

# Parent company financial statements, Finnish GAAP (FAS)

## Income statement

EUR million	Note	2011	2010
<b>Sales</b>	2	77	67
Other income	3	36	12
Employee costs	4	-36	-35
Depreciation, amortisation and write-downs	7	-8	-9
Other expenses		-67	-55
<b>Operating profit</b>		2	-20
Financial income and expenses	5	874	385
<b>Profit after financial items</b>		876	365
Group contributions <sup>1)</sup>		542	812
<b>Profit before income tax</b>		1,418	1,177
Income tax expense	6	-101	-149
<b>Profit for the period</b>		1,317	1,028

<sup>1)</sup> Taxable profits transferred from Finnish subsidiaries.

## Balance sheet

EUR million	Note	31 Dec 2011	31 Dec 2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	7	15	10
Property, plant and equipment	7	11	13
Investments in group companies	7	15,645	15,645
Interest-bearing receivables from group companies	7	1,777	1,961
Investments in associated companies	7	0	0
Interest-bearing receivables from associated companies	7	1	1
Other non-current assets	7	4	4
Deferred tax assets		5	3
<b>Total non-current assets</b>		17,458	17,637
<b>Current assets</b>			
Other current receivables from group companies	8	552	823
Other current receivables from associated companies	8	0	0
Other current receivables	8	62	48
Cash and cash equivalents	9	460	116
<b>Total current assets</b>		1,074	987
<b>Total assets</b>		18,532	18,624

EUR million	Note	31 Dec 2011	31 Dec 2010
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	10		
Share capital		3,046	3,046
Share premium		2,822	2,822
Retained earnings		3,304	3,164
Profit for the period		1,317	1,028
<b>Total shareholders' equity</b>		10,489	10,060
<b>Provisions for liabilities and charges</b>		0	0
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
External interest-bearing liabilities	11	5,952	5,650
Interest-bearing liabilities to group companies	11	814	1,360
Interest-bearing liabilities to associated companies	11	223	213
Other non-current liabilities		5	8
<b>Total non-current liabilities</b>		6,994	7,231
<b>Current liabilities</b>			
External interest-bearing liabilities	11	761	803
Trade and other payables to group companies	12	46	79
Trade and other payables to associated companies	12	4	3
Trade and other payables	12	238	448
<b>Total current liabilities</b>		1,049	1,333
<b>Total liabilities</b>		8,043	8,564
<b>Total equity and liabilities</b>		18,532	18,624

## Cash flow statement

EUR million	2011	2010
<b>Cash flow from operating activities</b>		
<b>Profit for the period</b>	<b>1,317</b>	<b>1,028</b>
<b>Adjustments:</b>		
Income tax expense	101	149
Group contributions	-542	-812
Finance costs – net	-874	-385
Depreciations, amortisation and write-downs	8	9
<b>Operating profit before depreciations</b>	<b>10</b>	<b>-11</b>
Non-cash flow items and divesting activities	-3	-6
Interest and other financial income	87	44
Interest and other financial expenses paid, net	-225	-239
Dividend income	1,088	920
Group contribution received	812	792
Realised foreign exchange gains and losses	-151	282
Income taxes paid	-167	-160
<b>Funds from operations</b>	<b>1,451</b>	<b>1,622</b>
Change in interest-free receivables, decrease (+) / increase (-)	-1	9
Change in interest-free payables, decrease (-) / increase (+)	-35	277
<b>Change in working capital</b>	<b>-36</b>	<b>286</b>
<b>Net cash from operating activities</b>	<b>1,415</b>	<b>1,908</b>
<b>Cash flow from investing activities</b>		
Capital expenditures	-9	-8
Acquisition of shares and capital contributions in subsidiaries	-50	-
Acquisition of other shares	-1	-1
Proceeds from sales of fixed assets	0	1
Proceeds from sales of shares in associates	-	4
Change in interest-bearing receivables and other non-current assets	184	-1,262
<b>Net cash used in investing activities</b>	<b>124</b>	<b>-1,266</b>
<b>Cash flow before financing activities</b>	<b>1,539</b>	<b>642</b>
<b>Cash flow from financing activities</b>		
Proceeds from long-term liabilities	266	721
Payment of long-term liabilities	-268	-855
Change in short-term liabilities	-305	282
Dividends paid	-888	-888
<b>Net cash used in financing activities</b>	<b>-1,195</b>	<b>-740</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>344</b>	<b>-98</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>116</b>	<b>214</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>460</b>	<b>116</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>344</b>	<b>-98</b>

## Parent company notes to the financial statements, FAS

### 1 ACCOUNTING POLICIES AND PRINCIPLES

The financial statements of Fortum Oyj are prepared in accordance with Finnish Accounting Standards (FAS).

#### 1.1 Sales

Sales include sales revenue from actual operations and exchange rate differences on trade receivables, less discounts and indirect taxes such as value added tax.

#### 1.2 Other income

Other income includes gains on the sales of tangible assets and shareholdings, as well as all other operating income not related to the sales of products or services, such as rents.

#### 1.3 Foreign currency items and derivative instruments

Transactions denominated in foreign currencies have been valued using the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currencies outstanding on the balance sheet date have been valued using the exchange rate quoted on the balance sheet date. Exchange rate differences have been entered in the financial net in the income statement.

Fortum Oyj enters into derivative contracts mainly for hedging foreign exchange and interest rate exposures.

Derivatives used to hedge balance sheet items e.g. bank accounts, loans or receivables are valued employing the exchange rate quoted on the balance sheet date, and gains or losses are recognised in the income statement. The interest element on forward contracts is accrued for the period.

Option premiums are treated as advances paid or received until the option matures, and any losses on options entered into other than for hedging purposes are entered as an expense in the income statement.

Interest income or expense for derivatives used to hedge the interest rate risk exposure is accrued over the period to maturity and is recognised as an adjustment to the interest expense of the liabilities.

#### 1.4 Income taxes

Income taxes presented in the income statement consist of accrued taxes for the financial year and tax adjustments for prior years.

### 1.5 Property, plant and equipment and depreciation

The balance sheet value of property, plant and equipment consists of historical costs less depreciation and other deductions. Property, plant and equipment are depreciated using straight-line depreciation based on the expected useful life of the asset.

The depreciation is based on the following expected useful lives:

Buildings and structures	15–40 years
Machinery and equipment	3–15 years
Other intangible assets	5–10 years

### 1.6 Pension expenses

Statutory pension obligations are covered through a compulsory pension insurance policy or Group's own pension fund. Payments to Group's pension fund are recorded in the income statement as determined by the pension fund according to the actuarial assumptions pursuant to the Finnish Employees' Pension Act.

### 1.7 Long-term incentive schemes

Costs related to the Fortum long-term incentive plans are accrued over the plan period and the related liability is booked to the balance sheet.

### 1.8 Provisions

Foreseeable future expenses and losses that have no corresponding revenue to which Fortum is committed or obliged to settle, and whose monetary value can be reasonably assessed, are entered as expenses in the income statement and included as provisions in the balance sheet.

## 2 SALES BY MARKET AREA

EUR million	2011	2010
Finland	61	61
Other countries	16	6
<b>Total</b>	<b>77</b>	<b>67</b>

## 3 OTHER INCOME

EUR million	2011	2010
Gain on sales of shareholdings	–	4
Rental and other income	36	8
<b>Total</b>	<b>36</b>	<b>12</b>

## 4 EMPLOYEE COSTS

EUR million	2011	2010
<b>Personnel expenses</b>		
Wages, salaries and remunerations	29	28
Indirect employee costs		
Pension costs	5	5
Other indirect employee costs	1	1
Other personnel expenses	1	1
<b>Total</b>	<b>36</b>	<b>35</b>
<b>Salaries and remunerations</b>		
President and CEO	2	2
Board of Directors	0	0
Supervisory Board	0	0
<b>Total</b>	<b>2</b>	<b>2</b>

Supervisory Board has been dissolved in April 2011.

For the President and CEO the retirement age is 63. The pension obligations are covered either through insurance companies or through the Fortum Pension Fund.

➔ See also Note 14 Employee costs and management remuneration on page 68 and Note 37 Pension obligations on page 91 in the Consolidated financial statements.

	2011	2010
<b>Average number of employees</b>	<b>302</b>	<b>305</b>

## 5 FINANCIAL INCOME AND EXPENSES

EUR million	2011	2010
Dividend income from group companies	1,088	920
Dividend income from associated companies and other companies	0	0
Interest and other financial income from group companies	76	27
Write-downs of participations in group companies	–50	–320
Interest and other financial income	4	1
Exchange rate differences	10	–8
Interest and other financial expenses to group companies	–45	–20
Interest and other financial expenses	–209	–215
<b>Total</b>	<b>874</b>	<b>385</b>
<b>Total interest income and expenses</b>		
Interest income	80	28
Interest expenses	–249	–230
<b>Interest net</b>	<b>–169</b>	<b>–202</b>

Write-downs of participations in group companies are related to shares in Fortum Heat and Gas Oy. Write-downs are a consequence of received dividends.

## 6 INCOME TAX EXPENSE

EUR million	2011	2010
Taxes on regular business operations	-40	-62
Taxes on group contributions	141	211
<b>Total</b>	<b>101</b>	<b>149</b>
Current taxes for the period	91	181
Current taxes for prior periods	12	0
Changes in deferred tax	-2	-32
<b>Total</b>	<b>101</b>	<b>149</b>

## 7 NON-CURRENT ASSETS

### INTANGIBLE ASSETS

EUR million	Intangible assets total
<b>Cost 1 January 2011</b>	<b>33</b>
Additions	9
Disposals	0
<b>Cost 31 December 2011</b>	<b>42</b>
<b>Accumulated depreciation 1 January 2011</b>	<b>23</b>
Disposals	0
Depreciation for the period	4
<b>Accumulated depreciation 31 December 2011</b>	<b>27</b>
<b>Carrying amount 31 December 2011</b>	<b>15</b>
<b>Carrying amount 31 December 2010</b>	<b>10</b>

### PROPERTY, PLANT AND EQUIPMENT

EUR million	Buildings and structures	Machinery and equipment	Advances paid and construction in progress	Total
<b>Cost 1 January 2011</b>	<b>1</b>	<b>28</b>	<b>7</b>	<b>36</b>
Additions	0	3	-	3
Disposals	-	0	-2	-2
<b>Cost 31 December 2011</b>	<b>1</b>	<b>31</b>	<b>5</b>	<b>37</b>
<b>Accumulated depreciation 1 January 2011</b>	<b>0</b>	<b>23</b>	<b>-</b>	<b>23</b>
Disposals	-	0	-	0
Depreciation for the period	0	3	-	3
<b>Accumulated depreciation 31 December 2011</b>	<b>0</b>	<b>26</b>	<b>-</b>	<b>26</b>
<b>Carrying amount 31 December 2011</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>11</b>
<b>Carrying amount 31 December 2010</b>	<b>1</b>	<b>5</b>	<b>7</b>	<b>13</b>

### INVESTMENTS

EUR million	Shares in Group companies	Receivables from Group companies	Shares in associated companies	Receivables from associated companies	Other non-current assets	Total
<b>1 January 2011</b>	<b>16,365</b>	<b>1,961</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>18,331</b>
Additions <sup>1)</sup>	50	-	-	-	1	51
Disposals	-	-184	-	0	-1	-185
<b>31 December 2011</b>	<b>16,415</b>	<b>1,777</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>18,197</b>
<b>Accumulated depreciation 1 January 2011</b>	<b>-720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-720</b>
Impairment charges	-50	-	-	-	-	-50
<b>Accumulated depreciation 31 December 2011 <sup>2)</sup></b>	<b>-770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-770</b>
<b>Carrying amount 31 December 2011</b>	<b>15,645</b>	<b>1,777</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>17,427</b>

<sup>1)</sup> Additions regarding shares comprise acquisitions of shares and capital contributions.

<sup>2)</sup> Write-downs of participations in group companies are related to shares in Fortum Heat and Gas Oy. Write-downs are a consequence of received dividends.

## 8 OTHER CURRENT RECEIVABLES

EUR million	2011	2010
Other current receivables from group companies		
Trade receivables	8	8
Other receivables	542	812
Accrued income and prepaid expenses	2	3
<b>Total</b>	<b>552</b>	<b>823</b>
Other current receivables from associated companies		
Trade receivables	0	0
Other current receivables		
Trade receivables	0	0
Other receivables	0	0
Accrued income and prepaid expenses	62	48
<b>Total</b>	<b>62</b>	<b>48</b>

## 9 CASH AND CASH EQUIVALENTS

EUR million	2011	2010
Cash at bank and in hand	114	116
Bank deposits	346	–
<b>Cash and cash equivalents</b>	<b>460</b>	<b>116</b>

## 10 CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Share capital	Share premium	Retained earnings	Total
<b>Total equity 31 December 2010</b>	<b>3,046</b>	<b>2,822</b>	<b>4,192</b>	<b>10,060</b>
Cash dividend	–	–	–888	–888
Profit for the period	–	–	1,317	1,317
<b>Total equity 31 December 2011</b>	<b>3,046</b>	<b>2,822</b>	<b>4,621</b>	<b>10,489</b>
<b>Total equity 31 December 2009</b>	<b>3,046</b>	<b>2,822</b>	<b>4,052</b>	<b>9,920</b>
Cash dividend	–	–	–888	–888
Profit for the period	–	–	1,028	1,028
<b>Total equity 31 December 2010</b>	<b>3,046</b>	<b>2,822</b>	<b>4,192</b>	<b>10,060</b>

EUR million	2011	2010
Distributable funds 31 December	4,621	4,192

## 11 INTEREST-BEARING LIABILITIES

### EXTERNAL INTEREST-BEARING LIABILITIES

EUR million	2011	2010
Bonds	4,346	4,231
Loans from financial institutions	741	595
Other long-term interest-bearing debt	865	824
<b>Total long-term interest-bearing debt</b>	<b>5,952</b>	<b>5,650</b>
Current portion of long-term bonds	393	223
Current portion of loans from financial institutions	112	45
Commercial papers	122	534
Other short-term interest-bearing debt	134	1
<b>Total short-term interest-bearing debt</b>	<b>761</b>	<b>803</b>
<b>Total external interest-bearing debt</b>	<b>6,713</b>	<b>6,453</b>

### MATURITY OF EXTERNAL INTEREST-BEARING LIABILITIES

EUR million	2011
2012	761
2013	525
2014	1,153
2015	1,021
2016	831
2017 and later	2,422
<b>Total</b>	<b>6,713</b>

### EXTERNAL INTEREST-BEARING LIABILITIES DUE AFTER FIVE YEARS

EUR million	2011	2010
Bonds	1,302	1,553
Loans from financial institutions	449	254
Other long-term liabilities	671	630
<b>Total</b>	<b>2,422</b>	<b>2,437</b>

### OTHER INTEREST-BEARING LIABILITIES DUE AFTER FIVE YEARS

EUR million	2011	2010
Interest-bearing liabilities to group companies	17	17
Interest-bearing liabilities to associated companies	223	213
<b>Total</b>	<b>240</b>	<b>230</b>

## 12 TRADE AND OTHER PAYABLES

EUR million	2011	2010
Trade and other payables to group companies		
Trade payables	2	9
Other liabilities	44	70
Accruals and deferred income	0	0
<b>Total</b>	<b>46</b>	<b>79</b>
Trade and other payables to associated companies		
Accruals and deferred income	4	3
<b>Total</b>	<b>4</b>	<b>3</b>
Trade and other payables		
Trade payables	10	7
Other liabilities	7	8
Accruals and deferred income	221	433
<b>Total</b>	<b>238</b>	<b>448</b>

## 13 CONTINGENT LIABILITIES

EUR million	2011	2010
On own behalf		
Other contingent liabilities	5	5
On behalf of group companies		
Guarantees	663	751
On behalf of associated companies		
Guarantees	303	300
<b>Contingent liabilities total</b>	<b>971</b>	<b>1,056</b>

## OPERATING LEASES

EUR million	2011	2010
<b>Lease payments</b>		
Not later than 1 year	1	1
Later than 1 year and not later than 5 years	1	0
<b>Total</b>	<b>2</b>	<b>1</b>

## DERIVATIVES

EUR million	2011			2010		
	Contract or notional value	Fair value	Not recognised as an income	Contract or notional value	Fair value	Not recognised as an income
Forward rate agreements	196	0	0	167	0	0
Interest rate swaps	4,737	140	107	4,091	96	57
Forward foreign exchange contracts <sup>1)</sup>	17,276	-63	7	17,893	-195	6
Interest rate and currency swaps	247	1	-1	459	-20	1

<sup>1)</sup> Includes also future positions.

## 14 RELATED PARTY TRANSACTIONS

➤ See Note 45 Related party transactions on page 96 in the Consolidated financial statements.