,264

Interest rate swaps	- receivables	2,419	3,709	3,487	2 527	723		12,865
Forward contracts	- receivables	7,672	1,531					9,203
Total		**97,925**	**38,203**	**106,571**	**40,455**	**46,166**	**158,013**	**487,332**
Grand total		**327,154**	**122,046**	**175,230**	**135,510**	**115,145**	**234,682**	**1,109,767**

Credit risk
Credit risk arises from a counterparty not fulfilling its contractual commitments towards Fingrid. Such commitments arise in the company's operations and financial activities.

Credit risk in operations
The company measures and monitors its counterparty risks as part of business monitoring and reporting. The credit rating and payment behaviour of all counterparties and suppliers are regularly monitored. The company has no significant credit risk concentrations. The company did not incur credit losses or rearrange the terms of trade receivables during the financial year.

Credit risk in financing
The company is exposed to credit risk through derivative agreements and financial investments. The company only has derivatives outstanding and invests its funds within the permitted risk limits. There is an upper limit in euros for each counterparty. The company signs the International Swap Dealers Association’s (ISDA) Master Agreement with each counterparty before entering into a derivative transaction. The company has not received any collaterals decreasing the credit risks covering the financial assets or derivative contracts. The counterparty risks of financial instruments did not incur any losses during the financial year.

36. OPERATING CASH FLOW ADJUSTMENTS, 1,000 €

	2010	2009
Business transactions not involving a payment transaction		
Depreciation	66,813	64,612
Capital gains/losses (-/+) on property, plant and equipment and intangible assets	-404	183
Portion of profit of associated companies	-384	-284
Gains/losses from the valuation of assets and liabilities recognised in income statement at fair value	-2,349	-1,670
Total	**63,677**	**62,841**

37. RELATED PARTY TRANSACTIONS

Fingrid Group's related parties comprise associated companies Porvoon Alueverkko Oy and Nord Pool Spot AS, the biggest owners Fortum Power and Heat Oy and Pohjolan Voima Oy with their group companies, and top management with its related parties. The top management is composed of the Board of Directors, President, and management team.

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

Business with related parties is conducted at market prices.

Employee benefits of top management, 1,000 €	**2010**	**2009**
Salaries and other short-term employee benefits	1,376	1,358

Transactions with associated companies, 1,000 €	**2010**	**2009**
Sales	4,155	4,208
Purchases	71,154	38,464
Receivables	3,219	777
Liabilities	324	252

Transactions with related parties, 1,000 €	**2010**	**2009**
Sales	106,742	86,417
Purchases	72,631	63,741
Receivables	8,341	7,840
Liabilities	1,738	1,082

General procurement principles
The group follows three alternative procurement methods when purchasing goods or services. When the costs and value of the purchase are less than 5,000 euros, an oral call for bid is usually made in addition to a written order or a purchasing contract. When the procurement exceeds 5,000 euros but is below the values applied to public procurements, bids are requested and competitive bidding is arranged. When the limits for public procurements concerning Fingrid (approx. 0.4 million euros for goods

and services and approx. 5 million euros for construction projects) are exceeded, the company applies the public procurement procedure.

38. EMISSION RIGHTS

Fingrid was granted emission rights in total 126.3 thousand tonnes for the years 2008-2012, of which Olkiluoto power station was granted a share of 112.3 thousand tonnes. As a rule, the emission rights held by Fingrid at 31 December correspond at least to the annual CO_2 emissions.

	2010	**2009**
	tCO2	**tCO2**
Emission rights received free of charge	25,261	25,261
Emission volumes, Olkiluoto	674	1,000
Emission volumes, other power plants total	2,218	2,000
Sales of emission rights	9,000	22,000

39. EVENTS AFTER CLOSING DATE

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

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PARENT COMPANY FINANCIAL STATEMENTS (FAS)

PARENT COMPANY PROFIT AND LOSS ACCOUNT	Notes	1 Jan - 31 Dec 2010	1 Jan - 31 Dec 2009 €
TURNOVER	2	455,655,341.59	355,754,732.51
Other operating income	3	6,977,724.05	2,247,927.52
Materials and services	4	-252,934,683.61	-185,368,475.60
Staff expenditure	5	-20,385,296.72	-19,586,964.26
Depreciation and amortisation expense	6	-76,334,772.29	-74,041,085.44
Other operating expenses	7, 8	-50,392,640.16	-39,395,433.28
OPERATING PROFIT		**62,585,672.86**	**39,610,701.45**
Finance income and costs	9	-14,238,443.93	-22,437,872.95
PROFIT BEFORE EXTRAORDINARY ITEMS		**48,347,228.93**	**17,172,828.50**
PROFIT BEFORE PROVISIONS AND TAXES		**48,347,228.93**	**17,172,828.50**
Provisions	10	-39,918,607.06	-10,458,806.18
Income taxes	11	-2,206,584.38	-1,760,024.05
PROFIT FOR THE FINANCIAL YEAR		**6,222,037.49**	**4,953,998.27**

Notes are an integral part of the financial statements.

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PARENT COMPANY BALANCE SHEET

ASSETS	Notes	31 Dec 2010 €	31 Dec 2009 €
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	12	42,887,921.11	49,321,109.29
Other non-current expenses	13	116,674,457.84	75,675,200.97
		116,717,345.76	**124,996,310.26**
Tangible assets	14		
Land and water areas		13,508,605.63	11,410,363.85
Buildings and structures		82,942,332.94	76,826,448.30
Machinery and equipment		401,268,462.18	410,010,446.70
Transmission lines		607,095,469.42	607,692,130.64
Other tangible assets		117,516.35	117,516.35
Advance payments and purchases in progress		142,767,394.87	69,383,522.87
		1,247,699,781.39	**1,175,440,428.71**
Investments	15		
Equity investments in Group companies		504,563.77	504,563.77
Equity investments in associated companies		6,641,360.21	6,641,360.21
Other shares and equity investments		913,125.03	850,172.53
		8,059,049.01	**7,996,096.51**
TOTAL NON-CURRENT ASSETS		**1,372,476,176.16**	**1,308,432,835.48**
CURRENT ASSETS			
Inventories	16	**6,100,556.12**	**5,414,746.79**
Receivables			
Current receivables			
Trade receivables		45,300,257.51	39,418,784.93
Receivables from Group companies		276,750.00	274,500.00
Receivables from associated companies	17	3,218,535.01	777,395.89
Other receivables		43,066.26	31,875.78
Prepayments and accrued income	18, 19	28,514,948.37	26,030,991.45
		77,353,557.15	**66,533,548.05**
Financial assets	20	**217,467,915.94**	**199,198,409.69**
Cash in hand and bank receivables	20	**3,779,895.40**	**4,104,878.38**
TOTAL CURRENT ASSETS		**304,701,924.61**	**275,251,582.91**
TOTAL ASSETS		**1,677,178,100.77**	**1,583,684,418.39**

Notes are an integral part of the financial statements.

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PARENT COMPANY BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec 2010 €	31 Dec 2009 €
SHAREHOLDERS' EQUITY	21		
Share capital		55,922,485.55	55,922,485.55
Share premium account		55,922,485.55	55,922,485.55
Profit from previous financial years		986,578.59	2,756,699.99
Profit for the financial year		6,222,037.49	4,953,998.27
TOTAL SHAREHOLDERS' EQUITY		**119,053,587.18**	**119,555,669.36**
ACCUMULATED PROVISIONS	22	**436,358,728.38**	**396,440,121.32**
PROVISIONS FOR LIABILITIES AND CHARGES	29	**1,898,946.78**	**1,921,446.78**
LIABILITIES			
Non-current liabilities			
Bonds	23, 24	630,558,105.45	642,275,696.72
Loans from financial institutions		214,312,494.90	51,468,925.24
		844,870,600.35	**693,744,621.96**
Current liabilities			
Bonds	23	98,200,000.00	85,620,380.48
Loans from financial institutions		7,156,430.08	7,156,430.23
Trade payables		30,804,861.93	28,047,324.19
Liabilities to Group companies	25	586,368.95	507,844.15
Liabilities to associated companies	26	324,440.99	145,775.79
Other liabilities	27	98,824,331.09	225,934,339.97
Accruals	28	39,099,805.04	24,610,464.16
		274,996,238.08	**372,022,558.97**
TOTAL LIABILITIES		**1,119,866,838.43**	**1,065,767,180.93**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,677,178,100.77**	**1,583,684,418.39**

Notes are an integral part of the financial statements.

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PARENT COMPANY CASH FLOW STATEMENT

	Notes	1 Jan - 31 Dec 2010 €	1 Jan - 31 Dec 2009 €
Cash flow from operating activities:			
Profit for the financial year	21	6,222,037.49	4,953,998.27
Adjustments:			
Business transactions not involving a payment transaction	31	115,810,485.26	84,682,467.57
Interest and other finance costs		22,012,788.21	27,473,511.58
Interest income		-7,713,629.23	-5,021,363.87
Dividend income		-60,715.05	-14,274.76
Taxes		2,206,584.38	1,760,024.05
Changes in working capital:			
Change in trade receivables and other receivables		-6,984,934.21	-2,002,886.10
Change in inventories		-685,809.33	-787,037.53
Change in trade payables and other liabilities		3,086,305.82	-2,875,633.98
Change in provisions		-22,500.00	-33,800.00
Interests paid		-23,219,684.77	-43,770,686.88
Interests received		5,835,751.33	7,157,252.84
Taxes paid	11	-1,761,915.96	-1,929,912.98
Net cash flow from operating activities		114,724,763.94	69,591,658.21
Cash flow from investing activities:			
Purchase of tangible assets	14	-138,106,461.73	-126,679,634.58
Purchase of intangible assets	13	-4,563,487.45	-7,649,031.55
Investments in other assets	15	-23,685.92	-128,766.70
Proceeds from sale of tangible assets	14	903,900.00	116,312.00
Repayment of loans receivable			
Dividends received	9	60,715.05	14,274.76
Contributions reveived		15,000,000.00	
Net cash flow from investing activities		-126,729,020.05	-134,326,846.07
Cash flow from financing activities:			
Withdrawal of short-term loans		219,168,724.29	231,448,563.85
Repayment of short-term loans		-346,279,947.79	-263,142,195.23
Withdrawal of long-term loans		256,519,369.46	133,947,413.73
Repayment of long-term loans		-92,735,246.89	-30,000,000.00
Dividends paid	21	-6,724,119.67	-6,710,698.27
Net cash flow from financing activities		29,948,779.40	65,543,084.08
Net change in cash and cash equivalents		**17,944,523.29**	**807,896.22**
Cash and cash equivalents 1 Jan		**203,303,288.07**	**202,495,391.85**
Cash and cash equivalents 31 Dec	20	**221,247,811.26**	**203,303,288.07**

Notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS OF PARENT COMPANY

1. ACCOUNTING PRINCIPLES

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

Foreign currency transactions
Commercial flows and financial items denominated in foreign currencies are booked at the foreign exchange mid-rate quoted by the European Central Bank (ECB) at the transaction value date. Interest-bearing liabilities and assets and the derivatives hedging these items are valued at the mid-rate quoted by ECB at the closing day. Realised foreign exchange gains and losses of interest-bearing liabilities and assets and of the related derivatives are booked under finance income and costs at maturity. The realised foreign exchange rate differences of derivatives hedging commercial flows adjust the corresponding item in the income statement.

Interest rate and currency derivatives
In accordance with the financial policy, interest rate and cross-currency swaps, foreign exchange forwards and interest rate options are used for hedging Fingrid's interest and foreign exchange exposure of balance sheet items, interest flows and commercial flows. The accounting principles for derivatives are the same as for the underlying items. The interest flow of interest rate and cross-currency swaps and interest rate options is accrued and booked under interest income and expenses. The interest portion of forward foreign exchange contracts hedging the interest-bearing liabilities and assets is accrued over their maturity and booked under finance income and costs. Up-front paid or received premiums for interest rate options are accrued over the hedging period.

Electricity derivatives
Fingrid hedges the loss energy purchases by using bilateral contracts and electricity exchange products, such as forwards, futures and options. The price differentials arising from these contracts are booked at maturity adjusting the loss energy purchases in the income statement. Up-front paid or received premiums for options are accrued over the hedging period.

Research and development expenses
Research and development expenses are entered as annual expenses.

Valuation of fixed assets
Fixed assets are capitalised under immediate acquisition cost. Planned straight-line depreciation on the acquisition price is calculated on the basis of the economic lives of fixed assets. Depreciation on fixed assets taken into use during the financial year is calculated asset-specifically from the month of introduction.

The depreciation periods are as follows:

Goodwill	20 years
Other non-current expenses	
Rights of use to line areas	30-40 years
Other rights of use according to economic lives, maximum	10 years
Computer systems	3 years
Buildings and structures	
Substation buildings and separate buildings	40 years
Substation structures	30 years
Buildings and structures at gas turbine power plants	20-40 years
Separate structures	15 years
Transmission lines	
Transmission lines 400 kV	40 years
Direct current lines	40 years
Transmission lines 110-220 kV	30 years
Creosote-impregnated towers and related disposal expenses*	30 years
Aluminium towers of transmission lines (400 kV)	10 years
Optical ground wires	10-20 years
Machinery and equipment	
Substation machinery	10-30 years
Gas turbine power plants	20 years
Other machinery and equipment	3-5 years

* The disposal expenses are discounted at present value and added to the value of fixed assets and booked under provisions for liabilities and charges.

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

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

Valuation of inventories
Inventories are entered according to the FIFO principle at the acquisition cost, or at the lower of replacement cost or probable market price.

Cash in hand, bank receivables and financial securities
Cash in hand and bank receivables include cash assets and bank balances. Financial securities include certificates of deposit, commercial papers, treasury bills and investments in short-term money-market funds. Quoted securities and comparable assets are valued at the lower of original acquisition cost or probable market price.

Interest-bearing liabilities
Fingrid's non-current interest-bearing liabilities consist of loans from financial institutions and bonds issued under the international and domestic Debt Issuance Programmes. The current interest-bearing liabilities consist of commercial papers issued under the domestic and international programmes and of the current portion of noncurrent debt and bonds maturing within a year. The outstanding notes under the programmes are denominated in euros and foreign currencies. Fingrid has both fixed and floating rate debt and debt with interest rate structures. The interest is accrued over the maturity of the debt. The differential of a bond issued over or under par value is accrued over the life of the bond. The arrangement fees of the revolving credit facilities are as a rule immediately entered as expenses and the commitment fees are accrued over the maturity of the facility.

Financial risk management
The principles applied to the management of financial risks are presented in the notes of the Group under item 35.

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

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

2. REVENUE BY BUSINESS AREAS

The business of Fingrid Oyj comprises entirely transmission grid business with system responsibility. Because of this there is no division of revenue into separate business areas.

REVENUE, 1, 000 €	2010	2009
Transmission revenue	211,464	187,850
Sale of imbalance power	159,812	92,497
Cross-border transmission	23,865	24,353
ITC income	19,298	27,904
Peak load power	13,962	13,469
Estlink congestion income	9,465	
Nordic congestion income	9,045	4,855
Service fee for feed-in tariff	225	225
Other operating revenue	8,520	4,602
Total	**455,655**	**355,755**

3. OTHER OPERATING INCOME, 1,000 €	2010	2009
Rental income	1,632	1,751
Contributions received	138	105
Other income	5,207	392
Total	**6,978**	**2,248**

4. MATERIALS AND SERVICES, 1,000 €	2010	2009
Purchases during the financial year	243,000	117,360
Loss energy purchases	65,212	52,067
Change in inventories, increase (-) or decrease (+)	-686	-787
Materials and supplies	242,314	168,640

Grid service charges	49	54
Other external services	10,571	16,675
Services	10,620	16,728
Total	**252,935**	**185,368**

5. STAFF EXPENDITURE, 1,000 €

	2010	**2009**
Salaries and bonuses	17,177	16,028
Pension expenses	2,435	2,244
Other additional personnel expenses	773	1,314
Total	**20,385**	**19,587**

Salaries and bonuses of the members of the Board of Directors and President	**385**	**376**
Lauri Virkkunen, Chairman of the Board (as of 1 July 2010)	11	
Timo Karttinen, 1st Debuty Chairman of the Board	17	17
Arto Lepistö, 2nd Debuty Charman of the Board	19	23
Risto Autio, Member of the Board	13	12
Ari Koponen, Member of the Board	12	12
Ritva Nirkkonen, Member of the Board	13	14
Anja Silvennoinen, Member of the Board	12	13
Jorma Tammenaho, debuty Member of the Board	5	7
Jussi Hintikka, deputy Member of the Board	5	5
Pekka Kettunen, deputy Member of the Board	5	5
Kari Koivuranta, deputy Member of the Board	5	5
Jukka Mikkonen, deputy Member of the Board	5	5
Juha Laaksonen, deputy Member of the Board	5	5
Timo Ritonummi, deputy Member of the Board	5	5
Timo Rajala, former Chairman of the Board (until 30 June 2010)	9	17
Jukka Ruusunen, President & CEO	241	228

Pension commitments:
Pension commitments are described in the notes of the Group under item 27.

Number of salaried employees in the company during the financial year:

Personnel, average	260	251
Personnel, 31 Dec	263	260

6. DEPRECIATION ACCORDING TO PLAN, 1,000 €

	2010	**2009**
Goodwill	6,433	6,433
Other noncurrent expenses	6,409	7,127
Buildings and structures	3,667	2,995
Machinery and equipment	32,537	31,666
Transmission lines	27,289	25,821
Total*	**76,335**	**74,041**
*Depreciation on the electricity grid (notes 13 and 14)	63,275	61,172

7. OTHER OPERATING EXPENSES, 1,000 €

	2010	**2009**
Contracts, assignments etc. undertaken externally	32,606	30,683
Grid rents	9,860	431
Other rental expenses	1,684	1,768
Other expenses	6,243	6,513
Total	**50,393**	**39,395**

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8. AUDITORS FEES, 1,000 €	2010	2009
Auditing fee	42	34
Other fees	46	8
Total	**88**	**42**

9. FINANCE INCOME AND COSTS, 1,000 €	2010	2009
Dividend income from Group companies	-56	-10
Dividend income from others	-4	-4
Interest and other finance income from Group companies		
Interest and other finance income from others	-7,714	-5,021
	-7,774	-5,036
Interest and other finance costs to Group companies	2	2
Interest and other finance costs to others	22,010	27,471
	22,013	27,474
Total	**14,238**	**22,438**

10. PROVISIONS, 1,000 €	2010	2009
Difference between depreciation according to plan and depreciation carried out in taxation	**39,919**	**10,459**

11. INCOME TAXES, 1,000 €	2010	2009
Income taxes for the financial year	2,207	1,760
Total	**2,207**	**1,760**
Deferred tax assets and liabilities, 1,000 €		
Deferred tax assets		
On temporary differences	494	500
	494	**500**
Deferred tax liabilities		
On temporary differences	422	440
On provisions	113,453	103,074
	113,875	**103,514**
Total	**113,382**	**103,015**

12. GOODWILL, 1,000 €	2010	2009
Cost at 1 Jan	128,664	128,664
Cost at 31 Dec	**128,664**	**128,664**
Accumulated depreciation according to plan 1 Jan	-79,343	-72,909
Depreciation according to plan 1 Jan - 31 Dec	-6,433	-6,433
Carrying amount 31 Dec	**42,888**	**49,321**
Accumulated depreciation difference 1 Jan	-49,321	-55,754
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	**-42,888**	**-49,321**

13. OTHER NON-CURRENT EXPENSES, 1,000 €	2010	2009
Cost at 1 Jan	136,473	128,824
Increases 1 Jan - 31 Dec	4,622	7,649
Decreases 1 Jan - 31 Dec	-95	
Cost at 31 Dec	**141,001**	**136,473**
Accumulated depreciation according to plan 1 Jan	-60,798	-53,671
Decreases, depreciation according to plan 1 Jan - 31 Dec	36	
Depreciation according to plan 1 Jan - 31 Dec	-6,409	-7,127
Carrying amount 31 Dec*	**73,829**	**75,675**
Accumulated depreciation difference 1 Jan	-61,766	-65,057
Increase in depreciation difference reserve 1 Jan - 31 Dec	-4,433	-3,836
Decrease in depreciation difference reserve 1 Jan - 31 Dec	6,873	7,127
Accumulated depreciation in excess of plan 31 Dec	**-59,326**	**-61,766**

*Net capital expenditure in electricity grid, 1,000 €	2010	2009
Carrying amount 31 Dec	72,067	73,747
Carrying amount 1 Jan	-73,747	-67,685
Depreciation according to plan 1 Jan - 31 Dec	5,811	6,654
Decreases 1 Jan - 31 Dec	59	
Total	**4,189**	**12,715**

14. TANGIBLE ASSETS, 1,000 €	2010	2009
Land and water areas		
Cost at 1 Jan	11,410	10,832
Increases 1 Jan - 31 Dec	2,098	583
Decreases 1 Jan - 31 Dec	0	-4
Cost at 31 Dec	**13,509**	**11,410**
Buildings and structures		
Cost at 1 Jan	96,164	72,205
Increases 1 Jan - 31 Dec	9,783	23,959
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**105,946**	**96,164**
Accumulated depreciation according to plan 1 Jan	-19,337	-16,342
Decreases, depreciation according to plan 1 Jan - 31 Dec		
Depreciation according to plan 1 Jan - 31 Dec	-3,667	-2,995
Carrying amount 31 Dec	**82,942**	**76,826**
Accumulated depreciation difference 1 Jan	-9,577	-9,231
Increase in depreciation difference reserve 1 Jan - 31 Dec	-3,704	-3,341
Decrease in depreciation difference reserve 1 Jan - 31 Dec	3,667	2,995
Accumulated depreciation in excess of plan 31 Dec	**-9,614**	**-9,577**
Machinery and equipment		
Cost at 1 Jan	640,486	588,811
Increases 1 Jan - 31 Dec	23,799	51,676
Decreases 1 Jan - 31 Dec	-4	
Cost at 31 Dec	**664,281**	**640,486**
Accumulated depreciation according to plan 1 Jan	-230,476	-198,810
Decreases, depreciation according to plan 1 Jan - 31 Dec	0	
Depreciation according to plan 1 Jan - 31 Dec	-32,537	-31,666
Carrying amount 31 Dec	**401,268**	**410,010**
Accumulated depreciation difference 1 Jan	-89,485	-87,667

Increase in depreciation difference reserve 1 Jan - 31 Dec	-47,222	-33,484
Decrease in depreciation difference reserve 1 Jan - 31 Dec	32,537	31,666
Accumulated depreciation in excess of plan 31 Dec	**-104,170**	**-89,485**
Transmission lines		
Cost at 1 Jan	869,600	806,686
Increases 1 Jan - 31 Dec	27,130	63,331
Decreases 1 Jan - 31 Dec	-668	-417
Cost at 31 Dec	**896,062**	**869,600**
Accumulated depreciation according to plan 1 Jan	-261,908	-236,215
Decreases, depreciation according to plan 1 Jan - 31 Dec	230	128
Depreciation according to plan 1 Jan - 31 Dec	27,289	-25,821
Carrying amount 31 Dec	**607,095**	**607,692**
Accumulated depreciation difference 1 Jan	-186,290	-168,272
Increase in depreciation difference reserve 1 Jan - 31 Dec	-61,472	-44,020
Decrease in depreciation difference reserve 1 Jan - 31 Dec	27,402	26,002
Accumulated depreciation in excess of plan 31 Dec	**-220,360**	**-186,290**
Other tangible assets		
Cost at 1 Jan	118	107
Increases 1 Jan - 31 Dec		10
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**118**	**118**
Advance payments and purchases in progress		
Cost at 1 Jan	69,384	81,081
Increases 1 Jan - 31 Dec	127,274	84,961
Decreases 1 Jan - 31 Dec	-53,890	-96,659
Cost at 31 Dec	**142,767**	**69,384**
Total*	**1,247,700**	**1,175,440**

*** Net capital expenditure in electricity grid, 1,000 €**	**2010**	**2009**
Carrying amount 31 Dec	1,144,803	1,098,811
Carrying amount 1 Jan	-1,098,811	-1,029,072
Depreciation according to plan 1 Jan - 31 Dec	57,464	54,518
Decreases 1 Jan - 31 Dec	442	293
Total	**103,898**	**124,550**

15. INVESTMENTS, 1,000 €

	2010	**2009**
Equity investments in Group companies		
Cost at 1 Jan	505	505
Cost at 31 Dec	**505**	**505**
Equity investments in associated companies		
Cost at 1 Jan	6,641	6,641
Increases 1 Jan - 31 Dec		
Decreases 1 Jan - 31 Dec		
Cost at 31 Dec	**6,641**	**6,641**
Other shares and equity investments		
Cost at 1 Jan	850	721
Increases 1 Jan - 31 Dec	66	135
Decreases 1 Jan - 31 Dec	-3	-7
Cost at 31 Dec	**913**	**850**
Total	**8,059**	**7,996**

16. INVENTORIES, 1,000 €	2010	2009
Materials and supplies	5,542	5,318
Work in progress	559	97
Total	**6,101**	**5,415**

17. RECEIVABLES FROM ASSOCIATED COMPANIES, 1,000 €	2010	2009
Current:		
Trade receivables	3,219	777
Total	**3,219**	**777**

18. PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2010	2009
Interests and other financial items	24,043	19,902
Accruals of sales and purchases	4,267	5,618
Taxes		306
Other	205	205
Total	**28,515**	**26,031**

19. UNRECORDED EXPENSES AND PAR VALUE DIFFERENTIALS ON THE ISSUE OF LOANS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME, 1,000 €	2010	2009
Par value differentials	**2,588**	**3,833**

20. CASH AND CASH EQUIVALENTS, 1,000 €	2010	2009
Certificates of deposit	99,484	74,590
Commercial papers	117,984	124,609
	217,468	199,198
Bank Deposits	0	1,700
Cash in hand and bank receivables*	3,780	2,405
	3,780	4,105
Total	**221,248**	**203,303**

*includes pledged bank accounts (note 30)

21. SHAREHOLDERS' EQUITY, 1,000 €	2010	2009
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	7,711	9,467
Dividend distribution	-6,724	-6,711
Profit from previous financial years 31 Dec	**987**	**2,757**
Profit for the financial year	**6,222**	**4,954**
Shareholders’ equity 31 Dec	**119,054**	**119,556**
Distributable shareholders’ equity	**7,209**	**7,711**

Number of shares, qty	Series A shares	Series B shares	Total
1 Jan 2010	2,078	1,247	3,325
31 Dec 2010	**2,078**	**1,247**	**3,325**

Series A shares confer three votes each at a shareholders' meeting and series B shares one vote each. When electing members of the Board of Directors, series A share confers 10 votes each at a shareholders' meeting and each series B share one vote each.

Series B shares have the right before series A shares to obtain the annual dividend specified below from the funds available for profit distribution. After this, a corresponding dividend is distributed to series A shares. If the annual dividend cannot be distributed in some year, the shares confer a right to receive the undistributed amount from the funds available for profit distribution in the subsequent years; however so that series B shares have the right over series A shares to receive the annual dividend and the undistributed amount.

The shareholders' meeting decides on the annual dividend.
The determination of the dividend: the amount of the annual dividend is calculated on the basis of calendar years so that the subscription price of a share, added by amounts paid in conjunction with potential increases of share capital and reduced by potential amounts paid in refunds of equity, is multiplied by the dividend percentage; however so that the minimum dividend is 6%. The dividend percentage is defined on the basis of the yield of the 30-year German Government Bond.

The dividend proposal for the year 2010 is 6.0 %.

There are no minority interests.

22. ACCUMULATED PROVISIONS, 1,000 €	**2010**	**2009**
Accumulated depreciation in excess of plan, the difference between depreciation according to plan and depreciation carried out in taxation	**436,359**	**396,440**

23. BONDS, 1,000 €				**2010**	**2009**
International:		Maturity date	Interest		
EUR	10,000	31.03.2010	interest rate structure		10,000
EUR	10,000	16.03.2011	3.625 %	10,000	10,000
EUR	25,000	23.03.2011	variable interest	25,000	25,000
EUR	15,000	24.03.2011	variable interest	15,000	15,000
EUR	20,000	07.04.2011	variable interest	20,000	20,000
EUR	25,000	16.03.2012	variable interest	25,000	25,000
EUR	25,000	12.04.2012	variable interest	25,000	25,000
EUR	10,000	16.04.2013	variable interest	10,000	10,000
EUR	20,000	28.04.2013	variable interest	20,000	20,000
EUR	20,000	15.10.2013	4.30 %	20,000	20,000
EUR	24,000	02.07.2014	variable interest	24,000	24,000
EUR	18,000	11.11.2014	variable interest	18,000	18,000
EUR	8,000	11.11.2014	variable interest	8,000	8,000
EUR	10,000	20.11.2014	3.26 %	10,000	10,000
EUR	20,000	11.04.2017	variable interest	20,000	20,000
EUR	25,000	11.04.2017	variable interest	25,000	25,000
EUR	30,000	15.06.2017	3.07 %	30,000	
				305,000	**285,000**
FIM	160,000	19.08.2013	5.20 %	26,910	26,910
				26,910	**26,910**
JPY	1,000,000	12.07.2010	2.00 %		10,215
JPY	2,000,000	16.10.2010	1.022 %		15,504
JPY	3,000,000	05.07.2011	1.31 % *	28,200	28,200
JPY	3,000,000	25.07.2012	1.3575 % **	25,400	25,400
JPY	3,000,000	20.04.2015	1.45 %	21,563	21,563
JPY	500,000	22.06.2017	1.28 %	4,507	
				79,670	**100,881**

CHF	39,000	15.03.2010	2.24 %		25,000
CHF	39,000	22.05.2012	2.475 %	25,000	25,000
				25,000	**50,000**
CZK	750,000	05.05.2010	variable interest		24,902
					24,902
NOK	170,000	19.11.2014	4.68 %	20,166	20,166
NOK	200,000	17.10.2016	5.15 %	24,620	24,620
NOK	200,000	11.04.2017	5.16 %	24,620	24,620
NOK	200,000	10.11.2017	5.12 %	23,725	23,725
NOK	200,000	12.11.2019	5.37 %	23,725	23,725
				116,856	**116,856**
SEK	225,000	03.04.2012	variable interest	24,194	24,194
SEK	225,000	11.04.2012	variable interest	24,142	24,142
SEK	100,000	21.03.2013	variable interest	10,560	10,560
SEK	200,000	03.04.2013	3.70 %	21,305	21,305
SEK	175,000	04.04.2014	4.30 %	18,811	18,811
SEK	300,000	15.06.2015	3.195 %	31,168	
SEK	100,000	17.06.2015	3.10 %	10,417	
SEK	220,000	01.12.2015	interest rate structure	24,336	24,336
SEK	100,000	15.01.2016	3.297 %	10,390	
				175,321	**123,347**
Bonds, long-term total				630,557	642,276
Bonds, short-term total				98,200	85,620
Total				**728,757**	**727,896**

*call option not exercised 5 July 2004
**call option not exercised 25 July 2006

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

	2010	2009
Bonds	186,586	187,589
Loans from financial institutions	173,576	20,000
Total	**360,162**	**207,589**

25. LIABILITIES TO GROUP COMPANIES, 1,000 €

	2010	2009
Current:		
Other debts	586	508
Total	**586**	**508**

26. LIABILITIES TO ASSOCIATED COMPANIES, 1,000 €

	2010	2009
Current:		
Trade payables	324	146
Total	**324**	**146**

27. OTHER LIABILITIES, 1,000 €

	2010	2009
Current:		
Other loans / Commercial papers (international and domestic)	94,559	221,671
Value added tax	3,051	3,169
Electricity tax	616	559
Other debts	598	537
Total	**98,824**	**225,934**

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28. ACCRUALS, 1,000 €

	2010	2009
Current:		
Interests and other financial items	12,658	11,602
Salaries and additional personnel expenses	4,409	4,028
Accruals of sales and purchases	22,032	8,980
Total	**39,100**	**24,610**

29. PROVISIONS FOR LIABILITIES AND CHARGES, 1,000 €

	2010	2009
Creosote-impregnated and CCA-impregnated wooden towers, disposal expenses	1,898	1,921
Total	**1,898**	**1,921**

30. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €

	2010	2009
Rental liabilities		
Liabilities for the next year	2,038	1,793
Liabilities for subsequent years	25,667	5,709
	27,706	7,501
Pledges		
Pledge covering property lease agreements	46	46
Pledged account in favour of the Customs Office	150	150
Pledged account covering electricity exchange purchases	1,878	396
	2,074	592
Other financial commitments		
Counterguarantee in favour of an associated company	1,700	1,700
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	120	158
Commitment fee for subsequent years	89	255
	1,908	2,113
Donation of five-year professorship to Helsinki University of Technology for 2006 - 2010		120

31. OPERATING CASH FLOW ADJUSTMENTS, 1,000 €

	2010	2009
Business transactions not involving a payment transaction		
Depreciation	76,335	74,041
Increase or decrese in accumulated depreciation difference	39,919	10,459
Capital gains/losses (-/+) on tangible and intangible assets	-404	183
Other	-39	
Total	**115,810**	**84,682**

32. LEGAL PROCEEDINGS AND PROCEEDINGS BY AUTHORITIES

There are no ongoing legal proceedings or proceedings by authorities that would have a material impact on the business of the company. In relation to transmission line projects there are many times complaints made to different instances of justice. According to the management of the company there are no ongoing legal proceedings or other such legal proceedings relating to other areas, which final outcome would have a material impact on the financial position of the Group.In December 2008 the Market Court reached a decision concerning Fingrid's appeal to the Energy Market Authority´s decision 13 December 2007 "Determination of the methodology for the assessment of the return of the grid owners' grid operations transmission services pricing for the review period starting on 1 January 2008 and ending on 31 December 2011". The Market Court partly changed the Energy Market Authority's decision according to Fingrid's appeal. The Energy Market Authority in turn appealed the decision to the Supreme Administrative Court. The Supreme Administrative Court partly approved the Energy Market Authority's appeal.

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

Imbalance power and regulating power
Each electricity market party must ensure that its electricity balance is in balance by making an agreement with either Fingrid or some other party. Fingrid buys and sells imbalance power in order to balance the hourly power balance of an electricity market party (balance provider). Imbalance power trade and pricing of imbalance power are based on a balance service agreement with equal and public terms and conditions.

Fingrid is responsible for the continuous power balance in Finland by buying and selling regulating power in Finland. The balance providers can participate in the Nordic balancing power market by submitting bids of their available capacity. The terms and conditions of participation in the regulating power market and the pricing of balancing power are based on the balance service agreement.

Management of balance operation
In accordance with a decision by the Energy Market Authority, Fingrid Oyj shall separate the duties pertaining to national power balance operation from the other businesses by virtue of Chapter 7 of the Electricity Market Act.

The profit and loss account of the balance operation unit is separated by means of cost accounting as follows:

Income	direct
Separate costs	direct
Production costs	matching principle
Administrative costs	matching principle
Depreciation	matching principle in accordance with Fingrid Oyj's depreciation principles
Finance income and costs	on the basis of imputed debt
Income taxes	based on result

The average number of personnel during 2010 was 16 (14). The operating profit was 1.8 (-5.1) per cent of turnover.

MANAGEMENT OF BALANCE OPERATION, SEPARATED PROFIT AND LOSS ACCOUNT	1 Jan - 31 Dec 2010 1,000 €	1 Jan - 31 Dec 2009 1,000 €
TURNOVER*	167,073	97,122
Materials and services*	-160,913	-99,177
Staff expenditure	-1,202	-1,145
Depreciation and amortisation expense	-943	-908
Other operating expenses	-1,000	-829
OPERATING PROFIT	**3,015**	**-4,936**
PROFIT BEFORE PROVISIONS AND TAXES	**3,015**	**-4,936**
Provisions	173	295
Income taxes	-829	
PROFIT FOR THE FINANCIAL YEAR	**2,359**	**-4,641**

*Turnover includes 6.5 (4.2) million euros of sales of imbalance power to balance provider Fingrid Oyj, and Materials and services includes 6.8 (3.7) million euros of its purchases.

MANAGEMENT OF BALANCE OPERATION, SEPARATED BALANCE SHEET

ASSETS	31 Dec 2010 1,000 €	31 Dec 2009 1,000 €
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenses	630	680
Tangible assets		

Machinery and equipment	673	726
Advance payments and purchases in progress		64
	673	791
TOTAL NON-CURRENT ASSETS	**1,303**	**1,471**
CURRENT ASSETS		
Current receivables		
Trade receivables	4,480	976
Receivables from Group companies	7,958	12,113
	12,438	13,090
Cash in hand and bank receivables	1	1
TOTAL CURRENT ASSETS	**12,439**	**13,091**
TOTAL ASSETS	**13,741**	**14,562**

SHAREHOLDERS' EQUITY AND LIABILITIES	**31 Dec 2010 1,000 €**	**31 Dec 2009 1,000 €**
SHAREHOLDERS' EQUITY		
Share capital	32	32
Share premium account	286	286
Profit from previous financial years	11,338	15,979
Profit for the financial year	2,359	-4,641
TOTAL SHAREHOLDERS' EQUITY	**14,015**	**11,656**
ACCUMULATED PROVISIONS	**-463**	**-290**
LIABILITIES		
Current liabilities		
Trade payables		2,739
Other liabilities	190	457
	190	3,196
TOTAL LIABILITIES	190	**3,196**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**13,741**	**14,562**

Transmission system operation
Transmission system operation is deemed to cover the entire business of Fingrid Oyj, including system responsibility, which in turn includes balance operation.

Therefore, Fingrid Oyj's financial statements represent the financial statements of transmission system operation.

34. KEY INDICATORS OF TRANSMISSION SYSTEM OPERATION

	2010	2009
Return on investment (ROI) in transmission system operation, %	4.8	3.2

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

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35. EMISSION RIGHTS

Fingrid was granted emission rights totaling 126.3 thousand tonnes for the years 2008 - 2012, of which Olkiluoto power station was granted a share of 112.3 thousand tonnes. As a rule, the emission rights held by Fingrid at 31 December correspond at least to the annual CO_2 emissions.

	2010	**2009**
	tCO2	**tCO2**
Emission rights received free of charge	25,261	25,261
Emission volumes, Olkiluoto	674	1,000
Emission volumes, other power plants total	2,218	2,000
Sales of emission rights	9,000	22,000

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

Helsinki, 14 February 2011

Lauri Virkkunen
Chairman

Timo Karttinen
1st Deputy Chairman

Arto Lepistö
2nd Deputy Chairman

Risto Autio

Ari Koponen

Ritva Nirkkonen

Anja Silvennoinen

Jukka Ruusunen
President & CEO

Auditor's notation

The financial statements for the financial year 2010 have been prepared in accordance with Generally Accepted Accounting Principles. A report on the audit carried out has been submitted today.

Helsinki, 15 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Tuomala, Authorised Public Accountant