Fortum Corporation

Interim Report
January-June 2011

19 July 2011

Fortum Corporation
Domicile Espoo
Business ID 1463611-4

Results continued to develop well

- Comparable operating profit EUR 997 (990) million, +1%
- Earnings per share EUR 1.29 (0.93), +39%
- Financial position remained strong
- Russian investment programme progressed as planned; second unit started commercial operations

Key figures	II/11	II/10	I-II/11	I-II/10	2010	LTM*
Sales, EUR million	1,316	1,295	3,350	3,242	6,296	6,404
Operating profit, EUR million	609	351	1,509	1,075	1,708	2,142
Comparable operating profit, EUR million	348	339	997	990	1,833	1,840
Profit before taxes, EUR million	552	332	1,456	1,045	1,615	2,026
Earnings per share, EUR	0.53	0.30	1.29	0.93	1.46	1.83
Net cash from operating activities, EUR million	410	422	864	943	1,437	1,358
Shareholders' equity per share, EUR			9.93	9.19	9.24	
Interest-bearing net debt (at end of period), EUR million			6.783	6.506	6,826	
Average number of shares, 1,000s			888,367	888,367	888,367	

*) Last twelve months

Key financial ratios	2010	LTM
Return on capital employed, %	11.6	13.8
Return on shareholders' equity, %	15.7	19.1
Net debt/EBITDA	3.0	2.5

Fortum's President and CEO Tapio Kuula, in connection with the second quarter 2011:

"Our second quarter 2011 results realised according to our expectations and our financial position remained strong. Both sales and comparable operating profit increased year-on-year. The Nordic power consumption decreased slightly, while the overall Russian power demand was slightly up in the second quarter of 2011 compared to the same period in 2010. The world-wide economic situation and energy policy sentiment in Europe has created uncertainty in the market.

In light of Japan's Fukushima accident, it is understandable that the heightened concern all over the world about the nuclear safety has implications on nuclear power investments and their timing. For Fortum it is very important that nuclear power has wide political and social acceptance. Safety reviews of nuclear power plants and an open dialogue about the risks are necessary in order to restore public confidence towards the industry.

In May, Germany announced plans to abandon nuclear energy by 2022, outlining a reversal of its previous policy. The decision was made in the wake of the Fukushima disaster aiming to replace nuclear power with renewable energy sources. Phasing out nuclear power within a decade will be a challenge and may affect the industry across Europe.

In June, the new Finnish Government announced its programme. The new policy framework for the coming four-year period states that the Government will not make any new decisions-in-principle on nuclear power. Furthermore, the Government proposes to investigate a possible implementation of a windfall tax and a uranium tax. The Government will also review support schemes for renewable energy.

We must, however, not forget that climate change is – and will remain – a serious global challenge in need of solutions. Curbing emissions and the scarcity of natural resources are weighed against the increase in energy consumption that is driven by population and economic growth. Energy efficiency must be increased when bringing electricity and modern energy systems to a growing number of people. On the other hand, the need to improve energy efficiency emphasises the role of electricity and offers business opportunities for Fortum. As investments in power and heat generation are highly capital intensive, Fortum stresses the importance of a predictable and consistent energy policy and operating environment.

Supported by our strategy, we are preparing for growth. Maintaining a strong balance sheet that enables us to tap into attractive growth opportunities also in the long run is a priority for us. A central part of our core competence is emissions-free hydropower production, which has an important role in our strategy also in the future. It is also needed to balance production and consumption as electricity is gradually produced more with, for example, wind and solar energy.

In addition to hydro- and nuclear power, our strategy builds on our deep expertise in combined heat and power (CHP) production with a flexible fuel mix. CHP-based district heating, cooling and smart grid solutions support the development of sustainable and modern urban living. In the future, we will continue to increase the utilisation of local biofuels and waste to reduce CO2 emissions and to improve resource efficiency.

Alongside our Nordic core business, our operations in Russia are continuously growing. Russia is the fastest growing national economy in Fortum's current market areas, and Fortum has committed to a sizeable investment programme in the country. The building of new units in Russia is based on energy-efficient technologies that save fuel and offer clear environmental benefits. We have already inaugurated two new units in Russia and are currently finalising the third unit. The two new units already contributed positively to the results. Commissioning of new units decreases Fortum's risk for penalties caused by possible delays' and thus we did a reversal of the provision, allocated to these two units, made at the time of the acquisition.

Financial results

April - June

In April – June, Group sales were EUR 1,316 (1,295) million. Group operating profit totalled EUR 609 (351) million. Fortum's operating profit for the second quarter 2011 was affected by a EUR 76 (-15) million IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production. The comparable operating profit, which was not impacted by the accounting treatment, totalled EUR 348 (339) million.

The total of non-recurring items, mark-to-market effects and nuclear fund adjustments in the second quarter of 2011 amounted to EUR 261 (12) million. Of this total, EUR 192 million relates to the sales gain of the divestment of shares in Fingrid Oyj.

The share of profits from associates in the second quarter was EUR 15 (15) million, of which Hafslund ASA represented EUR -11 (12) million and TGC-1 EUR 30 (9) million. Share of profits from TGC-1 is based on the company's published IFRS first quarter interim report. The share of profits from Hafslund is based on the company's first quarter interim report including a write-down of Hafslund shareholding in Renewable Corporation (REC) amounting to EUR 20 million based on the REC share price as of 30 June 2011 (see also Note14). The effect of Hafslund's second quarter excluding REC is not included in Fortum's second quarter results since the share of profits is based on the previous quarter information.

Sales by division

EUR million	II/11	II/10	I-II/11	I-II/10	2010	LTM
Power	574	597	1,267	1,366	2,702	2,603
Heat	322	301	1,047	952	1,770	1,865
Russia	195	169	490	413	804	881
Distribution*	215	200	526	480	963	1,009
Electricity Sales*	183	327	556	964	1,798	1,390
Other	19	16	49	21	51	79
Netting of Nord Pool transactions	-150	-261	-516	-944	-1,736	-1,308
Eliminations	-42	-54	-69	-10	-56	-115
Total	1,316	1,295	3,350	3,242	6,296	6,404

* Part of the Electricity Solutions and Distribution Division

Comparable operating profit by division

EUR million	II/11	II/10	I-II/11	I-II/10	2010	LTM
Power	257	271	582	695	1,298	1,185
Heat	25	33	196	165	275	306
Russia	21	-9	55	7	8	56
Distribution*	60	53	184	155	307	336
Electricity Sales*	10	10	21	-3	11	35
Other	-25	-19	-41	-29	-66	-78
Total	348	339	997	990	1,833	1,840

* Part of the Electricity Solutions and Distribution Division

Operating profit by division

EUR million	II/11	II/10	I-II/11	I-II/10	2010	LTM
Power	271	280	760	747	1,132	1,145
Heat	25	35	290	194	303	399
Russia	21	-9	55	23	53	85
Distribution*	252	53	377	166	321	532
Electricity Sales*	23	23	3	-6	46	55
Other	17	-31	24	-49	-147	-74
Total	609	351	1,509	1,075	1,708	2,142

* Part of the Electricity Solutions and Distribution Division

January - June

In January-June, Group sales were EUR 3,350 (3,242) million. Group operating profit totalled EUR 1,509 (1,075) million. Fortum's operating profit for the period was affected by a EUR 249 (21) million IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production. The comparable operating profit, which was not impacted by the accounting treatment, totalled EUR 997 (990) million.

Non-recurring items, mark-to-market effects and nuclear fund adjustments in January-June 2011 amounted to EUR 512 (85) million. Of this total, non-recurring items totalled EUR 275 (50) million, which mainly relates to the divestment of the district heat operations and production facilities outside Stockholm and divestment of shares in Fingrid Oyj.

The average Swedish krona (SEK) rate was approximately 9% stronger against the euro during the first half of 2011 than during the corresponding period in 2010. Power Division was burdened by the higher cost levels due to the SEK/EUR ratio and the euro-denominated power sales. The strong SEK also had a negative impact on the cash flow.

The share of profits of associates and joint ventures was EUR 74 (31) million. The improvement from last year was mainly due to the improvement in the contribution from TGC-1 and Hafslund ASA.

The Group’s net financial expenses increased to EUR 127 (61) million. The increase is attributable to higher interest expenses and to the change in the fair value of financial instruments of EUR -3 (19) million.

Profit before taxes was EUR 1,456 (1,045) million.

Taxes for the period totalled EUR 232 (191) million. The tax rate according to the income statement was 15.9% (18.3%).

The profit for the period was EUR 1,224 (854) million. Fortum's earnings per share were EUR 1.29 (0.93). The effect on earnings per share by the accounting treatment of derivatives was EUR 0.21 (0.02).

Non-controlling (minority) interests amounted to EUR 74 (32) million. These are mainly attributable to Fortum Värme Holding AB, in which the city of Stockholm has a 50% economic interest. The increase in the first half of 2011, compared to the corresponding period in 2010, is mainly due to the minority's share, EUR 30 million, of the gain recognised in the first quarter from the divestment of Fortum Värme’s heat businesses outside the Stockholm area.

Cash flow from operating activities totalled EUR 864 (943) million. It was affected by the realised foreign exchange gains and losses, which amounted to EUR -251 (-277) million in January-June 2011. The negative currency impact occurred during the first quarter. The foreign exchange gains and losses relate to the rollover of foreign exchange contracts hedging loans to Fortum’s Swedish subsidiaries.

Fortum’s financial key ratios for the last twelve months were: return on capital employed 13.8% (11.6% at the end of 2010), return on shareholders' equity 19.1% (15.7% at the end of 2010) and net debt to EBITDA 2.5 (3.0 at the end of 2010). The comparable net debt to EBITDA for the last twelve months was 2.8.

Market conditions

Nordic countries

The second quarter started with record-low water reservoir levels leading to almost constant power imports from Continental Europe. Therefore the Nordic power prices were well above Continental prices. However, at the end of the quarter, the reservoir levels increased due to high precipitation. Temperatures were close to average during the period.

According to preliminary statistics, the Nordic countries consumed 83 (85) TWh of electricity in the second quarter of 2011, which was about 2% less than in the previous year. The decrease was mainly due to warmer weather than in the previous year. According to preliminary statistics, the Nordic countries consumed 199 (205) TWh of electricity in January-June, which was about 3% less than in the previous year. The decrease was mainly due to warmer weather than in the previous year.

In the beginning of 2011, the Nordic water reservoirs were at 54 terawatt-hours (TWh), or 29 TWh below long-term average. At the beginning of the second quarter 2011, the Nordic water reservoirs had improved and were 21 terawatt-hours (TWh) below the long-term average. At the end of the second quarter 2011, the Nordic water reservoirs were only 1 TWh below the long-term average and 13 TWh above the corresponding level in 2010.

During the second quarter, the average system spot price for power in Nord Pool was EUR 52.3 (44.8) per megawatt-hour (MWh). The Finnish and Swedish area prices were marginally below the system price level, at EUR 52.0 (41.7) per MWh in Finland and EUR 52.2 (41.9) per MWh in Sweden.

In January-June, the average system spot price for power in Nord Pool was EUR 59.2 (52.1) per megawatt-hour (MWh). The Finnish and Swedish area prices were marginally below the system price level, at EUR 58.4 (56.2) per MWh in Finland and EUR 59.0 (57.0) per MWh in Sweden. The difference between the system price and the Finnish and Swedish area prices was mainly due to lower reservoir levels in Norway.

Russia

According to preliminary statistics, Russia consumed 230 (224) TWh of electricity in April-June 2011. The corresponding figure in the First price zone (European and Urals part of Russia) was 172 (166) TWh.

In January-June 2011, Russia consumed about 515 (505) TWh of electricity. The corresponding figure in the First price zone was 383 (373) TWh.

OAO Fortum operates in the Tyumen and Chelyabinsk areas. In the Tyumen area, where industrial production is dominated by the oil and gas industries, electricity demand was approximately at the same level compared to the previous year. The recession did not affect electricity demand in the Tyumen region in the previous year and therefore year-on-year electricity demand was flat. In the Chelyabinsk area, which is dominated by the metal industry, electricity demand increased by about 3% in the second quarter compared to the previous year. The increase is mainly due to the recovery in industrial consumption.

The average electricity spot price, excluding capacity price, in the First price zone increased 27% to RUB 1,017 (804) per MWh in the second quarter of 2011.

More detailed information about the market fundamentals is included in the tables at the end of the report.

Division reviews

Power

The Power Division consists of Fortum's power generation, physical operation and trading as well as expert services for power producers.

EUR million	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Sales	574	597	1,267	1,366	2,702	2,603
- power sales	546	564	1,203	1,309	2,580	2,474
of which Nordic power sales*	476	481	980	1,036	2,035	1,979
- other sales	28	33	64	57	122	129
Operating profit	271	280	760	747	1,132	1,145
Comparable operating profit	257	271	582	695	1,298	1,185
Net assets (at period-end)			5,998	5,726	5,806	
Return on net assets, %					19.5	19.2
Comparable return on net assets, %					22.3	19.8
Capital expenditure and gross investments in shares	36	22	69	55	122	136
Number of employees			1,995	1,983	1,819	

Power generation by source, TWh	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Hydropower, Nordic	4.8	5.1	8.9	10.5	22.0	20.4
Nuclear power, Nordic	5.7	6.0	12.5	11.9	22.0	22.6
Thermal power, Nordic	0.3	0.3	2.0	1.1	2.3	3.2
Total in the Nordic countries	10.8	11.4	23.4	23.5	46.3	46.2
Thermal power in other countries	0.3	0.2	0.6	0.5	1.1	1.2
Total	11.1	11.6	24.0	24.0	47.4	47.4

Nordic sales volumes, TWh	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Nordic sales volume	11.2	12.5	24.4	26.1	51.5	49.8
of which Nordic power sales volume*	10.1	10.8	20.6	21.7	42.5	41.4

* The Nordic power sales income and volume does not include thermal generation, market price-related purchases or minorities (i.e. Meri-Pori, Inkoo and imports from Russia).

Sales price, EUR/MWh	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Power's Nordic power price**	47.4	44.7	47.6	47.8	47.9	47.8

** Power's Nordic power price does not include sales income from thermal generation, market price-related purchases or minorities (i.e. Meri-Pori, Inkoo and imports from Russia).

April - June

In April-June 2011, the Power Division's comparable operating profit was EUR 14 million lower than in the corresponding period in 2010. Several factors affected the result. The main reasons behind the decline in the result were the stronger SEK and increased property taxes in Sweden. Operational factors, i.e. power price, production volumes and costs, nearly offset each other.

Overall power generation availability was good. The nuclear availability improved but the volumes were lower in the co-owned Swedish nuclear power plants compared to the second quarter of 2010. This was due to the difference in timing of planned outages compared to the previous year. The hydro volume was lower due to low reservoir levels at the beginning of the second quarter and lower-than-average spring flooding. At the end of the second quarter, reservoir levels improved and were only slightly below the long-term average.

In the second quarter the division's total power generation in the Nordic countries was 10.8 (11.4) TWh, which corresponds to 5% decrease compared to the second quarter of 2010. Power's achieved Nordic power price amounted to EUR 47.4 per MWh, which was EUR 2.7 per MWh higher than in the second quarter of 2010 due to higher Finnish and Swedish area spot prices

Power's achieved Nordic power price developed positively. The combined effect of the nuclear and hydro volumes as well as the achieved power price nearly offset each other. The SEK currency rate increased costs by approximately EUR 10 million. Costs related to the increased Swedish property tax were approximately EUR 4 million.

January - June

In January-June, the Power Division's comparable operating profit was EUR 113 million lower than in the corresponding period of 2010. The decline in the result was a consequence of several factors. The hydro volume was lower compared to the corresponding period of 2010 due to record low inflow and reservoir levels during the first quarter. The inflow and reservoir levels improved in the second quarter. Lower hydro generation was partly offset by higher nuclear volume in the beginning of the year. The timing of the outages in the Swedish nuclear power plants in the second quarter impacted nuclear volumes. The division's achieved Nordic power price was approximately at the same level as in the corresponding period of 2010.

The comparable operating profit was impacted by several factors. The impact of the volume and price mix was approximately EUR -50 million. The SEK currency impact totalled approximately EUR -25 million. Impact of the increased Swedish property tax totalled approximately EUR -10 million. In addition, the impact of the expired Russian power import contract was approximately EUR -23 million and is estimated to be approximately EUR -40 million for the full-year 2011.

The division's total power generation in the Nordic countries was 23.4 (23.5) TWh, which was roughly at the same level compared to the January-June of 2010. In Sweden, nuclear availability improved which increased nuclear volumes and partly offset the clearly lower hydro volumes. Hydro inflow and reservoir levels were at a historically low level at the beginning of the year, but improved during the period and currently they are approximately 1 TWh below long-term average. The use of three Inkoo blocks during the first quarter and the end of the Meri-Pori lease last year enabled higher thermal production.

In January-June, the achieved Nordic power price amounted to EUR 47.6 per MWh, which was roughly at the same level as in the corresponding period of 2010. Compared to the corresponding period of 2010, the achieved Nordic power price was EUR 3.0 per MWh lower during the first quarter and EUR 2.7 higher during the second quarter due to the Swedish and Finnish area spot price profile between quarters 2011 in comparison to 2010.

The on-going Swedish nuclear investment programmes will enhance safety, improve availability and increase the capacity of the current nuclear fleet. The implementation of the investment programmes might affect availability. Fortum's power procurement costs from co-owned nuclear companies are affected by these investment programmes; however the operating costs are expected to stabilise at the current level.

Nine out of ten of Fortum's own or co-owned nuclear power reactors operated well during the first half of 2011. Oskarshamn 3, which has been suffering from various technical problems, was running at an approximately 1,100-MW power level, which corresponds to the power level before capacity increases. Commissioning test runs were re-started in the beginning of March 2011, and the plant has been able to reach approximately 1,300 MW (full power level 1,400 MW). Due to main steam line vibrations detected during the test programme, the power level has been limited to approximately 1,200 MW (1,210 ±50) until the planned outage in 2012. During the second quarter, major modifications were completed successfully in Forsmark 1 and Olkiluoto 2.

In March, the Finnish Parliament approved a temporary renewal of the current Finnish Nuclear Liability Act introducing the EUR 700 million compensation limits and unlimited third party liability for the operator in case of a severe accident. This temporary revision will come into force as of 1 January 2012 and will be valid until the renewed Paris and Brussels conventions are ratified.

Post Japan, the Finnish nuclear safety authority (STUK) carried out an additional evaluation of safety in cases of power loss, exceptional weather and environmental conditions. STUK stated in its investigation that no major new requirements or new threat factors or deficiencies, that would require immediate safety improvements, were identified in Finnish nuclear power plants. The Swedish nuclear safety authority SSM has started corresponding safety evaluations in Sweden. The EU safety evaluations were started on 1 June, and operators are requested to submit their final reports by 31 October 2011. Therefore Fortum believes that some additional safety criteria could be introduced for new and old nuclear power plants.

The Power Division’s comparable operating profit is expected to be more year-end weighted in 2011 compared to 2010, mainly driven by improving nuclear availability and strengthened hydro balance.

Heat

The Heat Division consists of combined heat and power (CHP) generation, district heating activities and business-to-business heating solutions in the Nordic countries and other parts of the Baltic Rim.

EUR million	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Sales	322	301	1,047	952	1,770	1,865
- heat sales	214	218	743	688	1,269	1,324
- power sales	75	55	226	200	368	394
- other sales	33	28	78	64	133	147
Operating profit	25	35	290	194	303	399
Comparable operating profit	25	33	196	165	275	306
Net assets (at period-end)			3,911	3,884	4,182	
Return on net assets, %					8.4	10.5
Comparable return on net assets, %					7.7	8.2
Capital expenditure and gross investments in shares	72	59	130	121	305	314
Number of employees			2,793	2,549	2,394	

April - June

Heat sales volumes during the second quarter of 2011 amounted to 3.6 (4.3) TWh and were mainly generated in the Nordic countries. During the same period, power sales from CHP production totalled 1.2 (1.1) TWh.

The division’s second-quarter comparable operating profit of EUR 25 (33) million was EUR 8 million lower than in the corresponding period of last year. New power production increased revenues. However, the result decreased due to the lower heat volumes in Sweden caused by the divestment in the first quarter, and the integration cost provisions in Poland related to recent acquisitions. The SEK currency impact was minor.

January - June

Heat sales volumes during January – June 2011 amounted to 14.0 (14.9) TWh and were mainly generated in the Nordic countries. During the same period, power sales volumes totalled 3.9 (3.5) TWh. The power volume increase was mainly due to new combined heat and power (CHP) capacity in Poland and Estonia. Temperatures were higher than during the corresponding period last year.

The higher temperatures and divestment of district heat operations and heat production facilities outside the Stockholm area in Sweden at end March resulted in a decrease in heat volumes. The division's comparable operating profit for January-June 2011 totalled EUR 196 (165) million. The progress was due to better availability, lower peak-load impact on production costs and improved heat sales margins in Sweden. The stronger SEK currency accounted for approximately one third of the result increase. In Finland, higher fuel costs reduced power margins.

In January, the old production line for city gas was closed and a new, more environmentally benign quality of gas was successfully introduced in the city gas network in Stockholm, Sweden. In addition, the first station for commercial biogas fuel for cars was opened at the Arlanda airport in Stockholm during the first quarter.

In May, the construction of the first waste-fired CHP plant in the Baltic region started. The plant will replace the gas-fired production plant in Klaipeda, Lithuania. The use of local waste reduces CO2-emissions and the environmental impact in the area.

Also in May, the proposal for competition in the district heating grid in Sweden – third party access – was presented by the authorities. Regarding district heating in the Stockholm area, the competition authority concluded in 2010 that the real price had decreased by 1.5% since 2005.

In Finland, taxes on fuels for heat production were increased as of 1 January 2011. These increases were reflected in end-user prices for heat accordingly.

Heat sales by area, TWh	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Finland	1.7	1.8	5.1	5.3	9.6	9.4
Sweden	1.2	1.8	5.4	6.4	10.9	9.9
Poland	0.5	0.5	2.6	2.3	4.0	4.3
Other countries	0.2	0.2	0.9	0.9	1.6	1.6
Total	3.6	4.3	14.0	14.9	26.1	25.2

Power sales, TWh	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Total	1.2	1.1	3.9	3.5	6.5	6.9

Russia

The Russia Division consists of power and heat generation and sales in Russia. It includes OAO Fortum and Fortum's over 25% holding in TGC-1, which is an associated company and is accounted for using the equity method.

EUR million	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Sales	195	169	490	413	804	881
- power sales	135	114	297	244	505	558
- heat sales	60	52	192	165	287	314
- other sales	0	3	1	4	12	9
EBITDA	52	13	109	65	139	183
Operating profit	21	-9	55	23	53	85
Comparable operating profit	21	-9	55	7	8	56
Net assets (at period-end)			3,051	2,690	2,817	
Return on net assets, %					2.4	4.4
Comparable return on net assets, %					0.7	3.4
Capital expenditure and gross investments in shares	192	167	267	258	599	608
Number of employees			4,497	4,584	4,294	

OAO Fortum operates in the well-developed industrial regions of the Urals and in oil-producing western Siberia.

The Russian wholesale power market has been liberalised from the beginning of 2011. All generating companies continue to sell a part of their electricity and capacity equalling the consumption of households under regulated prices. In January-June 2011, OAO Fortum sold 84% of its power production at a liberalised electricity price.

The new rules for the capacity market starting from 2011 have been approved by the Russian Government. The generation capacity built after 2007 under the government capacity supply agreements (CSA) will receive guaranteed payments for a period of 10 years. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments.

Capacity that is not under CSA will compete in competitive capacity selection (CCS). In December 2010, the first CCS for the year 2011 was held in accordance with the new rules of capacity market. The new rules stipulate that capacity payments under CCS are made according to available capacity instead of earlier used installed capacity. This decreases the old capacity payments for CHP power plants especially during the summer period. The original plan to decide the CCS for the period 2012-2015 during the fourth quarter in 2011 has been changed and now only covers the year 2012.

Penalty clauses are included in the CSA agreement. At the time of the acquisition in 2008, Fortum made provision for penalties caused by possible delays. These possible penalties can be claimed if the new capacity is substantially delayed or agreed major terms of the capacity supply agreement (CSA) are not otherwise fulfilled. The new CSA rules clarified the treatment of possible penalties and they are now defined on power plant level. This means that Fortum's risk for possible penalties under CSA agreement is proportionally decreasing when a new unit starts operation.

The effect of changes in the timing of commissioning of new power plants is assessed at each balance sheet date and provision is changed accordingly (see note 18).

April - June

The Russia Division's power sales volumes amounted to 4.6 (4.5) TWh during the second quarter of 2011. During the same period, heat sales totalled 4.3 (4.0) TWh.

The Russia Division’s comparable operating profit was EUR 21 (-9) million in the second quarter of 2011. The improvement was attributable to the commissioning of the new units at Tyumen CHP-1 and Chelyabinsk CHP-3 power plants, higher electricity market prices and efficiency improvements. In addition, a reversal of CSA provision for already commissioned new units including the effect of changes in the timing of commissioning of new power plants improved the result by EUR 22 million. Decreased capacity volumes for the old capacity based on the CCS rules established in 2011 impacted negatively the comparable operating profit, since the new rules stipulate that capacity payments under CCS are made according to available not installed capacity, and hence decreases the old capacity payments, especially during the summer period.

During the second quarter of 2011, OAO Fortum reached its targeted annual efficiency improvements of EUR 100 million compared to the level at the time of the acquisition in 2008.The objective of the efficiency improvement program was to implement best practices for operations and management in the power and heat business in OAO Fortum.

Key electricity, capacity and gas prices for OAO Fortum	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Electricity spot price (market price), Urals hub, RUB/MWh	954	770	950	793	835	914
Average regulated electricity price for OAO Fortum, RUB/MWh	712	610	716	615	614	649
Average capacity price, tRUB/MW/month	174	162	194	171	191	202
Average regulated capacity price, tRUB/MW/month	187	169	185	169	169	175
Average regulated gas price, Urals region, RUB/1000 m3	2,548	2,221	2,548	2,221	2,221	2,385
Achieved power price for OAO Fortum, EUR/MWh	29.0	25.6	29.1	24.6	27.0	29.4

January - June

The Russia Division's power sales volumes amounted to10.2 (10.0) TWh during January-June of 2011. During the same period, heat sales totalled 15.3 (15.5) TWh.

The comparable operating profit, EUR 55 (7) million, was higher than in the last year due to the commissioning of the new power plant units and higher electricity market prices. The positive electricity market price development was partly offset by lower old capacity income as a consequence of the new rules. A reversal of CSA provision for already commissioned new units including the effect of changes in the timing of commissioning of new power plants improved the result by EUR 22 million.

Upon completion, OAO Fortum's new capacity will be a key driver for solid earnings growth in Russia as it will bring income from new volumes sold and receive considerably higher capacity payments than the old capacity. In 2011, OAO Fortum's weighted price of the old capacity is expected to be, on average, approximately RUB 160,000/MW/month, marginally lower than previously expected, due to the removal of the inflation correction for 2011. The price might, however, differ depending on the location of the plant and due to seasonality. The first and fourth quarters have higher capacity income than the second and third quarters. The return for the new capacity is guaranteed, but could vary somewhat because it is linked to the Russian Government long-term bonds with 8 to 10 years maturity.

Fortum is committed to its EUR 2.5 billion investment programme in Russia and the schedule of the programme is to commission the last new units in 2014. The value of the remaining part of the investment programme, calculated at the exchange rates prevailing at the end of June 2011, is estimated to be approximately EUR 1.3 billion as of July 2011.

The second new unit of Fortum’s extensive investment programme started capacity sales at the Chelyabinsk CHP-3 power plant in the beginning of June 2011. The first new unit at Tyumen CHP-1 started capacity sales in February. The third new unit at Tobolsk CHP is expected to start capacity sales during third quarter of 2011. Altogether, the investment programme consists of eight new power plant units.

OAO Fortum’s business is typically very seasonal: Its results are usually strongest during the first and the last quarters of the year.

Electricity Solutions and Distribution

The division is responsible for Fortum's electricity sales and distribution activities and consists of two business areas: Distribution and Electricity Sales.

Distribution

Fortum owns and operates distribution and regional networks and distributes electricity to a total of 1.6 million customers in Sweden, Finland, Norway and Estonia.

EUR million	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Sales	215	200	526	480	963	1,009
- distribution network transmission	181	173	452	417	820	855
- regional network transmission	21	21	49	47	92	94
- other sales	13	6	25	16	51	60
Operating profit	252	53	377	166	321	532
Comparable operating profit	60	53	184	155	307	336
Net assets (at period-end)			3,487	3,482	3,683	
Return on net assets, %					9.7	15.3
Comparable return on net assets, %					9.3	9.9
Capital expenditure and gross investments in shares	62	47	96	76	213	233
Number of employees			928	1,144	962	

April- June

The volume of distribution and regional network transmissions during the second quarter of 2011 totalled 5.6 (5.7) TWh and 3.8 (4.1) TWh, respectively.

Distribution business area’s comparable operating profit was EUR 60 (53) million, or EUR 7 million higher than in the previous year. The main reasons for the increase were lower transmission costs and a stronger SEK.

January - June

In January-June 2011, electricity transmission via the regional network totalled 7.3 (7.7) TWh in Sweden and 1.4 (1.4) TWh in Finland.

The Distribution business area’s comparable operating profit was EUR 184 (155) million, or EUR 29 million higher than in the previous year. The main reasons for the increase were lower transmission costs and a stronger SEK.

The rollout of smart metering in Finland proceeded according to plan during the second quarter. The installations of smart meters for the network customers started at the end of March. The new Finnish legislation on hourly meter reading will be effective as of 1 January 2014.

In Sweden, a new network regulation model will come into effect on 1 January 2012. In the new model, the Energy Markets Inspectorate (EI) will decide in advance on the levels of the allowed income during a four-year period. Decisions about the income frames will be made before 31 October 2011.

In Finland, the preparation work for the 3rd regulatory period (2012-2015) is under way. Decisions for the Finnish regulation model by the regulator are expected in November 2011.

Volume of distributed electricity in distribution network, TWh	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Sweden	3.1	3.2	7.6	7.9	15.2	14.9
Finland	2.0	2.0	5.2	5.2	10.0	10.0
Norway	0.5	0.5	1.3	1.4	2.5	2.4
Estonia	0.0	0.0	0.1	0.1	0.2	0.2
Total	5.6	5.7	14.2	14.6	27.9	27.5

Number of electricity distribution customers by area, thousands	30 June 2011	30 June 2010
Sweden	893	888
Finland	624	614
Norway	101	100
Estonia	24	24
Total	1,642	1,626

Electricity Sales

The Electricity Sales business area is responsible for retail sales of electricity to a total of 1.2 million private and business customers. It is the leading seller of eco-labelled and CO_2-free electricity in the Nordic countries. Electricity Sales buys its electricity from the Nordic power exchange.

EUR million	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Sales	183	327	556	964	1,798	1,390
- power sales	178	321	546	953	1,778	1,371
- other sales	5	6	10	11	20	19
Operating profit	23	23	3	-6	46	55
Comparable operating profit	10	10	21	-3	11	35
Net assets (at period-end)			77	59	210	
Return on net assets, %					38.4	52.7
Comparable return on net assets, %					9.3	34.1
Capital expenditure and gross investments in shares	1	0	4	0	0	4
Number of employees			518	549	525	

April- June

During the second quarter of 2011, the business area's electricity sales volumes totalled 2.9 (6.3) TWh. The restructuring of the Business Market segment, reduced the sales volume.

Electricity Sales' comparable operating profit in the second quarter of 2011 totalled EUR 10 (10) million. Strong competition has put more pressure on the comparable operating profit, whereas the restructuring of the Business Market segment has been affecting positively.

January - June

Electricity sales volumes in the first half of the 2011 were 8.4 (16.1) TWh. Volumes were significantly reduced as a result of the restructuring of the Business Market segment

Comparable operating profit increased significantly and totalled EUR 21 (-3) million. The improvement was due to the restructuring of the unprofitable Business Market segment and stable market prices especially in the first quarter of 2011.

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares totalled EUR 367 (297) million in the second quarter of 2011. Investments, excluding acquisitions, were EUR 366 (297) million.

In January-June, Capital expenditures and investments in shares totalled EUR 572 (513) million. Investments, excluding acquisitions, were EUR 533 (493) million.

Fortum expects to start the supply of power and heat from new power plants and upgrade existing ones as follows:

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts *
Power				
Hydro refurbishment	Hydropower	10-20		2011
Heat				
Klaipeda, Lithuania	Waste (CHP)	20	60	Q1 2013
Järvenpää, Finland	Biofuel (CHP)	23	63	Q2 2013
Jelgava, Latvia	Biofuel (CHP)	23	45	Q3 2013
Brista, Sweden	Waste (CHP)	20	57	Q4 2013
Russia**				
Tobolsk	Gas (STPP)	200		Q3 2011
Nyagan 1	Gas (CCGT)	418		2012
Nyagan 2	Gas (CCGT)	418		2012
Nyagan 3	Gas (CCGT)	418		2013

*) Start of commercial operation, preceded by test runs, licensing, etc.
**) Start of capacity sales, preceded by test runs, licensing, etc.

Power

Through its interest in TVO, Fortum is participating in the building of Olkiluoto 3, a 1,600 MW nuclear power plant unit in Finland. The AREVA-Siemens Consortium, TVO's turnkey supplier of Olkiluoto 3, reported that most of the works will be completed in 2012. The supplier indicated that commissioning will take eight months, which means regular operation will start during the latter half of 2013.

TVO's Annual General Meeting decided in March 2011 on a private offering by which the company share capital will be increased by approximately EUR 65 million. Fortum's share of the share issue is approximately EUR 16 million. The subscription price shall be paid in 2011 at a date to be decided by TVO's Board of Directors. The increase in the share capital is in line with the original plan and a part of Fortum's EUR 180 million share capital commitments to finance the Olkiluoto 3 project.

Fortum and the Swedish Skellefteå Kraft will purchase 60 wind turbines from Nordex for the Blaiken onshore wind farm under construction in Northern Sweden. Fortum's share of the turbines to be ordered is 12. Blaiken Vind AB, a joint venture of Fortum and Skellefteå Kraft, will have a maximum of 100 wind turbines on its wind farm and a total capacity of 250 megawatts. When completed, the total project investment will be about EUR 400 million, of which Fortum's share is 40% and Skellefteå Kraft's 60%.

Heat

In January 2011, Fortum finalised the acquisition of two Polish power and heat companies from the Polish state. The investment amounted to approximately EUR 22 million.

In March 2011, Fortum finalised the divestment of its district heat operations and heat production facilities outside the Stockholm area in Sweden to Macquarie European Infrastructure Fund II (MEIFII) and to Macquarie Power and Infrastructure Corporation (MPIC). The sales price was approximately EUR 220 million.

In April 2011, Fortum and the municipal energy company Sollentuna Energi signed a final agreement according to which Sollentuna Energi will participate with a 15%-share in Fortum's new waste-fired CHP unit, Brista 2, which is being built in the Stockholm area in Sweden.

In June 2011, Fortum decided to invest in two new biofuel-fired CHP plants in Järvenpää, Finland, and Jelgava, Latvia. The combined investments total around EUR 160 million and the plants are estimated to start commercial operation in 2013. The new plants replace oil and gas production with biofuels.

The investments and divestments are part of the renewed strategy to focus on the development of CHP production.

Russia

The first two units of Fortum's extensive investment programme in Russia have started commercial operation in 2011: the Tyumen CHP-1 in Western Siberia started capacity sales in the beginning of February and the Chelyabinsk CHP-3 in the Urals region in the beginning of June. The third new unit, the Tobolsk CHP, is expected to start commercial operation during the third quarter of 2011. Altogether, Fortum's extensive investment programme in Russia consists of eight new units.

Distribution

On 19 April, Fortum finalised the agreement to sell its 25% shareholding in the Finnish transmission system operator Fingrid Oyj to the Finnish State (Ministry of Employment and The National Emergency Supply Agency) and Ilmarinen Mutual Pension Insurance Company. The State bought approximately 81% and Ilmarinen approximately 19% of Fortum's Fingrid shares.

The sales price was EUR 325 million. Consequently, Fortum booked a gain of EUR 192 million in addition to the share of profit for the first quarter amounting to EUR 8 million. This corresponded to approximately EUR 0.22 per share.

Fortum sold its holding in Fingrid 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.

Financing

Net debt increased during the second quarter of 2011 by EUR 416 million to EUR 6,783 million (year-end 2010: EUR 6,826 million). The increase in net debt is mainly due to the EUR 888 million dividend payments in April.

Net debt to EBITDA for the last twelve months was 2.5 (3.0 at year-end 2010). Comparable net debt to EBITDA for the last twelve months was 2.8 (2.8 at year-end 2010).

At the end of the quarter, the Groups liquid funds totalled EUR 811 million (year-end 2010: EUR 556 million). The liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR

331 million (year-end 2010: 348 million). In addition to the liquid funds, Fortum had access to approximately EUR 2.9 billion of undrawn committed credit facilities.

The Group's net financial expenses for January-June were EUR 127 (61) million. The increase in financial expenses is mainly attributable to higher market interest rates and also to the higher average net debt in 2011. Net financial expenses include changes in the fair value of financial instruments of EUR -3 (19 million).

During the second quarter Fortum Group concluded several new long term loan transactions including a 10 year EUR 500 million bond issue and three bilateral loan agreements totalling approximately EUR 312 million.

On July 11, Fortum Oyj signed a new 5-year syndicated revolving credit facility of EUR 2.5 billion replacing existing syndicated revolving credit facilities of EUR 1.2 billion maturing in November 2011 and EUR 1.5 billion maturing in March 2013. After this refinancing, the total amount of undrawn committed credit facilities including overdrafts will be approximately EUR 2.7 billion.

Fortum Corporation’s long-term credit rating from Moody’s and Standard and Poor's was A2 (stable) and A (stable), respectively.

Shares and share capital

Fortum Corporation is listed on the NASDAQ OMX Helsinki Ltd. During January-June 2011, a total of 254.9 (344.1) million Fortum Corporation shares, totalling EUR 5,662 million, were traded on the NASDAQ OMX Helsinki Ltd. The highest quotation of Fortum Corporation shares during the reporting period was EUR 24.09, the lowest EUR 18.70, and the volume-weighted average EUR 22.17. The closing quotation on the last trading day of the second quarter of 2011 was EUR 19.97 (18.08). Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 17,741 million.

In addition to the NASDAQ OMX Helsinki Ltd., Fortum shares were traded on several alternative market places, for example at Chi-X Europe, BATS and Turquoise. In 2010, alternative market places accounted for approximately 29% of the total amount of Fortum Corporation shares traded.

At the end of the second quarter, Fortum Corporation’s share capital was EUR 3,046,185,953 and the total number of registered shares was 888,367,045. Fortum Corporation did not own its own shares.

The number of registered shareholders was 99,337 at the end of the review period. The Finnish State's holding in Fortum was 50.8% at the end of the quarter. The proportion of nominee registrations and direct foreign shareholders was 30.4%.

The Board of Directors has no unused authorisations from the Annual General Meeting of Shareholders to issue convertible loans or bonds with warrants or to issue new shares.

Fortum Corporation’s Annual General Meeting, which was held in Helsinki on 31 March 2011, adopted the financial statements of the parent company and the Group for 2010, discharged Fortum's Supervisory Board, Board of Directors and the President and CEO from liability for 2010. The Annual General Meeting decided to pay a dividend of EUR 1.00 per share for 2010. The record date for the dividend payment was 5 April 2011 and the dividend payment date was 12 April 2011.

Group personnel

The number of employees at the end of the period was 11,342 (10,585 at the end of 2010).
The increase in employees is related mainly to Heat Division’s acquisition of two Polish power and heat companies. At the end of the period, Power had 1,995 (1,819) employees, Heat 2,793 (2,394), Russia 4,497 (4,294), Distribution 928 (962), Electricity Sales 518 (525) and Other 611 (591).

Research and development

Sustainability is at the core of Fortum's strategy, and Fortum's research and development activities enable environmentally benign energy solutions.

In the second quarter of 2011, Fortum signed a technology collaboration framework agreement with the Russian energy company Lukoil to develop energy-efficient electricity and heat production in Russia. The agreement covers collaboration in the areas of operation, maintenance and capacity upgrades of power plants and heating networks, among others.

In April, a pre-study for the smart grid project in Stockholm Royal Seaport was finalised. The pre-study has been managed by Fortum in a consortia consisting of 13 different partners including the funding partners from Swedish Energy Agency and Vinnova. According to the pre-study, smart grids enable, for example, energy-efficient home solutions and small-scale local energy production. The project is now proceeding with the planning of implementation and tests.

In a joint project, Fortum and Metso have developed oxyfuel combustion technology that aims to reduce the CO2 emissions of power plants. The pilot used the world's biggest known oxyfuel combustion process based on circulating fluidised bed technology, which can be operated with a wide range of fuel types, such as coal, biomass and a mixture of fuels. In addition to Fortum and Metso, the project was partly funded by Tekes, the Finnish Funding Agency for Technology and Innovation.

The Group reports its R&D expenditure on a yearly basis. In 2010, Fortum's R&D expenditure was EUR 30 million (2009: 30 million) or 0.5% of sales (2009: 0.5%) and 0.8% of total expenses (2009: 0.9%).

Sustainability

Fortum strives for balanced management of economic, social and environmental responsibility in the company's operations. The company has defined both Group- and division-level sustainability targets guiding operations and key indicators to monitor the targets. Climate change mitigation and the reduction of carbon dioxide emissions are important goals that affect the energy sector and the development of electricity and heat production, but also other environmental targets together with occupational health and safety targets are in focus. Fortum has been listed in the Dow Jones Sustainability Index World for eight consecutive years, and the company's overarching target for sustainability is to be included in both the Dow Jones Sustainability World and Europe Indexes. In April, Fortum was upgraded in oekom's Corporate Rating, which qualifies the company for a responsible investment in "Prime" class. Fortum can hence use a Prime Logo, which serves as an indicator of the quality of the company's performance in social, cultural and environmental spheres. Oekom research AG is one of the world's leading rating agencies.

Economic responsibility

In the area of economic responsibility, the focus is on competitiveness, performance excellence and market-driven production. The aim is to create long-term economic well-being, enable profitable growth and added value for shareholders, customers, employees, suppliers of goods, and other key stakeholders in the company's operating areas. Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operation. The key figures by which Fortum measures its financial success include return on capital employed (target 12%), return on shareholders' equity (target 14%) and capital structure (target net debt/EBITDA around 3). In addition, Fortum also uses the applicable Global Reporting Initiative (GRI) indicators for reporting economic responsibility.

Environmental responsibility

Fortum's Group-level climate and environmental targets are related to carbon dioxide emissions, energy efficiency and environmental management system certifications. In addition, the divisions have defined their own environmental goals related to their respective business. The achievements of the environmental targets are monitored through monthly, quarterly and annual reporting.

Fortum's climate targets over the next five years comprise specific CO_2 emissions in power generation in the EU below 80 grams per kilowatt-hour (g/kWh) and specific CO_2 emissions from the total energy production (electricity and heat) below 200 g/kWh, covering all operating countries. Both targets are calculated as a five-year average.

At the end of June 2011, the five-year average for specific CO2 emissions in power generation in the EU was at 73 g/kWh and the specific CO2 emissions from the total energy production was at 170 g/kWh, both better than the target level. Fortum's total CO2 emissions in the second quarter of 2011 amounted to 4.6 (4.5) million tonnes (Mt), of which 1.5 (1.7) Mt were within the EU's emission trading scheme (ETS).

In the first half of 2011, approximately 58% (66%) of the power generated by Fortum was CO2-free. The corresponding figure for Fortum's generation within the EU was 79% (86%). The decreased share of CO2-free power is mainly due to increased coal-condensing production i.e. use of Inkoo and Meri-Pori due to dry weather and the higher weight of Russian operations in the production portfolio.

Overall efficiency of fuel use was 68.9% as a five-year average, the target being >70%. During January-June, 98% of all operations in the EU had been ISO 14001 environmentally certified.

Fortum's total CO_2 emissions (million tonnes, Mt)	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Total emissions	4.6	4.6	14.0	13.7	25.3	25.7
Emissions subject to ETS	1.5	1.7	5.7	5.7	9.7	9.7
Free emissions allocation	-	-	-	-	5.6	-
Emissions in Russia	2.8	2.7	7.6	7.6	14.6	14.6

Fortum's specific CO_2 emissions from power generation (g/kWh)	II/11	II/10	I-II/2011	I-II/2010	2010	LTM
Total emissions	178	154	222	178	189	211
Emissions in the EU	75	46	133	81	84	110
Emissions in Russia	460	539	469	496	532	513

Social responsibility

In the area of social responsibility, Fortum's key targets are being a good corporate citizen and ensuring a safe working environment for all employees and contractors working at Fortum sites. In addition to ISO 14001, the goal is to have OHSAS 18001 certification for all operational management systems. In January-June, the Group-level lost workday injury frequency (LWIF) improved and was at a good level at 2.3 (2.4). Fortum's safety target is to reach a LWIF level that is less than one per million working hours for its own personnel. This reflects the Group's zero tolerance for accidents.

Outlook

Key drivers and risks

Increasing global economic uncertainty and Europe's sovereign-debt crisis weakens the outlook for economic growth and recovery. The key factor influencing Fortum's business performance is the wholesale price of electricity. The key drivers behind wholesale price development are the supply-demand balance, fuel and CO_2-emissions allowance prices as well as the hydrological situation. The exchange rates of the Swedish krona (SEK) and Russian rouble (RUB) also affect Fortum's financials. The balance sheet translation effects from changes in currency exchange rates are booked in Fortum's equity.

Fortum's financial results are exposed to a number of strategic, financial and operational risks. For further details on Fortum's risks and risk management, see Fortum's Operating and Financial Review and Financial Statements for 2010.

Nordic market

Fortum currently expects Nordic power demand to recover back to the 2008 level by 2012-2014. Electricity will continue to gain a higher share of the total energy consumption. Temperature-corrected power consumption in the Nordic countries is still approximately 4% (16 TWh) lower than in 2008 on an annual level.

Oil, coal and gas prices have decreased a few percentages during the second quarter of 2011. CO_2 prices, however, decreased by over 20 % at the end of the quarter due to financial uncertainty in Europe and energy-efficiency proposals in the EU.

In Germany, forward prices decreased by 5% at the end of the quarter as a consequence of decreasing CO_2 costs. Also Nordic forward prices decreased by about 5 % due to decreased CO_2 costs as well as increased water reservoir levels.

In mid July 2011, the electricity forward price in Nord Pool for the rest of 2011 was around EUR 49 per MWh. The electricity forward price for 2012 was around EUR 47 per MWh and for 2013 around EUR 47 per MWh. In Germany, the electricity forward price for the rest of the year was around EUR 59 per MWh and EUR 57 per MWh for 2012. At the same time, the future quotations for coal (ICE Rotterdam) for the rest of 2011 were around USD 125 per tonne and the market price for CO_2-emissions allowances (EUA) for 2011 was about EUR 12 per tonne.

In mid July 2011, Nordic water reservoirs were about 2 TWh below the long-term average and 14 TWh above the corresponding level of 2010.

Russia

The Russian wholesale power market was liberalised from the beginning of 2011. All generating companies continue to sell a part of their electricity and capacity equalling the consumption of households under regulated prices.

The new rules for the capacity market starting from 2011 have been approved by the Russian Government. The generation capacity built after 2007 under government capacity supply agreements (CSA – "new capacity") will receive guaranteed payments for a period of 10 years. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments. Capacity not under CSA will compete in competitive capacity selection (CCS – "old capacity").

In December 2010, the first CCS for the year 2011 was held in accordance with the new rules of the capacity market. The new rules stipulate that capacity payments under CCS are made according to available capacity instead of earlier used installed capacity. This decreases the old capacity payments for CHP power plants especially during the summer period. The original plan to decide the

CCS for the period 2012-2015 during the fourth quarter in 2011 has been changed and now covers only the year 2012.

Upon completion, OAO Fortum's new capacity will be a key driver for solid earnings growth in Russia as it will bring income from new volumes sold and receive considerably higher capacity payments than the old capacity. In 2011, OAO Fortum's weighted price of the old capacity is expected to be, on average, approximately RUB 160,000/MW/month, marginally lower than earlier expected, due to removal of the inflation correction for 2011. The price might, however, differ due to the location of the plants and due to seasonality. The first and fourth quarters have higher capacity income than the second and third quarters due to the seasonality of the business. The payments for the new capacity are currently estimated to be approximately 3-4 times higher than the average price for the old capacity. The return for the new capacity is guaranteed, but might vary somewhat because it is linked to the Russian Government long-term bonds with 8 to 10 years maturity.

In light of the recovering post-crises demand and the development of the Russian capacity market, Fortum has accelerated the schedule of OAO Fortum's committed investment programme and is planning to commission the last new units by the end of 2014. The value of the remaining part of the investment programme, calculated at exchange rates prevailing at the end of June 2011, is estimated to be approximately EUR 1.3 billion as of July 2011. The first two new units started capacity sales in early February and June 2011. One more new unit is estimated to start capacity sales in the third quarter of 2011.

The average regulated gas price increased by 15% from the beginning of the year compared with the average price in 2010. The regulated gas price is expected to remain unchanged for the rest of 2011. The regulated electricity price is indexed to the regulated gas price and inflation on an annual basis.

OAO Fortum's efficiency improvement programme has proceeded according to plans. During the second quarter of 2011, OAO Fortum reached its targeted annual efficiency improvements of EUR 100 million compared to the level at the time of the acquisition in 2008.

Capital expenditure and divestments

Fortum currently expects annual capital expenditure in 2011 and 2012 to be around EUR 1.6-1.8 billion, excluding potential acquisitions. The annual level of Fortum's capital expenditure in 2013-2014 is estimated to total EUR 1.1-1.4 billion. The main reason for high capital expenditures in 2011-2012 is the acceleration in Fortum's Russian investment programme. The annual maintenance capital expenditure is estimated to be approximately EUR 500-550 million in 2011, approximately at the level of depreciation.

In March 2011, Fortum divested its district heat operations outside the Stockholm area in Sweden. The sales price was approximately EUR 220 million.
In addition, Fortum finalised the divestment of its 25% shareholding in the Finnish transmission system operator Fingrid Oyj in April 2011. The sales price was EUR 325 million.

Taxation

The Swedish Government increased the hydro property tax rates at the beginning of 2011. The additional cost from the tax rate increase is estimated to be approximately EUR 15 million in 2011.

As of 1 January 2011, taxes on fuels for heat production as well as taxes on electricity were increased considerably in Finland. Tax increases are reflected in end-user prices of heat and electricity, accordingly.

The effective corporate tax rate for Fortum in 2011 is currently estimated to be 19-21% excluding the impact of share of profits of associated companies and joint ventures, non-taxable capital gains as well as non-recurring items.

Hedging

The hedge price for Fortum Power Division's Nordic generation excludes hedging of condensing power margin, i.e. hedging of Meri-Pori and Inkoo coal-condensing power plants. In addition, the hedge ratio now excludes the financial hedges and physical volume of Fortum's coal-condensing generation as well as imports from Russia.

At the end of June 2011, approximately 70% of the Power Division's estimated Nordic power sales volume was hedged at approximately EUR 45 per MWh for the rest of the calendar year 2011. The corresponding figures for the calendar year 2012 are approximately 50% at approximately EUR 46 per MWh.

The reported hedge ratios may vary significantly, depending on Fortum's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of them Nord Pool forwards.

Profitability

The Power Division's Nordic power price typically depends on e.g. the hedge ratio, hedge price, spot prices, availability and utilisation of Fortum's flexible production portfolio, and currency fluctuations. Excluding the potential effects from the changes in the power generation mix, a 1 EUR/MWh change in the Power Division's Nordic power sales price will result in an approximately EUR 45 million change in Fortum's annual comparable operating profit. In addition, the comparable operating profit of the Power Division will be affected by the possible thermal power generation amount and its profit. Fortum believes that additional safety criteria could be introduced for new and old nuclear power plants. In 2011, the division's costs are estimated to remain roughly at the same level as in 2010 excluding the SEK translation and Swedish hydro property tax effects. The impact of the expired Russian power import contract is estimated to be approximately EUR -40 million for the full-year 2011. The Power Division's comparable operating profit is expected to be more year-end weighted in 2011 compared to 2010, mainly driven by improved nuclear availability and strengthened hydro balance.

The development of Fortum's result has been good. The company has managed its performance well and kept its financial position solid in a demanding environment. The strong balance sheet combined with a flexible, cost-efficient and sustainable generation portfolio creates a firm basis going forward.

Espoo, 19 July 2011
Fortum Corporation
Board of Directors

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The condensed interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the EU. The interim financials have not been audited.

Publication of financial results in 2011:
- Interim Report January-September on 20 October 2011 at approximately 9:00 EEST.

Distribution:
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Key media
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More information, including detailed quarterly information, is available on Fortum's website at www.fortum.com/investors.

Tables to the interim financial statements

Condensed consolidated income statement

EUR million	Note	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Sales	4	**1 316**	1 295	**3 350**	3 242	6 296	6 404
Other income		**20**	18	**33**	55	108	86
Materials and services		**-518**	-544	**-1 469**	-1 461	-2 846	-2 854
Employee benefit costs		**-141**	-128	**-271**	-258	-507	-520
Depreciation, amortisation and impairment charges	4,12,13	**-155**	-139	**-304**	-276	-563	-591
Other expenses		**-174**	-163	**-342**	-312	-655	-685
Comparable operating profit		**348**	339	**997**	990	1 833	1 840
Items affecting comparability		**261**	12	**512**	85	-125	302
Operating profit		**609**	351	**1 509**	1 075	1 708	2 142
Share of profit/loss of associates and joint ventures	4, 14	**15**	15	**74**	31	62	105
Interest expense		**-70**	-45	**-132**	-92	-197	-237
Interest income		**15**	18	**30**	35	72	67
Fair value gains and losses on financial instruments		**-2**	8	**-3**	19	12	-10
Other financial expenses - net		**-15**	-15	**-22**	-23	-42	-41
Finance costs - net		**-72**	-34	**-127**	-61	-155	-221
Profit before income tax		**552**	332	**1 456**	1 045	1 615	2 026
Income tax expense	9	**-74**	-61	**-232**	-191	-261	-302
Profit for the period		**478**	271	**1 224**	854	1 354	1 724
Attributable to:							
Owners of the parent		**472**	263	**1 150**	822	1 300	1 628
Non-controlling interests		**6**	8	**74**	32	54	96
		478	271	**1 224**	854	1 354	1 724
Earnings per share (in € per share)	10						
Basic		**0.53**	0.30	**1.29**	0.93	1.46	**1.83**
Diluted		**0.53**	0.30	**1.29**	0.93	1.46	**1.83**

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Comparable operating profit	**348**	339	**997**	990	1 833	1 840
Non-recurring items (capital gains and losses)	**193**	4	**275**	50	93	318
Changes in fair values of derivatives hedging future cash flow	**76**	-15	**249**	21	-216	12
Nuclear fund adjustment	**-8**	23	**-12**	14	-2	-28
Items affecting comparability	**261**	12	**512**	85	-125	302
Operating profit	**609**	351	**1 509**	1 075	1 708	2 142

Condensed consolidated statement of comprehensive income

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	2009
Profit for the period	**478**	271	**1 224**	854	1 354	1 351
Other comprehensive income						
Cash flow hedges						
Fair value gains/losses in the period	**95**	-185	**145**	-158	-583	-195
Transfers to income statement	**99**	-11	**331**	-3	1	-218
Transfers to inventory/fixed assets	**-6**	-3	**-6**	-8	-16	-4
Tax effect	**-49**	50	**-123**	39	151	108
Net investment hedges						
Fair value gains/losses in the period	**3**	-6	**2**	-10	-1	-25
Tax effect	**0**	2	**0**	3	0	6
Available for sale financial assets						
Fair value changes in the period	**-1**	0	**-1**	0	0	0
Exchange differences on translating foreign operations	**-46**	131	**-8**	444	344	21
Share of other comprehensive income of associates [1)]	**-20**	-29	**1**	-80	-69	-37
Other changes	**6**	-1	**7**	1	-16	1
Other comprehensive income for the period, net of tax	**81**	-52	**348**	228	-189	-343
Total comprehensive income for the year	**559**	219	**1 572**	1 082	1 165	1 008
Total comprehensive income attributable to						
Owners of the parent	**564**	201	**1 503**	1 014	1 064	971
Non-controlling interests	**-5**	18	**69**	68	101	37
	559	219	**1 572**	1 082	1 165	1 008
1) Of which fair value change in Hafslund ASA's						
shareholding in REC incl. translation differences	**-6**	-33	**0**	-85	-77	-37

Condensed consolidated balance sheet

EUR million	Note	June 30 2011	June 30 2010	Dec 31 2010
ASSETS				
Non-current assets				
Intangible assets	12	**416**	411	421
Property, plant and equipment	13	**14 685**	13 919	14 621
Participations in associates and joint ventures	4, 14	**2 014**	2 119	2 161
Share in State Nuclear Waste Management Fund	17	**638**	612	625
Pension assets		**65**	64	62
Other non-current assets		**72**	67	72
Deferred tax assets		**152**	61	141
Derivative financial instruments	6	**137**	196	183
Long-term interest-bearing receivables		**1 139**	1 050	1 149
Total non-current assets		**19 318**	18 499	19 435
Current assets				
Inventories		**410**	418	387
Derivative financial instruments	6	**193**	142	148
Trade and other receivables		**787**	853	1 284
Bank deposits		**131**	394	271
Cash and cash equivalents		**680**	300	285
Liquid funds	16	**811**	694	556
Assets held for sale	7	**-**	-	154
Total current assets		**2 201**	2 107	2 529
Total assets		**21 519**	20 606	21 964
EQUITY				
Equity attributable to owners of the parent				
Share capital	15	**3 046**	3 046	3 046
Share premium		**73**	73	73
Retained earnings		**5 721**	5 100	5 448
Other equity components		**-17**	-59	-357
Total		**8 823**	8 160	8 210
Non-controlling interests		**581**	502	532
Total equity		**9 404**	8 662	8 742
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	16	**6 818**	5 681	6 520
Derivative financial instruments	6	**132**	163	238
Deferred tax liabilities		**1 887**	1 784	1 725
Nuclear provisions	17	**638**	612	625
Other provisions	18	**227**	242	239
Pension obligations		**30**	24	20
Other non-current liabilities		**467**	464	471
Total non-current liabilities		**10 199**	8 970	9 838
Current liabilities				
Interest-bearing liabilities	16	**776**	1 519	862
Derivative financial instruments	6	**248**	531	1 207
Trade and other payables		**892**	924	1 265
Liabilities related to assets held for sale	7	**-**	-	50
Total current liabilities		**1 916**	2 974	3 384
Total liabilities		**12 115**	11 944	13 222
Total equity and liabilities		**21 519**	20 606	21 964

Condensed consolidated statement of changes in total equity

EUR million	Share capital	Share premium	Retained earnings		Other equity components			Owners of the parent	Non-controlling interests	Total equity
			Retained earnings and other funds	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associated companies			
Total equity 31 December 2010	**3 046**	**73**	**5 726**	**-278**	**-419**	**0**	**62**	**8 210**	**532**	**8 742**
Net profit for the period			1 150					1 150	74	1 224
Translation differences				1	-1		-1	-1	-9	-10
Other comprehensive income			10		344	1	-1	354	4	358
Total comprehensive income for the period			1 160	1	343	1	-2	1 503	69	1 572
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-21	-21
Changes due to business combinations						-2		-2	1	-1
Total equity 30 June 2011	**3 046**	**73**	**5 998**	**-277**	**-76**	**-1**	**60**	**8 823**	**581**	**9 404**
Total equity 31 December 2009	**3 046**	**73**	**5 329**	**-567**	**21**	**1**	**131**	**8 034**	**457**	**8 491**
Net profit for the period			822					822	32	854
Translation differences				403	8		8	419	41	460
Other comprehensive income			1		-133	-7	-88	-227	-5	-232
Total comprehensive income for the period			823	403	-125	-7	-80	1 014	68	1 082
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-22	-22
Changes due to business combinations								0	-1	-1
Total equity 30 June 2010	**3 046**	**73**	**5 264**	**-164**	**-104**	**-6**	**51**	**8 160**	**502**	**8 662**
Total equity 31 December 2009	**3 046**	**73**	**5 329**	**-567**	**21**	**1**	**131**	**8 034**	**457**	**8 491**
Net profit for the period			1 300					1 300	54	1 354
Translation differences				289	3		14	306	55	361
Other comprehensive income			-15		-443	-1	-83	-542	-8	-550
Total comprehensive income for the period			1 285	289	-440	-1	-69	1 064	101	1 165
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-22	-22
Changes due to business combinations								0	-4	-4
Total equity 31 December 2010	**3 046**	**73**	**5 726**	**-278**	**-419**	**0**	**62**	**8 210**	**532**	**8 742**

Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR -1 million during Q1-Q2 2011 (Q1-Q2 2010: 419) including net effect from SEK, NOK and RUB amounting to EUR 5 million in Q1-Q2 2011 (Q1-Q2 2010: 411).

Translation of financial information from subsidiaries in foreign currency is done using average rate for the income statement and end rate for the balance sheet. The exchange rate differences occurring from translation to EUR are booked to equity. For information regarding exchange rates used, see Note 8 Exchange rates.

Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges, EUR 343 million during Q1-Q2 2011 (Q1-Q2 2010: -125), mainly relates to cash flow hedges hedging electricity price for future transactions. When electricity price is lower/higher than the hedging price, the impact on equity is positive/negative.

Cash dividend

The dividend for 2010 was decided at the Annual General Meeting on 31 March 2011. The dividend was paid on 12 April 2011. The dividend for 2009 was decided at the Annual General Meeting on 25 March 2010.

Condensed consolidated cash flow statement

EUR million	Note	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Cash flow from operating activities							
Net profit for the period		**478**	271	**1 224**	854	1 354	1 724
Adjustments:							
Income tax expenses		**74**	61	**232**	191	261	302
Finance costs-net		**72**	34	**127**	61	155	221
Share of profit of associates and joint ventures		**-15**	-15	**-74**	-31	-62	-105
Depreciation, amortisation and impairment charges		**155**	139	**304**	276	563	591
Operating profit before depreciations (EBITDA)		**764**	490	**1 813**	1 351	2 271	2 733
Non-cash flow items and divesting activities		**-299**	-6	**-569**	-73	124	-372
Interest received		**14**	22	**33**	38	66	61
Interest paid		**-104**	-74	**-170**	-133	-234	-271
Dividends received		**101**	48	**101**	51	62	112
Realised foreign exchange gains and losses and other financial items		**1**	-142	**-254**	-279	-535	-510
Taxes		**-144**	-73	**-258**	-155	-355	-458
Funds from operations		**333**	265	**696**	800	1 399	1 295
Change in working capital	19	**77**	157	**168**	143	38	63
Total net cash from operating activities		**410**	422	**864**	943	1 437	1 358
Cash flow from investing activities							
Capital expenditures	19	**-297**	-263	**-503**	-486	-1 134	-1 151
Acquisitions of shares	19	**-1**	-1	**-20**	-1	-28	-47
Proceeds from sales of fixed assets		**2**	1	**3**	3	7	7
Divestments of shares	19	**328**	5	**445**	122	147	470
Change in interest-bearing receivables		**1**	-22	**93**	-53	-94	52
Total net cash used in investing activities		**33**	-280	**18**	-415	-1 102	-669
Cash flow before financing activities		**443**	142	**882**	528	335	689
Cash flow from financing activities							
Proceeds from long-term liabilities		**823**	61	**908**	124	924	1 708
Payments of long-term liabilities		**-285**	-21	**-297**	-31	-912	-1 178
Change in short-term liabilities		**-592**	-102	**-333**	20	191	-162
Dividends paid to the owners of the parent		**-888**	-888	**-888**	-888	-888	-888
Other financing items		**-18**	-14	**-20**	-19	-25	-26
Total net cash used in financing activities		**-960**	-964	**-630**	-794	-710	-546
Total net increase(+) / decrease(-) in liquid funds		**-517**	-822	**252**	-266	-375	143
Liquid funds at the beginning of the period		**1 329**	1 498	**556**	890	890	694
Foreign exchange differences in liquid funds		**-1**	18	**3**	70	41	-26
Liquid funds at the end of the period		**811**	694	**811**	694	556	811

Non-cash flow items and divesting activities
Non-cash flow items and divesting activities mainly consist of adjustments for unrealised fair value changes of derivatives and capital gains. The actual proceeds for divestments, EUR 448 million for Q1-Q2 2011 (Q1-Q2 2010: 125), are shown under cash flow from investing activities.

Realised foreign exchange gains and losses and other financial items
Realised foreign exchange gains and losses EUR -251 million for Q1-Q2 2011 (Q1-Q2 2010: -277) mainly relate to financing of Fortum's Swedish subsidiaries and the fact that the Group's main external financing currency is EUR. The foreign exchange gains and losses arise for rollover of foreign exchange contracts hedging the internal loans as major part of these forwards is entered into with short maturities i.e. less than twelve months.

Change in net debt

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Net debt beginning of the period	**6 367**	5 679	**6 826**	5 969	5 969	6 506
Foreign exchange rate differences	**-67**	17	**-61**	72	244	111
EBITDA	**764**	490	**1 813**	1 351	2 271	2 733
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**-431**	-225	**-1 117**	-551	-872	-1 438
Change in working capital	**77**	157	**168**	143	38	63
Capital expenditures	**-297**	-263	**-503**	-486	-1 134	-1 151
Acquisitions	**-1**	-1	**-20**	-1	-28	-47
Divestments	**330**	6	**448**	125	154	477
Change in interest-bearing receivables	**1**	-22	**93**	-53	-94	52
Dividends	**-888**	-888	**-888**	-888	-888	-888
Other financing activities	**-18**	-14	**-20**	-19	-25	-26
Net cash flow (- increase in net debt)	**-463**	-760	**-26**	-379	-578	-225
Fair value change of bonds, amortised cost valuation and other	**20**	50	**-8**	86	35	-59
Net debt end of period	**6 783**	6 506	**6 783**	6 506	6 826	6 783

Key ratios

	June 30 2011	March 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	March 31 2010	Last twelve months
EBITDA, EUR million	**1 813**	1 049	2 271	1 803	1 351	861	**2 733**
Comparable EBITDA, EUR million	**1 301**	798	2 396	1 708	1 266	788	**2 431**
Earnings per share (basic), EUR	**1.29**	0.76	1.46	1.20	0.93	0.63	**1.83**
Capital employed, EUR million	**16 998**	16 560	16 124	16 324	15 862	15 642	**N/A**
Interest-bearing net debt, EUR million	**6 783**	6 367	6 826	6 608	6 506	5 679	**N/A**
Capital expenditure and gross investments in shares, EUR million	**572**	205	1 249	750	513	216	**1 308**
Capital expenditure, EUR million	**533**	167	1 222	723	493	196	**1 262**
Return on capital employed, % 1)	**16.1**	19.1	11.6	12.2	14.3	18.7	**13.8**
Return on shareholders' equity, % 1)	**22.0**	26.9	15.7	16.6	19.3	25.7	**19.1**
Net debt / EBITDA 1)	**2.2**	1.8	3.0	2.8	2.5	1.7	**2.5**
Comparable net debt / EBITDA 1)	**2.6**	2.0	2.8	2.9	2.6	1.8	**2.8**
Interest coverage	**14.8**	19.0	13.7	15.9	18.7	24.2	**12.6**
Interest coverage including capitalised borrowing costs	**12.0**	15.1	10.0	11.4	13.7	18.7	**9.8**
Funds from operations/interest-bearing net debt, % 1)	**24.2**	34.8	20.5	22.3	28.8	44.9	**19.1**
Gearing, %	**72**	72	78	76	75	67	**N/A**
Equity per share, EUR	**9.93**	9.30	9.24	9.27	9.19	8.96	**N/A**
Equity-to-assets ratio, %	**44**	39	40	41	42	40	**N/A**
Number of employees	**11 342**	10 976	10 585	10 865	11 406	11 290	**N/A**
Average number of employees	**11 030**	10 913	11 156	11 302	11 393	11 435	**N/A**
Average number of shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	888 367	**888 367**
Diluted adjusted average number of shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	888 367	**888 367**
Number of registered shares, 1 000 shares	**888 367**	888 367	888 367	888 367	888 367	888 367	**N/A**

1) Quarterly figures are annualised except items affecting comparability.
For definitions, see Note 27.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2010. The interim financial statements have not been audited.

2. Accounting policies

The same accounting policies and presentation have been followed in these condensed interim financial statements as were applied in the preparation of the consolidated financial statements as at and for the year ended 31 December 2010.

3. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2010.

4. Segment information

Sales EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power sales excluding indirect taxes	**794**	759	**1 828**	1 826	3 615	3 617
Heating sales	**284**	280	**955**	873	1 596	1 678
Network transmissions	**202**	194	**501**	464	912	949
Other sales	**36**	62	**66**	79	173	160
Total	**1 316**	1 295	**3 350**	3 242	6 296	6 404

Sales by segment EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power 1)	**574**	597	**1 267**	1 366	2 702	2 603
- of which internal	***-24***	*-10*	***-127***	*-134*	*-281*	*-274*
Heat 1)	**322**	301	**1 047**	952	1 770	1 865
- of which internal	***1***	*2*	***0***	*-4*	*-8*	*-4*
Russia	**195**	169	**490**	413	804	881
- of which internal	***-***	*-*	***-***	*-*	*-*	*-*
Distribution	**215**	200	**526**	480	963	1 009
- of which internal	***4***	*3*	***8***	*7*	*18*	*19*
Electricity Sales 1)	**183**	327	**556**	964	1 798	1 390
- of which internal	***22***	*19*	***71***	*80*	*158*	*149*
Other 1)	**19**	16	**49**	21	51	79
- of which internal	***39***	*40*	***117***	*61*	*169*	*225*
Netting of Nord Pool transactions 2)	**-150**	-261	**-516**	-944	-1 736	-1 308
Eliminations	***-42***	*-54*	***-69***	*-10*	*-56*	*-115*
Total	**1 316**	1 295	**3 350**	3 242	6 296	6 404

1) Sales, both internal and external, includes effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and realised spot price.
2) Sales and purchases with Nord Pool Spot is netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

Comparable operating profit by segment

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power	**257**	271	**582**	695	1 298	1 185
Heat	**25**	33	**196**	165	275	306
Russia	**21**	-9	**55**	7	8	56
Distribution	**60**	53	**184**	155	307	336
Electricity Sales	**10**	10	**21**	-3	11	35
Other	**-25**	-19	**-41**	-29	-66	-78
Total	**348**	339	**997**	990	1 833	1 840

Operating profit by segment

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power	**271**	280	**760**	747	1 132	1 145
Heat	**25**	35	**290**	194	303	399
Russia	**21**	-9	**55**	23	53	85
Distribution	**252**	53	**377**	166	321	532
Electricity Sales	**23**	23	**3**	-6	46	55
Other	**17**	-31	**24**	-49	-147	-74
Total	**609**	351	**1 509**	1 075	1 708	2 142

Non-recurring items by segment

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power	**2**	1	**2**	1	6	7
Heat [1)]	**-1**	3	**79**	22	29	86
Russia	**0**	0	**0**	16	45	29
Distribution [2)]	**192**	0	**193**	11	12	194
Electricity Sales	**0**	-	**1**	-	-	1
Other	**0**	0	**0**	0	1	1
Total	**193**	4	**275**	50	93	318

1) Non-recurring items in Heat -segment for Q1-Q2 2011 include the gain of EUR 80 million recognised on the divestment of Fortum's district heat operations and heat production facilities outside the Stockholm area in Sweden.
2) Non-recurring items in Distribution -segment for Q2 include a gain of EUR 192 million recognised on the divestment of Fingrid Oyj shares.

Non-recurring items include mainly capital gains.

Other items affecting comparability by segment

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power [1)]	**12**	8	**176**	51	-172	-47
Heat	**1**	-1	**15**	7	-1	7
Russia	**-**	-	-	0	-	-
Distribution	**0**	0	**0**	0	2	2
Electricity Sales	**13**	13	**-19**	-3	35	19
Other	**42**	-12	**65**	-20	-82	3
Total	**68**	8	**237**	35	-218	-16
1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	**-8**	23	**-12**	14	-2	-28

Other items affecting comparability mainly include effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39. Other segment includes mainly the effect arising from changes in hedge accounting status on group level.
In Power segment there are also effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5.

Depreciation, amortisation and impairment charges by segment

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power	**27**	24	**54**	48	100	106
Heat	**49**	46	**98**	91	187	194
Russia	**31**	22	**54**	42	86	98
Distribution	**46**	44	**93**	87	178	184
Electricity Sales	**0**	1	**1**	2	2	1
Other	**2**	2	**4**	6	10	8
Total	**155**	139	**304**	276	563	591

Share of profit/loss in associates and joint ventures by segment

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power [1), 2)]	**-12**	-15	**-16**	-23	-25	-18
Heat	**5**	1	**9**	19	31	21
Russia	**30**	9	**38**	9	8	37
Distribution	**3**	6	**11**	11	19	19
Electricity Sales	**0**	2	**1**	1	1	1
Other	**-11**	12	**31**	14	28	45
Total	**15**	15	**74**	31	62	105
1) Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):	**-2**	2	**-3**	0	0	-3

2) The main part of the associated companies in Power are power production companies from which Fortum purchases produced electricity at production costs including interest costs, production taxes and income taxes.

Participation in associates and joint ventures by segment

EUR million	June 30 2011	June 30 2010	Dec 31 2010
Power	**893**	881	912
Heat	**148**	157	159
Russia	**466**	454	423
Distribution	**96**	209	217
Electricity Sales	**10**	12	13
Other	**401**	406	437
Total	**2 014**	2 119	2 161

Capital expenditure by segment

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power	**35**	22	**52**	35	97	114
Heat	**72**	59	**108**	121	304	291
Russia	**192**	167	**267**	258	599	608
Distribution	**62**	47	**96**	76	213	233
Electricity Sales	**1**	0	**4**	0	0	4
Other	**4**	2	**6**	3	9	12
Total	**366**	297	**533**	493	1 222	1 262
Of which capitalised borrowing costs	**12**	12	**24**	21	45	48

Gross investments in shares by segment

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Power	**1**	-	**17**	20	25	22
Heat	**-**	0	**22**	0	1	23
Russia	**0**	-	**0**	-	-	0
Distribution	**-**	-	**-**	-	0	0
Electricity Sales	**-**	-	**-**	-	-	-
Other	**0**	0	**0**	0	1	1
Total	**1**	0	**39**	20	27	46

Gross investments in shares in Q1-Q2 2011 in Power segment include additional share capital to be paid to Teollisuuden Voima Oyj. See Note 14.

Net assets by segment

EUR million	June 30 2011	June 30 2010	Dec 31 2010
Power	**5 998**	5 726	5 806
Heat	**3 911**	3 884	4 182
Russia	**3 051**	2 690	2 817
Distribution	**3 487**	3 482	3 683
Electricity Sales	**77**	59	210
Other	**387**	285	29
Total	**16 911**	16 126	16 727

Comparable return on net assets by segment

%	Last twelve months	Dec 31 2010
Power	19.8	22.3
Heat	8.2	7.7
Russia	3.4	0.7
Distribution	9.9	9.3
Electricity Sales	34.1	9.3
Other	-7.1	-7.7

Return on net assets by segment

%	Last twelve months	Dec 31 2010
Power	19.2	19.5
Heat	10.5	8.4
Russia	4.4	2.4
Distribution	15.3	9.7
Electricity Sales	52.7	38.4
Other	-11.3	-48.2

Return on net assets is calculated by dividing the sum of operating profit and share of profit of associated companies and joint ventures with average net assets. Average net assets are calculated using the opening balance and end of each quarter values.

Assets by segments

EUR million	**June 30 2011**	June 30 2010	Dec 31 2010
Power	**6 834**	6 680	6 934
Heat	**4 262**	4 237	4 733
Russia	**3 441**	3 024	3 173
Distribution	**3 978**	3 929	4 207
Electricity Sales	**300**	379	663
Other	**625**	534	723
Eliminations	**-230**	-242	-576
Assets included in Net assets	**19 210**	18 541	19 857
Interest-bearing receivables	**1 178**	1 079	1 208
Deferred taxes	**152**	61	141
Other assets	**168**	231	202
Liquid funds	**811**	694	556
Total assets	**21 519**	20 606	21 964

Liabilities by segments

EUR million	**June 30 2011**	June 30 2010	Dec 31 2010
Power	**836**	954	1 128
Heat	**351**	353	551
Russia	**390**	334	356
Distribution	**491**	447	524
Electricity Sales	**223**	320	453
Other	**238**	249	694
Eliminations	**-230**	-242	-576
Liabilities included in Net assets	**2 299**	2 415	3 130
Deferred tax liabilities	**1 887**	1 784	1 725
Other liabilities	**335**	545	985
Total liabilities included in Capital employed	**4 521**	4 744	5 840
Interest-bearing liabilities	**7 594**	7 200	7 382
Total equity	**9 404**	8 662	8 742
Total equity and liabilities	**21 519**	20 606	21 964

Other assets and Other liabilities not included in segment's Net assets consists mainly of income tax receivables and liabilities, accrued interest expenses, derivative receivables and liabilities qualifying as hedges and receivables and liabilities for interest rate derivatives.

Number of employees	June 30 2011	June 30 2010	Dec 31 2010
Power	**1 995**	1 983	1 819
Heat	**2 793**	2 549	2 394
Russia	**4 497**	4 584	4 294
Distribution	**928**	1 144	962
Electricity Sales	**518**	549	525
Other	**611**	597	591
Total	**11 342**	11 406	10 585

Average number of employees	Q1-Q2 2011	Q1-Q2 2010	2010
Power	**1 856**	1 900	1 891
Heat	**2 748**	2 516	2 482
Russia	**4 421**	4 701	4 555
Distribution	**901**	1 134	1 098
Electricity Sales	**510**	551	538
Other	**594**	591	592
Total	**11 030**	11 393	11 156

Average number of employees is based on a monthly average for the whole period in question.

5. Quarterly segment information

Extended quarterly information is available on Fortum's website www.fortum.com (about Fortum/Investors/Financial information/Interim reports).

Quarterly sales by segment EUR million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**574**	693	752	584	597	769
- of which internal	***-24***	*-103*	*-137*	*-10*	*-10*	*-124*
Heat	**322**	725	598	220	301	651
- of which internal	***1***	*-1*	*-5*	*1*	*2*	*-6*
Russia	**195**	295	254	137	169	244
- of which internal	**-**	-	-	-	-	-
Distribution	**215**	311	287	196	200	280
- of which internal	***4***	*4*	*8*	*3*	*3*	*4*
Electricity Sales	**183**	373	529	305	327	637
- of which internal	***22***	*49*	*58*	*20*	*19*	*61*
Other	**19**	30	7	23	16	5
- of which internal	***39***	*78*	*73*	*35*	*40*	*21*
Netting of Nord Pool transactions	**-150**	-366	-528	-264	-261	-683
Eliminations	***-42***	*-27*	*3*	*-49*	*-54*	*44*
Total	**1 316**	2 034	1 902	1 152	1 295	1 947

Quarterly comparable operating profit by segments EUR million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**257**	325	336	267	271	424
Heat	**25**	171	122	-12	33	132
Russia	**21**	34	17	-16	-9	16
Distribution	**60**	124	91	61	53	102
Electricity Sales	**10**	11	3	11	10	-13
Other	**-25**	-16	-28	-9	-19	-10
Total	**348**	649	541	302	339	651

Quarterly operating profit by segments EUR million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**271**	489	129	256	280	467
Heat	**25**	265	124	-15	35	159
Russia	**21**	34	16	14	-9	32
Distribution	**252**	125	93	62	53	113
Electricity Sales	**23**	-20	40	12	23	-29
Other	**17**	7	-81	-17	-31	-18
Total	**609**	900	321	312	351	724

Quarterly non-recurring items by segment EUR million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power	**2**	0	0	5	1	0
Heat	**-1**	80	7	0	3	19
Russia	**0**	0	-1	30	0	16
Distribution	**192**	1	0	1	0	11
Electricity Sales	**0**	1	-	-	-	-
Other	**0**	0	1	0	0	0
Total	**193**	82	7	36	4	46

Quarterly other items affecting comparability EUR million	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Power [1)]	**12**	164	-207	-16	8	43
Heat	**1**	14	-5	-3	-1	8
Russia	**-**	-	-	-	-	-
Distribution	**0**	0	2	0	0	0
Electricity Sales	**13**	-32	37	1	13	-16
Other	**42**	23	-54	-8	-12	-8
Total	**68**	169	-227	-26	8	27
1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million)	**-8**	-4	-6	-10	23	-9

6. Financial risk management

The Group has not made any significant changes in policies regarding risk management during the period. Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2010.

The tables below disclose the notional values or volumes and net fair values for the Group's derivatives used in different areas mainly for hedging purposes.

Derivatives

		June 30 2011		June 30 2010		Dec 31 2010
Interest and currency derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
	MEUR	**MEUR**	MEUR	MEUR	MEUR	MEUR
Interest rate swaps	**4 605**	**47**	3 710	72	4 098	96
Forward foreign exchange contracts	**6 945**	**30**	6 585	-232	7 786	-333
Forward rate agreements	**191**	**0**	-	-	167	0
Interest rate and currency swaps	**430**	**-8**	930	-25	538	-25

Electricity derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	TWh	**MEUR**	TWh	MEUR	TWh	MEUR
Sales swaps	**105**	**-226**	151	-419	124	-2 069
Purchase swaps	**58**	**98**	91	255	71	1 224
Purchased options	**0**	**0**	1	-1	0	0
Written options	**2**	**2**	2	3	2	-10

Oil derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	1000 bbl	**MEUR**	1000 bbl	MEUR	1000 bbl	MEUR
Sales swaps and futures	**26 430**	**68**	11 311	64	11 473	-93
Purchase swaps and futures	**26 220**	**-64**	11 341	-83	11 541	76

Coal derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	kt	**MEUR**	kt	MEUR	kt	MEUR
Sold	**12 380**	**-76**	4 860	-25	6 865	-117
Bought	**11 306**	**76**	5 596	29	7 985	137

CO_2 emission allowance derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	ktCO2	**MEUR**	ktCO2	MEUR	ktCO2	MEUR
Sold	**22 981**	**51**	8 226	-6	5 225	7
Bought	**19 857**	**-43**	9 569	11	8 882	-7

Share derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
	MEUR	**MEUR**	MEUR	MEUR	MEUR	MEUR
Share forwards [1)]	**9**	**11**	19	16	19	20

1) Cash-settled share forwards are used as a hedging instrument for Fortum Group's performance share arrangement.

7. Acquisitions, disposals and assets held for sale

Acquisitions
In November 2010 Fortum and the Polish Ministry of Treasury signed an agreement according to which Fortum acquired 85% of shares in the Polish power and heat companies Elektrociepłownia Zabrze S.A. and Zespół Elektrociepłowni Bytom S.A. for approximately EUR 22 million (PLN 82 million). The combined sales of 2010 for the acquired companies totalled approximately EUR 45 million (PLN 180 million). Both companies operated close to breakeven. The companies were sold as part of the privatization of the power and heat sector in Poland. The Polish competition authorities' approval of the transaction was received on 3 January 2011.

There were no material acquisitions during the first half of 2010.

Disposals
In December 2010 Fortum signed an agreement to divest district heat operations and production facilities outside Stockholm in Sweden. The divestment was completed on 31 March 2011. The total sales price was approximately EUR 220 million and the recognised gain approximately EUR 80 million. The operations were part of the Heat segment and the gain is recognised in Heat segment. Major part of the divested operations were owned by Fortum's subsidiary Fortum Värme in which the city of Stockholm has a 50% economic interest. The Stockholm City Board and the Swedish Competition Authority have given their approval to the transaction. The assets and liabilities related to the divested operations were presented as assets and liabilities held for sale in December 2010.

In January 2011 Fortum, the Finnish State 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 shares. The sales price for the total amount of shares was EUR 325 million and consequently, Fortum booked a gain of EUR 192 million. The shares were part of the Distribution segment and the gain is recognised in Distribution segment.

There were no material divestments during the first half of 2010.

8. Exchange rates

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of each months ending rate from the European Central Bank during the year and ending rate previous year.

Key exchange rates for Fortum Group applied in the accounts:

Average rate	**Jan-June 2011**	Jan-March 2011	Jan-Dec 2010	Jan-Sept 2010	Jan-June 2010	Jan-March 2010
Sweden (SEK)	**8.9273**	8.8775	9.5510	9.6665	9.8144	9.9826
Norway (NOK)	**7.7996**	7.8173	8.0262	8.0258	8.0464	8.1423
Poland (PLN)	**3.9655**	3.9692	4.0126	4.0137	4.0186	3.9970
Russia (RUB)	**40.4461**	40.4504	40.4473	40.1288	40.1535	41.4799

Balance sheet date rate	**June 30 2011**	March 31 2011	Dec 31 2010	Sept 30 2010	June 30 2010	March 31 2010
Sweden (SEK)	**9.1739**	8.9329	8.9655	9.1421	9.5259	9.7135
Norway (NOK)	**7.7875**	7.8330	7.8000	7.9680	7.9725	8.0135
Poland (PLN)	**3.9903**	4.0106	3.9750	3.9847	4.1470	3.8673
Russia (RUB)	**40.4000**	40.2850	40.8200	41.6923	38.2820	39.6950

9. Income tax expense

Tax rate according to the income statement Q1-Q2 2011 was 15.9% (Q1-Q2 2010: 18.3%). The tax rate for the period is lower than in the comparable period mainly due to the tax exempt capital gains.

The tax rate for the period Q2 2011, excluding the impact of share of profits of associated companies and joint ventures, non-taxable capital gains and other one-time items was 21.1% (Q2 2010: 19.5%). The tax rate for the full year 2010, excluding the impact of share of profits of associated companies and joint ventures, non-taxable capital gains and other one-time items was 17.7%. The tax rate used in the income statement is always impacted by the fact that share of profits of associates and joint ventures is recorded based on Fortum's share of profits after tax.

10. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	Q1-Q2 2011	Q1-Q2 2010	2010
Earnings (EUR million):			
Profit attributable to the owners of the parent	**1 150**	822	1 300
Number of shares (thousands):			
Weighted average number of shares for the purpose of basic earnings per share	**888 367**	888 367	888 367
Weighted average number of shares for the purpose of diluted earnings per share	**888 367**	888 367	888 367

11. Dividend per share

A dividend in respect of 2010 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million based on the number of shares registered as of 5 April 2011, was decided at the Annual General Meeting on 31 March 2011. The dividend was paid on 12 April 2011.

A dividend in respect of 2009 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million based on the number of shares registered as of 30 March 2010, was decided at the Annual General Meeting on 25 March 2010. The dividend was paid on 8 April 2010.

12. Changes in intangible assets

EUR million	**June 30 2011**	June 30 2010	Dec 31 2010
Opening balance	**421**	391	391
Increase through acquisition of subsidiary companies	**-1**	-	-
Capital expenditures	**12**	7	19
Changes of emission rights	**-10**	-12	13
Depreciation, amortisation and impairment	**-10**	-13	-22
Translation differences and other adjustments	**4**	38	20
Closing balance	**416**	411	421
Goodwill included in closing balance	**304**	321	301
Change in goodwill during the period due to translation differences	**3**	36	16

13. Changes in property, plant and equipment

EUR million	**June 30 2011**	June 30 2010	Dec 31 2010
Opening balance	**14 621**	12 855	12 855
Increase through acquisition of subsidiary companies	**30**	-	-
Capital expenditures	**521**	486	1 203
Changes of nuclear asset retirement cost	**3**	15	18
Disposals	**-3**	-2	-4
Depreciation, amortisation and impairment	**-294**	-263	-541
Sale of subsidiary companies	**-**	-	-22
Moved to Assets held for sale	**-**	-	-131
Translation differences and other adjustments	**-193**	828	1 243
Closing balance	**14 685**	13 919	14 621

14. Changes in participations in associates and joint ventures

EUR million	June 30 2011	June 30 2010	Dec 31 2010
Opening balance	**2 161**	2 188	2 188
Share of profits of associates and joint ventures	**74**	31	62
Investments	**-**	-	6
Share issues and shareholders' contributions	**16**	20	20
Reclassifications	**-**	-	-
Divestments	**-134**	-87	-89
Dividend income received	**-101**	-51	-61
OCI items associated companies	**-2**	-80	-69
Translation differences	**0**	98	104
Closing balance	**2 014**	2 119	2 161

Share of profits from associates and joint ventures

Share of profits from associates in Q2 2011 was EUR 15 million (Q2 2010: 15) of which Hafslund ASA represented EUR -11 million (Q2 2010: 12) and TGC-1 EUR 30 million (Q2 2010: 9). Share of profits from TGC-1 is based on the company's published IFRS Q1 2011 interim report.

Hafslund's shareholding in Renewable Energy Corporation (REC) is classified as available for sale financial assets with fair value changes directly through equity. If the fair value of the shares decreases below the initial book value, the investment is tested for impairment and in the event of significant value decrease, impairment is recognised as part of share of profit/loss of associates and joint ventures. Based on 30 June 2011 closing price of REC, NOK 9.28, Fortum made a write-down amounting to EUR 20 million in its Q2 interim closing. Any future positive fair value changes will be recognised through equity while any significant value decrease below NOK 9.28 will be charged to share of profit/loss of associates and joint ventures.

Hafslund published their interim report for Q2 2011 on 8 July 2011. Hafslund impaired REC investment in its Q2 interim closing. The effect of Hafslund's Q2 excluding REC is not included in Fortum's Q2 results. According to Fortum Group accounting policies the share of profits from Hafslund excluding REC has been included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available.

In December 2010 Hafslund sold its fully-owned subsidiary Hafslund Fibernett AS. In Q1 2011 Fortum recognised EUR 38 million in relation to Hafslund's divestment of Hafslund Fibernett AS shares as a part of the share of profit of associates and joint ventures.

Fortum's share of profit for the period January-June 2011 amounted to 74 million (Q1-Q2 2010: 31), of which Hafslund represented EUR 31 million (Q1-Q2 2010: 14), TGC-1 EUR 38 million (Q1-Q2 2010: 9) and Gasum EUR 7 million (Q1-Q2 2010: 18).

Fortum's share of profits for the full year 2010 amounted to EUR 62 million, of which Hafslund represented EUR 28 million, TGC-1 EUR 7 million, and Gasum EUR 27 million.

Investments and share issues

Teollisuuden Voima Oyj's (TVO) Annual General meeting in March 2011 decided to raise the company's share capital by EUR 65.2 million of which Fortum's share is EUR 16.3 million. The increase in Fortum's participation in TVO has been booked in Q1 2011 and it will be paid in 2011 at a date to be decided by TVO's Board of Directors.

TVO's Annual General meeting in March 2010 decided to raise the company's share capital by EUR 79.3 million of which Fortum's share is EUR 19.8 million. The increase in Fortum's participation in TVO was booked in Q1 2010 and was paid during Q4 2010.

Divestments

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

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 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 Distribution segment. Fortum sold its holding in Fingrid 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 segment divested Fortum's 49% shareholding in Karlskoga Energi & Miljö AB. In the first quarter of 2010 Heat segment divested Fortum's 20.4% shareholding in Swedegas AB and Russia segment divested OAO Fortum's 49% shareholding in Kurgan Generating Company. In the third quarter Russia segment divested Fortum's approximately 31% shareholding in St Petersburg Sale Company.

Dividends received

Until Q2 2011 Fortum has received EUR 101 million (2010: 51) in dividends from associates of which EUR 64 million (2010: 19) was received from Hafslund and EUR 18 million (2010: 26) from Gasum.

OCI items in associated companies

OCI items in associated companies mainly represent the fair value change in Hafslund's shareholding in REC. In Q2 2011 the fair value change of the remaining REC shares was -19 million (Q2 2010: -29). The cumulative fair value change in Fortum's equity, based on the remaining number of shares reported by Hafslund, was EUR 0 million at 30 June 2011.

The fair value change in Q2 2011 below the value of the initial investment, EUR 20 million, was done as part of share of profit/loss of associates and joint ventures.

15. Share capital

EUR million	Number of shares June 30 2011	Share capital June 30 2011	Number of shares Dec 31 2010	Share capital Dec 31 2010
Registered shares at 1 January	**888 367 045**	**3 046**	888 367 045	3 046
Registered shares at the end of the period	**888 367 045**	**3 046**	888 367 045	3 046

16. Interest-bearing liabilities and liquid funds

The interest-bearing debt decreased during the quarter by EUR 102 million from EUR 7,696 million to EUR 7,594 million (year end 2010: 7,382). Total liquid funds decreased by EUR 518 million from EUR 1,329 million to EUR 811 million (year-end 2010: 556).

During the first quarter Fortum increased the amount of re-borrowing from the Finnish nuclear waste fund by EUR 53 million to EUR 887 million. Fortum also signed two long term transaction; a 10 year loan of SEK 1,786 million from European Investment Bank and a 7 year loan of SEK 625 million from Nordic Investment Bank, these loans were fully drawn down during April.

During the second quarter Fortum Oyj repaid a maturing SEK 2 bn bond and issued a new ten year EUR 500 million fixed rate bond under its Euro Medium-Term Note Program. OAO Fortum signed a bilateral RUB 2 bn bank loan, to finance its investment program. The amount of short term financing decreased (mainly issuance of Commercial Papers), per quarter end the amount of short term financing was EUR 211 million (year-end 2010: 534 million).

On July 11, Fortum Oyj signed a new syndicated revolving credit facility of EUR 2.5 billion to refinance existing syndicated revolving credit facilities of EUR 1.2 and EUR 1.5 billion. The total amount undrawn committed credit facilities is approximately EUR 2.7 billion.

17. Nuclear related assets and liabilities

EUR million	June 30 2011	June 30 2010	Dec 31 2010
Carrying values in the balance sheet			
Nuclear provisions	**638**	612	625
Share in the State Nuclear Waste Management Fund	**638**	612	625
Legal liability and actual share of the State Nuclear Waste Management Fund			
Liability for nuclear waste management according to the Nuclear Energy Act	**944**	913	944
Funding obligation target	**886**	830	886
Fortum's share of the State Nuclear Waste Management Fund	**886**	830	843

Nuclear related provisions

The liability regarding the Loviisa nuclear power plant is calculated according to the Nuclear Energy Act and was decided by Ministry of Employment and the Economy in December 2010. The liability is based on a technical plan, which is made every third year. The technical plan and the cost estimates were last updated in Q2 2010.

The legal liability on 30 June 2011 is EUR 944 million. The provision in the balance sheet related to nuclear waste management is based on cash flows for future costs which uses the same basis as the legal liability. The carrying value of the nuclear provision, calculated according to IAS 37, has increased by EUR 13 million compared to 31 December 2010, totalling EUR 638 million on 30 June 2011. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

Fortum's share in the State Nuclear Waste Management Fund

Fortum contributes funds to the State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in December in connection with the decision of size of the legal liability. The current funding obligation target based on the legal liability decided in December 2010 and approved periodising of the payments to the Fund is EUR 886 million. The Fund is from an IFRS perspective overfunded with EUR 248 million, since Fortum's share of the Fund on 30 June 2011 is EUR 886 million and the carrying value in the balance sheet is EUR 638 million.

Effects to comparable operating profit and operating profit
Operating profit in Power segment is affected by the accounting principle for Fortum's share of the Finnish Nuclear Waste Management Fund, since the carrying value of the Fund in Fortum's balance sheet can in maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the effects to operating profit from this adjustment will be positive if the provisions increase more than the Fund and negative if actual value of the fund increases more thar the provisions. This accounting effect is not included in Comparable operating profit in Fortum financial reporting; see Other items affecting comparability in Note 4. Fortum had an effect from this adjustment in Q2 2011 of EUR-8 million, compared to EUR +23 million in Q2 2010. The cumulative effect 2011 was EUR -12 million compared to EUR +14 million in 2010.

Following last year's updated technical plan and cost estimates Fortum had a one-time effect to Comparable operating profit of EUR 9 million in Q2 2010 in Power segment. This was due to higher nuclear waste management costs related to already spent fuel. Any cost increase which is related to already spent fuel is always recognised immediately in Comparable operating profit.

Associated companies
Fortum has minority shareholdings in associated Finnish and Swedish nuclear production companies. Fortum has for these companies accounted for its share of the effects from nuclear related assets and provisions according to Fortum accounting principles.

18. Other provisions

	Other provisions			Of which CSA provision		
EUR million	**June 30 2011**	June 30 2010	Dec 31 2010	**June 30 2011**	June 30 2010	Dec 31 2010
Opening balance	**239**	209	209	**208**	186	186
Unused provisions reversed	**-33**	0	-5	**-33**	0	-
Change in the provision	**13**	1	18	**11**	0	-
Provisions used	**-2**	0	-10	**-2**	0	-5
Unwinding of discount	**8**	8	16	**8**	8	16
Exchange rate differences	**2**	24	11	**2**	24	11
Closing balance	**227**	242	239	**194**	218	208

Fortum's extensive investment programme in Russia (8 units) is subject to possible penalties that can be claimed if the new capacity is substantially delayed or agreed major terms of the capacity supply agreement (CSA) are not otherwise fulfilled. The new rules for the long-term capacity market were approved in the beginning of 2011. This brought also more clarity to the possible penalties imposed on late delivery. Penalties are now defined on power plant level. This means that Fortum's risk for penalties under CSA agreement is proportionally decreasing when a new unit starts operation.

During Q1-Q2 2011 Fortum has commissioned two new units under the Russian investment program. The company has reversed EUR 33 million of provisions in relation to those power plants.

The effect of changes in the timing of commissioning of new power plants is assessed at each balance sheet date and provision is changed accordingly. The impact of the change in timing to discounted amounts as of 30 June 2011 was EUR 11 million. The total impact of changes in CSA provision to comparable operating profit for Q1-Q2 2011 was thus EUR 22 million. Paid penalties during first half of 2011 amounted to EUR 2 million.

The increase in the provision due to the discounting during Q1-Q2 2011 amounted to EUR 8 million. This amount was booked in other financial expenses.

19. Additional cash flow information

Change in working capital

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Increase/decrease in interest-free receivables	**389**	359	**472**	216	-161	95
Decrease in inventories	**-96**	-57	**-21**	43	74	10
Increase/decrease in interest-free liabilities	**-216**	-145	**-283**	-116	125	-42
Total	**77**	157	**168**	143	38	63

Capital expenditure

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Capital expenditure	**366**	297	**533**	493	1 222	1 262
Change in not yet paid investments	**-57**	-22	**-6**	14	-43	-63
Capitalised borrowing costs	**-12**	-12	**-24**	-21	-45	-48
Capital expenditure in cash flow	**297**	263	**503**	486	1 134	1 151

Acquisition of shares in cash flow

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Acquisition of subsidiaries, net of cash acquired	**-**	1	**19**	1	1	19
Acquisition of associates [1)]	**0**	0	**0**	0	26	26
Acquisition of available for sale financial assets [2)]	**1**	0	**1**	0	1	2
Total	**1**	1	**20**	1	28	47

1) Acquisition of associates includes share issues and other capital contributions.
2) Available for sale financial assets are presented under Other non-current assets in the Balance sheet.

Acquisition of shares in subsidiaries

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Gross investments of shares [3)]	**-**	0	**22**	0	0	22
Changes in non-paid acquisitions	**-**	1	**-2**	1	1	-1
Interest bearing debt in acquired subsidiaries	**-**	-	**-1**	-	-	-1
Acquisitions of subsidiaries, net of cash acquired	**-**	1	**19**	1	1	20

3) Gross investments of shares include liquid funds in acquired subsidiaries in Q1-Q2 2011 EUR 0 (Q1-Q2 2010: 0).

Acquisition of shares in associates

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Gross investments of shares	**0**	0	**16**	20	26	22
Changes in non-paid acquisitions	**-**	-	**-16**	-20	0	4
Acquisition of associates	**0**	0	**0**	0	26	26

Divestment of shares in cash flow

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Proceeds from sales of subsidiaries, net of cash disposed	**2**	-	**112**	-	9	121
Proceeds from sales of associates	**326**	5	**333**	111	121	343
Proceeds from sales of other non-current assets	**0**	0	**0**	11	17	6
Total	**328**	5	**445**	122	147	470

Divestment of subsidiary shares in cash flow

EUR million	Q2 2011	Q2 2010	Q1-Q2 2011	Q1-Q2 2010	2010	Last twelve months
Gross divestments of shares [4)]	**2**	-	**202**	-	9	211
Payments not received for proceeds	**-**	-	**0**	-	-	0
Interest bearing debt in sold subsidiaries	**0**	-	**-90**	-	-	-90
Proceeds settled in cash	**2**	-	**112**	-	9	121

4) Liquid funds in sold subsidiaries in Q1-Q2 2011 EUR 14 million (Q1-Q2 2010: 0) are netted from gross divestments.

20. Pledged assets

EUR million	June 30 2011	June 30 2010	Dec 31 2010
On own behalf			
For debt			
Pledges	**294**	293	307
Real estate mortgages	**137**	137	137
For other commitments			
Real estate mortgages	**148**	181	155
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	**3**	2	3

Pledged assets for debt

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. As of 30 June 2011 the value of the pledged shares amounts to EUR 269 million (2010: 269 million). The decrease in the other pledged assets for debt is due to the return of the bank deposits, EUR 13 million, pledged as trading collateral for trading of electricity and emission allowances in NASDAQ OMX Commodities Europe, Intercontinental Exchange (ICE) and European Energy Exchange (EEX).

Pledged assets for other commitments

Fortum has given real estate mortgages in power plants in Finland, total value of EUR 148 million in June 2011 (2010: 155 million), as a security to the State Nuclear Waste Management Fund for the uncovered part of the legal liability and unexpected events relating to future costs for decomissioning and disposal of spent fuel in Loviisa nuclear power plant. The size of the securities given is updated yearly in Q2 based on the decisions regarding the legal liabilities and the funding target which takes place around year end every year. Due to the yearly update, the amount of real estate mortgages given as a security have decreased by EUR 7 million in Q2 2011 (see also note 17 Nuclear related assets and liabilities).

21. Operating lease commitments

EUR million	June 30 2011	June 30 2010	Dec 31 2010
Due within a year	**27**	23	29
Due after one year and within five years	**60**	42	49
Due after five years	**122**	97	130
Total	**209**	162	208

22. Capital commitments

EUR million	June 30 2011	June 30 2010	Dec 31 2010
Property, plant and equipment	**1 215**	1 248	1 172
Intangible assets	**17**	8	7
Total	**1 232**	1 256	1 179

Capital commitments have increased compared to year end 2010. Commitments have decreased due to progressing of OAO Fortum's investment program as well as finalisation of Czestochowa power plant investment. On the other hand commitments relating to Bio CHP investment in Järvenpää, Finland and CHP investment Brista 2, Sweden have increased commitments as well as Blaiken wind park investment in Sweden.

23. Contingent liabilities

EUR million	June 30 2011	June 30 2010	Dec 31 2010
On own behalf			
Other contingent liabilities	**146**	234	228
On behalf of associated companies and joint ventures			
Guarantees	**338**	338	358
Other contingent liabilities	**125**	125	125
On behalf of others			
Guarantees	**0**	8	1
Other contingent liabilities	**0**	0	0

Guarantees on own behalf
Other contingent liabilities on own behalf, EUR 146 million in June 2011, have decreased by EUR 82 million compared to 31 December 2010. The decrease mainly is due to the progressing of the investments in Russia and the maturity of the guarantee given to the Finnish State Nuclear Waste Management Fund.

Guarantees on behalf of associated companies
Guarantees and other contingent liabilities on behalf of associated companies and joint ventures mainly consist of guarantees relating to Fortum's associated nuclear companies Teollisuuden Voima Oyj, Forsmarks Kraftgrupp AB and OKG AB.

The guarantee given on behalf of Teollisuuden Voima Oyj (TVO) to the Finnish fund amount to EUR 44 million at 30 June 2011 (2010: 58).

24. Legal actions and official proceedings

AREVA-Siemens has filed a request for an arbitration in December 2008, concerning Olkiluoto 3 delay and related costs. The Supplier has in June 2011 submitted its updated statement of claim, which includes updated claimed amounts with specified sums of indirect items and interest. The Supplier's presented monetary claim including indirect items and interest is currently approximately EUR 1.9 billion. TVO has considered and found the claim by the Supplier to be without merit. TVO has, in response, filed a counter-claim in April 2009 based on costs primarily due to delays. The value of TVO’s presented counter-claim is currently approximately EUR 1.4 billion. TVO will update its counter-claim during the arbitration proceedings. The arbitration proceedings may continue for several years and the claimed and counter-claimed amounts may change.

Two Fortum group companies in the United Kingdom, Grangemouth CHP Limited and Fortum O&M (UK) Limited, have been defendants in a court case regarding greenhouse gas emission allowances in the High Court of Justice in London. The trial took place in November and December 2010. The final court decision was issued on 11 February 2011 in favor of Grangemouth CHP Limited and Fortum O&M (UK) Limited. As a result, Fortum O&M (UK) Limited will retain ownership of all greenhouse gas emission allowances allocated in respect of the Grangemouth CHP plant.

No other material changes in legal actions and official proceedings have occurred during 2011 compared to the year-end 2010.

25. Related party transactions

Related parties are described in the annual financial statements as of the year ended 31 December 2010. No material changes have occurred during year 2011.

The Finnish State owned 50.76% of the shares in Fortum 31 December 2010. There has been no change in the amount of shares during 2011.

Associated company transactions

EUR million	**Q1-Q2 2011**	Q1-Q2 2010	2010
Sales to associated companies	**14**	27	63
Interest on associated company loan receivables	**18**	18	39
Purchases from associated companies	**397**	384	764

Associated company balances

EUR million	**June 30 2011**	June 30 2010	Dec 31 2010
Long-term interest-bearing loan receivables	**1 072**	964	1 071
Trade receivables	**12**	6	22
Other receivables	**14**	21	20
Long-term loan payables	**223**	213	213
Trade payables	**10**	11	36
Other payables	**23**	24	15

Transactions and balances with joint ventures
Transactions and balances with joint ventures as at and for the period ended 30 June 2011 are not material for the group.

26. Events after the balance sheet date

No material events have taken place after the balance sheet date.

27. Definition of key figures

EBITDA (Earnings before interest, taxes, depreciation and amortisation)	=	Operating profit + Depreciation, amortisation and impairment charges
Comparable EBITDA	=	EBITDA - items affecting comparability
Items affecting comparability	=	Non-recurring items + other items affecting comparability
Comparable operating profit	=	Operating profit - non-recurring items - other items affecting comparability
Non-recurring items	=	Capital gains and losses
Other items affecting comparability	=	Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39 and effects from the accounting of Fortum´s part of the Finnish Nuclear Waste Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5.
Funds from operations (FFO)	=	Net cash from operating activities before change in working capital
Capital expenditure	=	Capitalised investments in property, plant and equipment and intangible assets including maintenance, productivity, growth and investments required by legislation including borrowing costs capitalised during the construction period. Maintenance investments expand the lifetime of an existing asset, maintain useage/availability and/or maintains reliability. Productivity investment improves productivity in an existing asset. Growth investments' purpose is to build new assets and/or to increase customer base within existing businesses. Legislation investments are done at certain point of time due to legal requirements.
Gross investments in shares	=	Investments in subsidiary shares, shares in associated companies and other shares in available for sale financial assets. Investments in subsidiary shares are net of cash and grossed with interest-bearing liabilities in the acquired company.
Return on shareholders' equity, %	=	$\frac{\text{Profit for the year}}{\text{Total equity average}} \times 100$
Return on capital employed, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}} \times 100$
Return on net assets, %	=	$\frac{\text{Operating profit + Share of profit (loss) in associated companies and joint ventures}}{\text{Net assets average}} \times 100$
Comparable return on net assets, %	=	$\frac{\text{Comparable operating profit + Share of profit (loss) in associated companies and joint ventures (adjusted for IAS 39 effects, nuclear fund adjustments and major sales gains or losses)}}{\text{Comparable net assets average}} \times 100$
Capital employed	=	Total assets - non-interest bearing liabilities - deferred tax liabilities - provisions
Net assets	=	Non-interest bearing assets + interest-bearing assets related to the Nuclear Waste Fund - non-interest bearing liabilities - provisions (non-interest bearing assets and liabilities do not include finance related items, tax and deferred tax and assets and liabilities from fair valuations of derivatives where hedge accounting is applied)
Comparable net assets	=	Net assets adjusted for non-interest bearing assets and liabilities arising from financial derivatives hedging future cash flows where hedge accounting is not applied according to IAS 39
Interest-bearing net debt	=	Interest-bearing liabilities - liquid funds
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} \times 100$

Equity-to-assets ratio, %	=	Total equity including non-controlling interest / Total assets	x 100
Net debt / EBITDA	=	Interest-bearing net debt / Operating profit + Depreciation, amortisation and impairment charges	
Comparable net debt / EBITDA	=	Interest-bearing net debt / Comparable EBITDA	
Interest coverage	=	Operating profit / Net interest expenses	
Interest coverage including capitalised borrowing costs	=	Operating profit / Net interest expenses - capitalised borrowing costs	
Earnings per share (EPS)	=	Profit for the period - non-controlling interest / Average number of shares during the period	
Equity per share	=	Shareholder's equity / Number of shares excluding treasury shares at the end of the period	
Last twelve months (LTM)	=	Twelve months preceding the reporting date	

Market conditions and achieved power prices

Power consumption TWh	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Nordic countries	**83**	85	**199**	205	393	387
Russia	**230**	224	**515**	505	1 005	1 005
Tyumen	**19**	19	**41**	41	82	82
Chelyabinsk	**8**	8	**18**	18	35	35
Russia Urals area	**58**	56	**126**	123	246	249

Average prices	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Spot price for power in Nord Pool power exchange, EUR/MWh	**52**	45	**59**	52	53	57
Spot price for power in Finland, EUR/MWh	**52**	42	**58**	56	57	58
Spot price for power in Sweden, EUR/MWh	**52**	42	**59**	57	57	58
Spot price for power in European and Urals part of Russia, RUB/MWh 1)	**1 017**	804	**1 026**	836	881	977
Spot price for power (market price), Urals hub, RUB/MWh 1)	**954**	770	**950**	793	835	914
Average regulated electricity price for OAO Fortum, RUB/MWh 1)	**712**	610	**716**	615	614	649
Average capacity price, tRUB/MW/month	**174**	162	**194**	171	191	202
Average regulated capacity price, tRUB/MW/month	**187**	169	**185**	169	169	175
Spot price for power in Germany, EUR/MWh	**54**	42	**53**	41	44	50
Average regulated gas price in Urals region, RUB/1000 m^3	**2 548**	2 221	**2 548**	2 221	2 221	2 385
CO_2, (ETS EUA), EUR/tonne CO_2	**17**	15	**16**	14	14	16
Coal (ICE Rotterdam), USD/tonne	**125**	88	**124**	83	92	112
Oil (Brent Crude), USD/bbl	**117**	79	**111**	78	80	97

1) Excluding capacity tariff

Water reservoirs TWh	**June 30 2011**	June 30 2010	Dec 31 2010
Nordic water reservoirs level	**83**	70	54
Nordic water reservoirs level, long-term average	**84**	84	83

Export/import between Nordic Area and Continental Europe TWh (+ = import to, - = export from Nordic area)	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Export / import	**3**	3	**10**	10	21	21

Power market liberalisation in Russia %	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Share of power sold on the liberalised market	**100**	60	**100**	60	70	90
Share of power sold at the liberalised price by OAO Fortum	**84**	48	**84**	53	61	77

Achieved power prices EUR/MWh	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Power's Nordic power price*	**47.4**	44.7	**47.6**	47.8	47.9	47.8
Achieved power price for OAO Fortum	**29.0**	25.6	**29.1**	24.6	27.0	29.4

* Power division's achieved power price in the Nordic countries, excluding thermal generation, market price-related purchases, or minorities (i.e. Meri-Pori, Inkoo and imports from Russia).

Production and sales volumes

Power generation **TWh**	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Power generation in the EU and Norway	**12.3**	12.7	**27.9**	27.5	53.7	54.1
Power generation in Russia	**4.9**	3.5	**9.7**	8.2	16.1	17.6
Total	**17.2**	16.2	**37.6**	35.7	69.8	71.7

Heat production **TWh**	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Heat production in the EU and Norway	**3.9**	4.5	**13.5**	14.8	26.1	24.8
Heat production in Russia	**3.4**	4.0	**14.4**	15.0	26.0	25.4
Total	**7.3**	8.5	**27.9**	29.8	52.1	50.2

Power generation capacity by division **MW**	June 30 2011	June 30 2010	Dec 31 2010
Power	**9 738**	9 709	9 728
Heat	**1 703**	1 518	1 600
Russia	**3 242**	2 785	2 785
Total	**14 683**	14 012	14 113

Heat production capacity by division **MW**	June 30 2011	June 30 2010	Dec 31 2010
Power	**250**	250	250
Heat	**10 131**	10 182	10 448
Russia	**13 796**	13 796	13 796
Total	**24 177**	24 228	24 494

Power generation by source in the Nordic area **TWh**	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Hydropower	**4.8**	5.1	**8.9**	10.5	22.0	20.4
Nuclear power	**5.7**	6.0	**12.5**	11.9	22.0	22.6
Thermal power	**1.5**	1.4	**5.5**	4.6	8.3	9.2
Total	**12.0**	12.5	**26.9**	27.0	52.3	52.2

Power generation by source in the Nordic area **%**	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Hydropower	**40**	41	**33**	39	42	39
Nuclear power	**48**	48	**47**	44	42	43
Thermal power	**12**	11	**20**	17	16	18
Total	**100**	100	**100**	100	100	100

Power sales **EUR million**	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Power sales in the EU and Norway	**659**	645	**1 531**	1 582	3 110	3 059
Power sales in Russia	**135**	114	**297**	244	505	558
Total	**794**	759	**1 828**	1 826	3 615	3 617

Heat sales **EUR million**	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Heat sales in the EU and Norway	**224**	228	**763**	708	1 309	1 364
Heat sales in Russia	**60**	52	**192**	165	287	314
Total	**284**	280	**955**	873	1 596	1 678

Power sales by area **TWh**	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Finland	**5.7**	6.8	**13.8**	15.4	30.7	29.1
Sweden	**6.5**	7.0	**13.5**	14.4	28.3	27.4
Russia	**4.6**	4.5	**10.2**	10.0	18.7	18.9
Other countries	**0.8**	0.7	**1.9**	1.7	3.2	3.4
Total	**17.6**	19.0	**39.4**	41.5	80.9	78.8

NordPool transactions are calculated as a net amount of hourly sales and purchases at the Group level.

Heat sales by area **TWh**	**Q2 2011**	Q2 2010	**Q1-Q2 2011**	Q1-Q2 2010	2010	Last twelve months
Russia	**4.3**	4.0	**15.3**	15.5	26.8	26.6
Finland	**1.7**	1.8	**5.1**	5.3	9.6	9.4
Sweden	**1.2**	1.8	**5.4**	6.4	10.9	9.9
Poland	**0.5**	0.5	**2.6**	2.3	4.0	4.3
Other countries [1)]	**0.8**	0.7	**2.0**	1.9	3.6	3.7
Total	**8.5**	8.8	**30.4**	31.4	54.9	53.9

1) Including the UK, which is reported in the Power division, other sales.