

20 FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

Financial assets and liabilities in the tables below are split into categories in accordance with IAS 39. The categories are further split into classes which are the basis for valuing a respective asset or liability. Further information can be found in the Notes mentioned in the table.

FINANCIAL ASSETS BY CATEGORIES 2011		Loans and receivables	Financial assets at fair value through profit and loss		Fair value recognised in equity, cash flow hedges	Available-for-sale financial assets	Finance leases	Total financial assets
EUR million	Note	Amortised cost	Hedge accounting, fair value hedges	Non-hedge accounting				
Financial instruments in non-current assets								
Other non-current assets	25	33				36		69
Derivative financial instruments	3							
Electricity derivatives				16	63			79
Interest rate and currency derivatives			162	101	5			268
Oil and other futures and forward contracts				49				49
Long-term interest-bearing receivables	26	1,189					7	1,196
Financial instruments in current assets								
Derivative financial instruments	3							
Electricity derivatives				45	186			231
Interest rate and currency derivatives				17	7			24
Oil and other futures and forward contracts				71				71
Trade receivables	28	689						689
Other short-term interest-bearing receivables	28	14					9	23
Cash and cash equivalents	29	731						731
Total		2,656	162	299	261	36	16	3,430

FINANCIAL ASSETS BY CATEGORIES 2010		Loans and receivables	Financial assets at fair value through profit and loss		Fair value recognised in equity, cash flow hedges	Available-for-sale financial assets	Finance leases	Total financial assets
EUR million	Note	Amortised cost	Hedge accounting, fair value hedges	Non-hedge accounting				
Financial instruments in non-current assets								
Other non-current assets	25	31				41		72
Derivative financial instruments	3							
Electricity derivatives				30	3			33
Interest rate and currency derivatives			76	51	18			145
Oil and other futures and forward contracts				5				5
Long-term interest-bearing receivables	26	1,101					48	1,149
Financial instruments in current assets								
Derivative financial instruments	3							
Electricity derivatives				61				61
Interest rate and currency derivatives				34	5			39
Oil and other futures and forward contracts				48				48
Trade receivables	28	943						943
Other short-term interest-bearing receivables	28	46					11	57
Bank deposits	29	271						271
Cash and cash equivalents	29	285						285
Total		2,677	76	229	26	41	59	3,108

FINANCIAL LIABILITIES BY CATEGORIES 2011		Financial liabilities at fair value through profit and loss			Other financial liabilities			Total financial liabilities
EUR million	Note	Hedge accounting, fair value hedges	Non-hedge accounting	Fair value recognised in equity, cash flow hedges	Amortised cost	Fair value	Finance leases	
Financial instruments in non-current liabilities								
Interest-bearing liabilities	33				5,362	1,459 ¹⁾	24	6,845
Derivative financial instruments	3							
Electricity derivatives			7	4				11
Interest rate and currency derivatives			124	40				164
Oil and other futures and forward contracts			17					17
Financial instruments in current liabilities								
Interest-bearing liabilities	33				923		2	925
Derivative financial instruments	3							
Electricity derivatives			22	5				27
Interest rate and currency derivatives			124	5				129
Oil and other futures and forward contracts			63					63
Trade payables	39				443			443
Other liabilities	39				165			165
Total		–	357	54	6,893	1,459	26	8,789

FINANCIAL LIABILITIES BY CATEGORIES 2010		Financial liabilities at fair value through profit and loss			Other financial liabilities			Total financial liabilities
EUR million	Note	Hedge accounting, fair value hedges	Non-hedge accounting	Fair value recognised in equity, cash flow hedges	Amortised cost	Fair value	Finance leases	
Financial instruments in non-current liabilities								
Interest-bearing liabilities	33				5,379	1,115 ¹⁾	26	6,520
Derivative financial instruments	3							
Electricity derivatives			46	130				176
Interest rate and currency derivatives			45	10				55
Oil and other futures and forward contracts			7					7
Financial instruments in current liabilities								
Interest-bearing liabilities	33				860		2	862
Derivative financial instruments	3							
Electricity derivatives			278	494				772
Interest rate and currency derivatives			386	5				391
Oil and other futures and forward contracts			44					44
Trade payables	39				435			435
Other liabilities	39				205			205
Total		–	806	639	6,879	1,115	28	9,467

¹⁾ Fair value part of bonds in fair value hedge relationship.

21 FINANCIAL ASSETS AND LIABILITIES BY FAIR VALUE HIERARCHY

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

➔ See Note 1.30 Fair value estimation on page 49.

FINANCIAL ASSETS

EUR million	Note	Level 1		Level 2		Level 3		Netting ³⁾		Total	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
In non-current assets											
Available for sale financial assets ¹⁾	25					36	41			36	41
Derivative financial instruments	3										
Electricity derivatives											
Hedge accounting				94	90			-31	-87	63	3
Non-hedge accounting		3	19	29	95	1		-17	-84	16	30
Interest rate and currency derivatives											
Hedge accounting				167	94					167	94
Non-hedge accounting				101	51					101	51
Oil and other futures and forward contracts											
Non-hedge accounting		51	25	21				-23	-20	49	5
In current assets											
Derivative financial instruments	3										
Electricity derivatives											
Hedge accounting				338	539			-152	-539	186	0
Non-hedge accounting		58	152	127	403			-140	-494	45	61
Interest rate and currency derivatives											
Hedge accounting				7	5					7	5
Non-hedge accounting				17	34					17	34
Oil and other futures and forward contracts											
Non-hedge accounting		143	200	22				-94	-152	71	48
Total		255	396	923	1,311	37	41	-457	-1,376	758	372

FINANCIAL LIABILITIES

EUR million	Note	Level 1		Level 2		Level 3		Netting ³⁾		Total	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
In non-current liabilities											
Interest-bearing liabilities	33			1,459	1,115 ⁴⁾					1,459	1,115
Derivative financial instruments	3										
Electricity derivatives											
Hedge accounting				34	216	1	1	-31	-87	4	130
Non-hedge accounting		1	24	23	105		1 ²⁾	-17	-84	7	46
Interest rate and currency derivatives											
Hedge accounting				40	10					40	10
Non-hedge accounting				124	45					124	45
Oil and other futures and forward contracts											
Non-hedge accounting		33	27	7				-23	-20	17	7
In current liabilities											
Derivative financial instruments	3										
Electricity derivatives											
Hedge accounting				157	1,033			-152	-539	5	494
Non-hedge accounting		60	156	102	616			-140	-494	22	278
Interest rate and currency derivatives											
Hedge accounting				5	5					5	5
Non-hedge accounting				124	386					124	386
Oil and other futures and forward contracts											
Non-hedge accounting		139	196	18				-94	-152	63	44
Total		233	403	2,093	3,531	1	2	-457	-1,376	1,870	2,560

¹⁾ Available for sale financial assets, i.e. shares which are not classified as associated companies or joint ventures, consists mainly of shares in unlisted companies of EUR 34 million (2010: 38), for which the fair value can not be reliably determined. These assets are measured at cost less possible impairment.

Available for sale financial assets include listed shares at fair value of EUR 2 million (2010: 3). The cumulative fair value change booked in Fortum's equity was EUR -2 million (2010: -1).

²⁾ NASDAQ OMX Commodities Europe quotes the closest 5 years, for years beyond a systematic price estimate made by Fortum is used. Reason for transferring electricity derivatives from level 3 to level 2 is the maturity of contracts.

³⁾ Receivables and liabilities against electricity exchanges arising from standard derivative contracts with same delivery period are netted.

⁴⁾ Fair valued part of bond in fair value hedge relationship.

22 INTANGIBLE ASSETS

EUR million	Goodwill		Other intangible assets		Total	
	2011	2010	2011	2010	2011	2010
Cost 1 January	301	285	412	372	713	657
Translation differences and other adjustments	-7	16	-1	16	-8	32
Capital expenditure	-	-	27	19	27	19
Change in emission rights	-	-	13	13	13	13
Disposals	-	-	-2	-25	-2	-25
Reclassifications	-	-	0	17	0	17
Moved to Assets held for sale	-	-	-2	-	-2	-
Cost 31 December	294	301	447	412	741	713
Accumulated depreciation 1 January	-	-	292	266	292	266
Translation differences and other adjustments	-	-	-1	25	-1	25
Disposals	-	-	-2	-25	-2	-25
Reclassifications	-	-	0	4	0	4
Impairment charges	-	-	0	1	0	1
Depreciation for the period	-	-	19	21	19	21
Accumulated depreciation 31 December	-	-	308	292	308	292
Carrying amount 31 December	294	301	139	120	433	421

Key assumptions used in impairment testing related to future market development, utilisation of assets, finalisation of the investment programme and rate used for discounting

The goodwill is included in Russia segment and relates to the acquisition of OAO Fortum (former TGC-10). The goodwill has been tested for impairment by comparing recoverable amounts of the net operating assets of OAO Fortum, including goodwill, with their carrying amounts. The recoverable amounts were determined on the basis of value in use, applying discounted cash flow calculations.

Key assumptions made by management and used in calculating value in use were: expected development of Russian power market, utilization of power plants and other assets, forecasted maintenance and refurbishment investments as well as finalisation of the investment programme and rate used for discounting. The assumptions are based on expectations of future events that are believed to be reasonable under the circumstances. The process used to determine these assumptions has not changed from previous year.

The cash flows are based on business plan approved by the Board of Directors. The Russian wholesale power market was fully liberalised from the beginning of 2011. OAO Fortum's investment programme has been accelerated in light of the recovering demand and development of the Russian capacity market. The last new units are scheduled to commission by the end of 2014. The first three units started commercial operation in 2011. The discount rate is determined taking into account the risk profile of the country in which the cash flows are generated. Pre-tax discount rate used for Russia was 11% (2010: 10.4%). There have not been any major changes in the discount rate components or in the methods used to determine them.

As of 31 December 2011, the recoverable values were found to be in excess of their carrying values and therefore the related goodwill is not impaired. According to management a reasonably possible change in discount rate or in the level of earnings would not cause Russian cash generating unit's carrying amount to exceed its recoverable amount.

The main items in other intangible assets are costs for software products and software licenses, which are amortised over their useful lives. Other intangible assets also include bought emission rights and emission rights received free of charge, which are recognised to the lower of fair value and historical cost. The amount of emission rights in intangible assets is EUR 40 million (2010: 27).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47

23 PROPERTY, PLANT AND EQUIPMENT

EUR million	Land, waterfall rights and tunnels	Buildings, plants and structures	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total
Cost 1 January 2011	3,243	3,098	13,937	198	1,649	22,125
Translation differences and other adjustments	18	3	61	-1	-29	52
Increases through business combinations	15	40	91	0	0	146
Capital expenditure	1	54	125	4	1,197	1,381
Nuclear asset retirement cost	-	-	5	-	-	5
Disposals	-1	-16	-39	-1	1	-56
Reclassifications	1	229	710	5	-945	0
Moved to Assets held for sale	-	-103	-60	-5	-9	-177
Cost 31 December 2011	3,277	3,305	14,830	200	1,864	23,476
Accumulated depreciation 1 January 2011	-	1,339	6,016	149	-	7,504
Translation differences and other adjustments	-	18	107	-2	-	123
Increases through business combinations	-	37	83	0	-	120
Disposals	-	-10	-32	-1	-	-43
Depreciation for the period	-	106	473	8	-	587
Moved to Assets held for sale	-	-30	-18	-1	-	-49
Accumulated depreciation 31 December 2011	-	1,460	6,629	153	-	8,242
Carrying amount 31 December 2011	3,277	1,845	8,201	47	1,864	15,234

Property, plant and equipment has increased during 2011. The increase is mostly due to the ongoing investment programme in OAO Fortum and Heat segment's building of four CHP plants, which are estimated to be taken into commercial use during 2013.

➤ For more information on credit risks regarding ongoing investments, see Note 3.9 Credit risk on page 58.

Property, plant and equipment that are subject to restrictions in the form of real estate mortgages amounts to EUR 285 million (2010: 292).

➤ See Note 40 Pledged assets on page 94.

EUR million	Land, waterfall rights and tunnels	Buildings, plants and structures	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total
Cost 1 January 2010	2,840	2,752	12,570	206	1,091	19,459
Translation differences and other adjustments	392	201	1,091	14	100	1,798
Capital expenditure	1	83	221	1	897	1,203
Nuclear asset retirement cost	-	-	18	-	-	18
Disposals	-1	-13	-66	-	2	-78
Reclassifications	12	93	339	-21	-440	-17
Moved to Assets held for sale	-1	-18	-236	-2	-1	-258
Cost 31 December 2010	3,243	3,098	13,937	198	1,649	22,125
Accumulated depreciation 1 January 2010	-	1,184	5,284	136	-	6,604
Translation differences and other adjustments	-	84	449	9	-	542
Disposals	-	-8	-44	-	-	-52
Depreciation for the period	-	91	443	5	-	539
Impairment charges	-	2	-	-	-	2
Reclassifications	-	-7	3	-	-	-4
Moved to Assets held for sale	-	-7	-119	-1	-	-127
Accumulated depreciation 31 December 2010	-	1,339	6,016	149	-	7,504
Carrying amount 31 December 2010	3,243	1,759	7,921	49	1,649	14,621

23.1 Capitalised borrowing costs

EUR million	Buildings, plants and structures		Machinery and equipment		Advances paid and construction in progress		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
1 January	7	0	32	21	73	44	112	65
Translation differences and other adjustments	0	0	-1	0	-3	4	-4	4
Increases	-	-	-	-	53	45	53	45
Reclassification	10	7	46	13	-56	-20	0	0
Depreciation	-1	0	-3	-2	-	-	-4	-2
31 December	16	7	74	32	67	73	157	112

New borrowing costs of EUR 53 million were capitalised in 2011 (2010: 45) for the OAO Fortum investment program, and for CHP plant projects in Poland, Estonia and Lithuania. The interest rate used for capitalisation varied between 3.2–9.7% (2010: 2.9–9.0%) depending on country and loan currency.

23.2 Capital expenditure ¹⁾

EUR million	Finland		Sweden		Other countries		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Power								
Hydropower	9	10	60	42	–	–	69	52
Nuclear power	34	39	–	–	–	–	34	39
Fossil-based power	8	5	–	–	–	–	8	5
Renewable power	–	–	16	–	–	–	16	–
Other	1	1	2	–	1	–	4	1
Total Power	52	55	78	42	1	–	131	97
Heat								
Fossil-based heat	5	16	5	24	8	39	18	79
Fossil-based power	2	5	–	–	2	–	4	5
Renewable	22	14	84	57	56	59	162	130
District heating network	9	19	32	36	26	22	67	77
Other	12	–	34	12	0	1	46	13
Total Heat	50	54	155	129	92	121	297	304
Distribution	118	73	157	128	14	12	289	213
Electricity Sales	5	0	–	–	–	–	5	0
Other	14	8	2	1	0	0	16	9
Total excluding Russia segment	239	190	392	300	107	133	738	623
Russia								
Fossil-based power							627	544
Fossil-based heat							43	21
Other							0	34
Total Russia							670	599
Total including Russia segment							1,408	1,222

¹⁾ Includes capital expenditure to both intangible assets and property, plant and equipment.

Maintenance investments during 2011 in property, plant and equipment were EUR 202 million (2010: 164). Investments due to requirements of legislation were EUR 192 million (2010: 148). Investments increasing productivity were EUR 245 million (2010: 151) and growth investments were EUR 769 million (2010: 759).

23.2.1 Power

In Finland, Fortum invested EUR 38 million (2010: 42) into the Loviisa nuclear power plant. Fortum continued to invest EUR 18 million (2010: 23) into several hydro projects, focusing on growth and productivity. The biggest of these was Montta in Finland, EUR 4 million (2010: 7). Power has also participated in building the Blaiken Wind project, EUR 13 million (2010: 6). Power segment invested additionally EUR 63 million (2010: 32) into refurbishment type investments. Investments for CO₂ free production were EUR 103 million (2010: 91).

23.2.2 Heat

In 2011 four new CHP plants were under construction; Klaipeda, Brista 2, Järvenpää and Jelgava. The plants are planned to be commissioned in 2013. Growth investments in Heat segment totalled EUR 193 million (2010: 202). Refurbishment and other investments were EUR 103 (2010: 102). This amount consists mainly of investments in district heat networks, new connections as well as the maintenance of existing CHP plants and measures defined by legal requirements. Investments for CO₂ free production were EUR 152 million (2010: 123).

23.2.3 Distribution

Distribution invested EUR 289 million (2010: 213) in reliability of power delivery, maintenance and new investments in Finland, Sweden, Norway and Estonia.

The pilot rollout of smart metering to network customers in Finland started in October 2010. In 2011 Fortum invested some EUR 37 million (2010: 9) in the Finnish smart metering project.

23.2.4 Russia

OAo Fortum has an extensive investment programme aiming to increase its power capacity with 2,300 MW. During 2011 EUR 558 million (2010: 540) was invested in this programme. The value for the remaining part of the programme is estimated to be EUR 0.9 billion from January 2012 onwards. The first three units of Fortum's extensive investment programme in Russia started commercial operation in 2011. Tyumen CHP-1 in western Siberia started capacity sales at the beginning of February and Chelyabinsk CHP-3 in the Urals region at the beginning of June. The new capacity in Tobolsk was taken into commercial operation on 1 October 2011. Altogether, Fortum's extensive investment programme in Russia consists of eight new units.

23.3 Assets leased in by finance lease agreements

EUR million	2011	2010
Acquisition cost	39	41
Accumulated depreciation at 1 January	–14	–14
Depreciation charge for the year	–2	–2
Total	23	25

The assets leased by financial lease agreements are classified as machinery and equipment.

Fortum also acts as a lessor under financial lease agreements and has leased out property, plant and equipment for EUR 42 million (2010: 50), which are not included in property, plant and equipment in the consolidated financial statements.

23.4 Assets leased out by operating lease agreements

EUR million	2011	2010
Acquisition cost	11	12
Accumulated depreciation at 1 January	-2	-3
Depreciation charge for the year	-1	-2
Total	8	7

24 PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2011	2010
Historical cost		
1 January	1,661	1,669
Translation differences and other adjustments	-6	63
Acquisitions	9	6
New share issues and shareholders' contributions	16	20
Reclassifications	-4	-
Divestments	-38	-97
Moved to Assets held for sale	-1	-
Historical cost 31 December	1,637	1,661
Equity adjustments to participations in associates and joint ventures		
1 January	500	519
Translation differences and other adjustments	4	41
Share of profits of associates	91	62
Reclassifications	4	-
Divestments	-108	8
Dividends received	-108	-61
OCI items associated companies	-1	-69
Equity adjustments 31 December	382	500
Total	2,019	2,161

The carrying amount of investments in associated companies at the end of 2011 was EUR 2,019 million (2010: 2,161). Fortum owns shares in three (2010: two) companies classified as joint ventures. The total carrying value of these joint ventures was EUR 62 million (2010: 54).

24.1 Investments

Teollisuuden Voima Oyj's (TVO) Annual General meeting in March 2011 decided to raise the company's share capital by EUR 65 million (2010: 79.3) of which Fortum's share is EUR 16 million (2010: 19.8). The increase in Fortum's participation in TVO was paid in November 2011.

During 2010 Fortum acquired 40% of the shares in Blaiken Vind AB from Skellefteå Kraft AB. Blaiken Vind AB is a joint venture planning to start construction of a wind farm in the Blaiken region in northern Sweden. The wind farm will have a maximum of 100 wind turbines with a total capacity of 250 MW. Its estimated annual production when the construction is completed in year 2015 is 600-720 GWh. The total investments during the project will amount to a maximum of EUR 400 million, of which Fortum's share is 40%.

24.2 Divestments

In the first quarter of 2011 Electricity Sales segment divested its 30.78% share in Energiapolar Oy. In the fourth quarter of 2011 Electricity Sales segment divested its 24.5% share in Ishavskraft AS.

In January 2011 Fortum, the Finnish State (Ministry of Employment and The National Emergency Supply Agency) and Ilmarinen Mutual Pension Insurance Company came to a preliminary agreement according to which Fortum was going to sell its 25% shareholding in the Finnish transmission system operator Fingrid Oyj. The divestment was completed on 19 April 2011. The State bought approximately 81% and Ilmarinen bought approximately 19% of Fortum's Fingrid Oyj shares. The sales price for the total amount of shares was EUR 325 million and consequently, Fortum booked a gain of EUR 192 million in addition to the share of profits for the first quarter amounting to EUR 8 million. The shares were part of the Distribution segment and the gain is recognised in the Distribution segment. Fortum sold its holding in Fingrid Oyj as a result of the EU's third energy market package that calls for the separation of high voltage transmission and power generation. The package entered into force in September 2009.

In early February 2010 Distribution business area divested Fortum's 49% shareholding in Karlskoga Energi & Miljö AB. In the first quarter of 2010 Heat division divested Fortum's 20.4% shareholding in Swedegas AB and Russia division divested OAO Fortum's 49% shareholding in Kurgan Generating Company. In the third quarter Russia division divested Fortum's approximately 31% shareholding in St. Petersburg Sales Company.

24.3 Share of profits from associates

Some of the principal associates present their financial statements according to local accounting principles. Fortum makes adjustments to the reported numbers to ensure consistency with policies adopted by the Group. If more recent information is not available, the share of profit of associated companies is based on the previous quarterly information.

Fortum's share of profits from associates for 2011 amounts to EUR 91 million (2010: 62), of which Hafslund ASA represents EUR 23 million (2010: 28), TGC-1 EUR 30 million (2010: 7) and Gasum Oy EUR 16 million (2010: 27). Share of profits from associates also includes Fortum's share of the Swedish nuclear associates Forsmarks Kraftgrupp AB and OKG AB with EUR 7 million (2010: -19), of which EUR 17 million (2010: -11) is due to accounting of nuclear related assets and liabilities.

➤ See Note 35 Nuclear related assets and liabilities on page 89.

According to Fortum Group accounting policies the share of profits from Hafslund including REC will be included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available. Q4 includes Fortum's share of Hafslund's Q3 profit. Hafslund made write-downs on REC shares in Q2 and Q3 2011. In Q3 2011 Fortum has changed accounting principle for Hafslund (see Note 1.3.2 Associates and joint ventures). After the write-down in Q2 based on REC closing price 30 June 2011, NOK 9.28, Fortum and Hafslund have the same basis for future fair value changes in REC.

In 2011 write-downs on REC shares are included in Fortum's Q2 and Q4 closings amounting to EUR 20 million and EUR 16 million respectively, cumulatively EUR 36 million. In December 2010 Hafslund sold its fully-owned subsidiary Hafslund Fibernet AS. Fortum recognised EUR 38 million in relation to Hafslund's divestment of Hafslund Fibernet AS shares as a part of the share of profit of associates and joint ventures in Q1 2011.

24.4 Dividends received

Total dividends received amounted to EUR 108 million (2010: 61), of which dividend from Hafslund was EUR 64 million (2010: 19) and EUR 23 million (2010: 26) from Gasum Oy.

24.5 Principal associated companies

EUR million Company	Segment	Domicile	Participation %		Carrying amount in Group	
			2011	2010	2011	2010
Kemijoki Oy	Power	Finland	18	18	230	237
Teollisuuden Voima Oyj (TVO)	Power	Finland	26	26	272	254
OKG AB	Power	Sweden	46	46	142	134
Forsmarks Kraftgrupp AB	Power	Sweden	26	26	116	121
Gasum Oy	Heat	Finland	31	31	116	123
Fingrid Oyj	Distribution	Finland	–	25	–	115
Territorial Generating Company 1 (TGC-1)	Russia	Russia	26	26	452	423
Hafslund ASA	Other	Norway	34	34	394	440
Others					297	314
Total					2,019	2,161

Fortum owns 63.8% of the hydro shares and 15.4% of the monetary shares in Kemijoki Oy. Each owner of hydro shares is entitled to the hydropower production in proportion to its hydro shareholding. Fortum's total ownership is 17.5% of the share capital. Since Fortum has significant influence due to its representation on the Board of Directors and participation in policy-making processes, Kemijoki Oy is accounted for as an associated company.

TVO has three series of shares which entitle the shareholders to electricity produced in the different power plants owned by TVO. Series A entitles to electricity produced in nuclear power plants Olkiluoto 1 and 2, series B entitles to electricity in the nuclear power plant presently being built, Olkiluoto 3, and series C entitles

to electricity produced in TVO's share of the thermal power plant Meri-Pori. The Meri-Pori power plant is a jointly controlled asset between Fortum and TVO. Fortum accounts for its 54.55% of the assets and TVO for 45.45%.

➔ See also Jointly controlled assets in Note 1.12.1 in accounting principles on page 44.

Fortum owns 25.7% of the shares in Territorial Generating Company 1 (TGC-1). TGC-1 was formed in late 2006 by mergers of several Russian companies. According to Fortum's accounting policy the share of TGC-1's profits is recognised based on the previous quarter information.

During 2010 Fortum changed its accounting practice for recognition of TGC-1 results. TGC-1 has reversed impairment losses booked prior to Fortum's ownership in TGC-1. From 2010 onwards Fortum eliminates such reversals and assesses the need for impairment separately.

TGC-1 has changed its reporting schedule for IFRS financial information during 2010. From 2010 onwards TGC-1 publishes IFRS interim financial statements quarterly. Fortum's 2010 results includes Fortum's share of TGC-1's profits for the second half of 2009 as well as for the first three quarters of 2010.

Market value, based on market quotations of Fortum's shareholding in the listed principal associated companies on 31 December 2011 (Hafslund ASA and TGC-1) was EUR 718 million (2010: 1,113), of which Hafslund was EUR 498 million (2010: 595) and TGC-1 was EUR 220 million (2010: 518). The market quotation for the TGC-1 share is effected by the low liquidity of the TGC-1 shares in the Russian stock exchanges. During 2011 trading volumes of TGC-1 shares in relation to the number of shares of the company were approximately 8.4% in Russian stock exchanges.

ASSETS, LIABILITIES, SALES AND PROFIT AND LOSS OF THE GROUP'S PRINCIPAL ASSOCIATES

EUR million Company	Domicile	Assets	Liabilities	Sales	Profit/ loss	Owner- ship, %	Votes, %
Kemijoki Oy ^{1) 3)}	Finland	454	341	41	–7	18	18
Teollisuuden Voima Oyj ^{1) 2)}	Finland	5,915	4,836	274	6	26	26
OKG AB ^{1) 3)}	Sweden	2,313	1,880	569	1	46	46
Forsmarks Kraftgrupp AB ^{1) 3)}	Sweden	2,073	1,619	614	43	26	26
Gasum Oy ²⁾	Finland	753	374	948	52	31	31
Territorial Generating Company 1 (TGC-1) ²⁾	Russia	3,195	1,324	971	67	26	26
Hafslund ASA ²⁾	Norway	3,287	2,216	1,324	–63	34	33

¹⁾ Power plants are often built jointly with other power producers. Under the consortium agreements, each owner is entitled to electricity in proportion to its share of ownership or other agreements and each owner is liable for an equivalent portion of costs. The associated companies are not profit making, since the owners purchase electricity at production cost including interest cost and production taxes. (See also Note 12 Materials and services on page 68 and Note 45 Related party transactions on page 96).

²⁾ Based on September 2011 figures.

³⁾ Based on December 2010 figures.

24.6 Transactions and balances

ASSOCIATED COMPANY TRANSACTIONS

EUR million	2011	2010
Sales to associated companies	21	63
Interest on associated company loan receivables	34	39
Purchases from associated companies	661	764

Purchases from associated companies are purchases of nuclear and hydro power at production cost including interest costs and production taxes.

➤ See Note 12 *Materials and services* on page 68.

➤ See Note 45 *Related party transactions* on page 96.

ASSOCIATED COMPANY BALANCES

EUR million	2011	2010
Receivables from associated companies		
Long-term interest-bearing loan receivables	1,178	1,071
Trade receivables	11	22
Other receivables	7	20
Liabilities to associated companies		
Long-term loan payables	223	213
Trade payables	14	36
Other payables	13	15

Long-term interest-bearing receivables are mainly receivables from Swedish nuclear companies, OKG AB and Forsmarks Kraftgrupp AB, EUR 1,110 million (2010: 1,001).

Investments in Swedish nuclear companies are financed through loans from owners of the nuclear companies, pro rata ownership.

TRANSACTIONS AND BALANCES WITH JOINT VENTURES

EUR million	2011	2010
Purchases	1	1
Receivables from joint ventures	14	6
Other payables to joint ventures	10	0

Receivables from joint ventures included long-term interest-bearing loan receivables of EUR 9 million (2010: 0).

25 OTHER NON-CURRENT ASSETS

EUR million	2011	2010
Available for sale financial assets	36	41
Other	33	31
Total	69	72

Available for sale financial assets, i.e. shares which are not classified as associated companies or joint ventures, consist mainly of shares in unlisted companies of EUR 34 million (2010: 38), for which the fair value can not be reliably determined. These assets are measured at cost less possible impairment.

Available for sale financial assets include listed shares at fair value of EUR 2 million (2010: 3). The cumulative fair value change booked in Fortum's equity was EUR -2 million (2010: -1).

26 LONG-TERM AND SHORT-TERM INTEREST-BEARING RECEIVABLES

EUR million	2011	2010
Long-term loan receivables	1,189	1,101
Finance lease receivables	7	48
Total long-term interest-bearing receivables	1,196	1,149
Other short-term interest-bearing receivables	14	46
Short-term finance lease receivables	9	11
Total short-term interest-bearing receivables ¹⁾	23	57
Total	1,219	1,206

¹⁾ Included in trade and other receivables in the balance sheet, see Note 28 on page 83.

Long-term loan receivables include receivables from associated companies EUR 1,178 million (2010: 1,071), mainly from Swedish nuclear companies, OKG AB and Forsmarks Kraftgrupp AB, EUR 1,110 million (2010: 1,001). These companies are mainly funded with shareholder loans, pro rata each shareholder's ownership. The increase is related to investments made according to plan in OKG AB and Forsmarks Kraftgrupp AB.

Long-term loan receivables also include receivables from Teollisuuden Voima Oyj (TVO) amounting to EUR 45 million (2010: 45). Olkiluoto 3, the nuclear power plant being built by the associated company TVO, is funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. In March 2009, TVO's shareholders committed to providing a EUR 300 million subordinated shareholders' loan to TVO. The facility will be available until the end of 2013. Fortum's share of this commitment is at maximum EUR 75 million.

➤ For further information regarding credit risk management, see Note 3.9 *Credit risk* on page 58.

26.1 Interest-bearing receivables

EUR million	Effective interest rate %	Carrying amount 2011	Repricing under 1 year	Repricing 1-5 years	Repricing over 5 years	Fair value 2011	Carrying amount 2010	Fair value 2010
Long-term loan receivables	2.7	1,191	1,180	2	9	1,201	1,103	1,112
Finance lease receivables	6.5	16	13	3	–	16	59	73
Total long-term interest-bearing receivables ¹⁾	2.8	1,207	1,193	5	9	1,217	1,162	1,185
Other short-term interest-bearing receivables	4.9	12	12	–	–	12	44	46
Total interest-bearing receivables	2.8	1,219	1,205	5	9	1,229	1,206	1,231

¹⁾ Including current portion of long-term receivables EUR 2 million (2010: 2) and short-term finance lease receivables EUR 9 million (2010: 11).

26.2 Finance lease receivables

Fortum owns assets (mainly CHP and heating plants) that it leases to customers under financial leasing agreements in Finland and Norway. These assets are recorded at the gross investment cost in the lease, less unearned financial income. The average lease term is approximately 7 years.

PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENT RECEIVABLES

EUR million	2011	2010
Gross investment in finance lease contracts	16	78
Less unearned finance income	0	19
Total	16	59

MATURITY OF FINANCE LEASE RECEIVABLES

EUR million	2011	2010
Gross investment		
Less than 1 year	9	15
1-5 years	5	42
Over 5 years	2	21
Total	16	78

MATURITY OF PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENT RECEIVABLES

EUR million	2011	2010
Less than 1 year	9	12
1-5 years	5	30
Over 5 years	2	17
Total	16	59

No contingent rents were recognised in income statement neither in 2011 nor in 2010.

27 INVENTORIES

EUR million	2011	2010
Nuclear fuel	109	84
Coal	203	129
Oil	48	53
Biofuels	95	44
Other inventories	73	77
Total	528	387

No write downs have been booked related to inventories neither in 2011 nor in 2010.

28 TRADE AND OTHER RECEIVABLES

EUR million	2011	2010
Trade receivables	689	943
Income tax receivables	55	18
Accrued interest income	6	9
Accrued income and prepaid expenses	45	62
Other receivables	202	195
Short-term finance lease receivables ¹⁾	9	11
Other short-term interest-bearing receivables ¹⁾	14	46
Total	1,020	1,284

¹⁾ See also Note 26 Long-term and short-term interest-bearing receivables on page 82.

The management considers that the carrying amount of trade and other receivables approximates their fair value.

28.1 Trade receivables

AGEING ANALYSIS OF TRADE RECEIVABLES

EUR million	2011		2010	
	Gross	Impaired	Gross	Impaired
Not past due	630	3	860	2
Past due 1-90 days	63	6	88	6
Past due 91-180 days	6	2	8	6
Past due more than 181 days	58	57	53	52
Total	757	68	1,009	66

Impairment losses recognised in the income statement were EUR 10 million (2010: 27), of which EUR 2 million (2010: 26) are impairment losses recognised in OAO Fortum Group. On 31 December 2011, trade receivables of EUR 68 million (2010: 66) were impaired and provided for, of which EUR 57 million (2010: 57) refers to OAO Fortum Group.

➔ For information regarding impairment losses by segment, see Note 5 Segment reporting on page 60.

TRADE RECEIVABLES BY CURRENCY

EUR million	2011	2010
EUR	183	276
SEK	347	461
RUB	144	150
NOK	28	47
PLN	31	33
Other	24	42
Total	757	1,009

Trade receivables are arising from a large number of customers mainly in EUR and SEK mitigating the concentration of risk. Fortum held on 31 December 2011 bank guarantees as collaterals for trade receivables amounting to EUR 0.7 million (2010: 5).

⊕ *For further information regarding credit risk management and credit risks, see 2.4 Counterpart risks on page 25 in the Operating and financial review and Note 3.9 Credit risk on page 58.*

29 LIQUID FUNDS

EUR million	2011	2010
Cash at bank and in hand	191	220
Bank deposits with maturity under 3 months	540	65
Cash and cash equivalents	731	285
Bank deposits with maturity more than 3 months	–	271
Total	731	556
Cash and cash equivalents included in Assets held for sale	16	0
Total	747	556

Short-term and long-term bank deposits include bank deposits held by OAO Fortum amounting to EUR 194 million and EUR 0 million respectively (2010: 65 and 271 respectively). At the year end 2011 OAO Fortum's short-term deposits included 164 million in euros and 30 million in Russian roubles. The funds in OAO Fortum are committed to the investment program to further increase OAO Fortum's electricity production capacity. The bank deposits in euros held by OAO Fortum are hedging future payments in euros.

Assets held for sale include cash balances of EUR 16 million (2010: 0). When liquid funds in assets held for sale are included, the total amount of liquid funds is EUR 747 million.

Maturity of cash and cash equivalents is under 3 months.

⊕ *For further information regarding credit risk management and credit risks, see 2.4 Counterpart risks on page 25 in the Operating and financial review and Note 3.9 Credit risk on page 58.*

30 SHARE CAPITAL

EUR million	2011		2010	
	Number of shares	Share capital	Number of shares	Share capital
Registered shares at 1 January	888,367,045	3,046	888,367,045	3,046
Registered shares at 31 December	888,367,045	3,046	888,367,045	3,046

Fortum Oyj has one class of shares. By the end of 2011, a total of 888,367,045 shares had been issued. The nominal value of one share is EUR 3.40 and each share entitles the holder to one vote at the Annual General Meeting. All shares entitle holders to an equal dividend. At the end of 2011 Fortum Corporation's share capital, paid in its entirety and entered in the trade register, was EUR 3,046,185,953.00.

The registered share capital exceeds the aggregate nominal value of the issued shares due to the cancellations of the company's own shares in 2006 and 2007 (in total 7,570,000 shares) without decreasing the share capital.

Fortum Corporation's shares are listed on NASDAQ OMX Helsinki. The trading code is FUM1V. Fortum Corporation's shares are in the Finnish book entry system maintained by Euroclear Finland Ltd.

At the end of 2011, the Finnish State owned 50.76% of the Company's shares. The Finnish Parliament has authorised the Government to reduce the Finnish State's holding in Fortum Corporation to no less than 50.1% of the share capital and voting rights.

At the end of 2011, the President and CEO and other members of the Fortum Management Team owned 253,276 shares (2010: 208,333), representing approximately 0.03% (2010: 0.02%) of the shares in the Company.

⊕ *Details on the President and CEO and other members of the Fortum Management Team's shareholdings and interest in the equity incentive schemes is presented in Note 14 Employee costs and management remuneration on page 68. A description of shares, share capital and shareholders in Fortum is shown in the Operating and financial review on page 27.*

30.1 Treasury shares

At the end of 2011, Fortum Corporation did not own its own shares and the Board of Directors of Fortum Corporation has no unused authorisations from the General Meeting of shareholders to repurchase the company's own shares.

30.2 Convertible bond loans, bonds with warrants and unused authorisations

Fortum Corporation has not issued any convertible bonds or bonds with attached warrants, which would entitle the bearer to subscribe for Fortum shares. The Board of Directors of Fortum Corporation has no unused authorisations from the General Meeting of shareholders to issue convertible bond loans or bonds with warrants or increase the company's share capital.