



Interim Report 1 January – 30 June 2001

Fortum Corporation Interim Report 1 January – 30 June 2001

Substantial improvement in Fortum's first half-year result

The first half-year in brief

- Operating profit, EUR 558 million, was up 32% on the corresponding period in 2000.
- Profit before extraordinary items increased by 66% to EUR 448 million.
- Earnings per share increased by 46% to EUR 0.38.
- Net cash flow from operating activities was strong at EUR 744 million.
- Results for Power and Heat Generation and Sales were substantially better than last year's thanks to increased electricity sales and higher prices.
- Oil and Gas Upstream improved its results considerably following an increase in output.
- Restructuring of the business continued with the sale of power plant shares and the divestment of Transmission Engineering.

Key indicators

	II/01	II/00	I-II/01	I-II/00	2000
Net sales, EUR million	2,756	2,580	5,958	5,105	11,026
Operating profit, EUR million	251	225	558	422	906
Profit before extraordinary items, EUR million	202	127	448	270	633
Earnings per share, EUR	0.18	0.11	0.38	0.26	0.55
Shareholders' equity per share, EUR			6.46	6.12	6.32
Capital employed (at end of period), EUR million			10,913	11,483	11,365
Interest-bearing net debt (at end of period), EUR million			4,001	4,921	4,626
Investments in fixed assets, EUR million			294	2,711	3,131
Net cash flow from operating activities, EUR million			744	222	424
Return on capital employed, %			10.2	8.4	9.4
Return on equity, %			10.1	6.9	8.6
Gearing, %			62	80	73
Average number of employees			15,607	16,217	16,220

Net sales and results

Group net sales for the period January-June stood at EUR 5,958 (5,105) million, an increase of 17% over the corresponding period in 2000. The growth was mainly attributable to an increase in natural gas trading following volume and price increases, higher electricity and gas output figures and a rise in electricity prices.

Group operating profit rose by 32% to EUR 558 (422) million. The biggest improvement was seen in the result for Power and Heat Generation and Sales, which was boosted by increases in power plant capacity and electricity prices. The operating profit for this segment included non-recurring items amounting to EUR 22 (31) million. Of these, net gains on sales of assets, the most important of which was the sale of the power company in Hungary, amounted to EUR 84 million, while non-recurring expenses of EUR 62 million were incurred due to changes in market conditions affecting power plant assets in Great Britain.

Oil and Gas Upstream saw an improvement in their result, boosted by an increase in gas production. Oil Refining and Marketing's performance improved slightly, despite the refinery shutdown and a drop in the refining margin towards the end of the period. Fortum's shipping operations also contributed to the result.

The Service sector's result was up on last year's, reflecting profit made on the sale of the operation and maintenance contract for the Humber power plant in Great Britain.

The Engineering sector's result deteriorated, affected mainly by some unprofitable projects of Transmission Engineering. However, as a result of its restructuring programme, the performance of Power Plant Engineering is moving in the right direction.

The Birka Energi Group, in which Fortum has a 50% interest, accounted for EUR 107 (98) million of Fortum's operating profit.

Inventory losses totalled EUR 2 million compared with gains of EUR 7 million in the corresponding period last year.

Pre-tax profits amounted to EUR 448 (262) million, and net profit for the six-month period was EUR 305 (196) million.

The Group's net financial expenses were EUR 110 (152) million. The figure for 2000 included non-recurring expenses of EUR 33 million, incurred as a result of financing arrangements relating to the acquisition of power plant assets in Sweden. EUR 40 million of the EUR 42 (4) million entered in the income statement under minority interests are part of this arrangement.

Review of business operations

Oil and Gas Upstream

Oil and gas exploration and production centres on Norway, but there are also operations in Oman and Russia. In Great Britain Fortum is engaged in gas trading and sells gas to end-users. In the Baltic area the company is involved in gas pipeline projects and owns shares in gas companies.

	II/01	II/00	I-II/01	I-II/00	2000
Net sales, EUR million*	445	133	947	348	945
Operating profit, EUR million	68	40	119	85	218
Identifiable assets, EUR million			1,411	1,204	1,284
Return on net assets, %			17.7	14.5	18.0

*Total accounted for by natural gas trading and retail sales in January-June: EUR 725 (188) million.

The average price of North Sea light Brent crude oil in the period from January to June was EUR 26.6 (26.8) USD/bbl. The average price per barrel of crude oil sold by Fortum was USD 25.9 (26.3).

Oil and gas production

(boepd)	I - II/01	I - II/00	2000
Total	41,240	33,322	34,200

Production for the period from January to June was equivalent to an annual output of 2.0 (1.7) million tonnes, with natural gas accounting for one fifth of the amount. The start-up of gas production at Åsgard increased total production by more than 20% compared with the corresponding period last year.

SeverTEK, owned jointly by Fortum and the Russian oil company Lukoil, has continued test production at the Yushno-Shapinskoye oil field with promising results. The field has commercial oil

reserves amounting to more than 20 million tonnes. The decision on starting production will be made during the autumn.

Oil Refining and Marketing

Fortum owns two oil refineries in Finland, a network of service stations and retail outlets in Finland and in other countries in the Baltic area. The company also sells lubricants, base oils, components and LPG. On the logistics side, the Group owns and charters tankers as well as owns oil storage depots.

	II/01	II/00	I-II/01	I-II/00	2000
Net sales, EUR million	1,757	1,909	3,698	3,578	7,759
Operating profit, EUR million	93	137	145	141	382
Identifiable assets, EUR million			1,619	1,607	1,838
Return on net assets, %			16.8	17.5	22.2

The international refining margin in North West Europe for January-June averaged 2.8 (3.6) USD/bbl. In May the refining margin began to fall steeply and in June it averaged out at 0.5 USD/bbl. This was mainly attributable to an oversupply of gasoline on the world market, which in turn led to falling prices. Fortum's refining margin remained distinctly higher than the international margin by nearly USD 2/bbl.

Consumption of petroleum products in Finland totalled 4.4 (4.3) million tonnes in the six-month period. Fortum's market share in gasoline was 29.9 (32.0) %, in diesel 43.4 (44.4) %, in light fuel oils 41.0 (39.0) % and in heavy fuel oils 47.1 (47.0) %.

During the period from January-June Fortum refined a total of 5.2 (6.0) million tonnes of crude oil and other feedstock. Some 3.5 (3.6) million tonnes of petroleum products were delivered to customers in Finland. Due to the scheduled maintenance shutdown of the Porvoo refinery, exports fell compared with last year to 1.9 (2.5) million tonnes.

The cost of the work carried out during the maintenance shutdown in April-May totalled around EUR 34 million, which has been accrued over a four-year period commencing in 1997. The shutdown caused a production loss of about a million tonnes, meaning a loss of profit margin estimated at EUR 40 million. At the same time two major investments were carried out, aimed at increasing the capacity for low-sulphur motor fuels and lubricant base oils. Production capacity for Citydiesel increased to 3.9 million tonnes and for base oil to 150,000 tonnes annually. The investments increased the proportion of these high-quality products in the Fortum refineries' product yield, further strengthening the company's refining margin.

During the review period Fortum ordered a total of four new ice-reinforced tankers for the transport of petroleum products. At least two of these will be for long-term bareboat charters. In addition, two vessels were sold during the review period, one of which was bareboat chartered for four years.

Deliveries of petroleum products refined by Fortum – by product group

(1,000 t)	II/01	II/00	I-II/01	I-II/00	2000
Gasoline	657	1,031	1,650	1,955	3,941
Diesel	517	943	1,518	1,610	3,246
Aviation fuel	132	213	219	398	786
Light fuel oil	296	351	347	424	1,843
Heavy fuel oil	101	255	244	519	1,133
Other	507	412	1,474	1,191	1,360
Total	2,210	3,205	5,452	6,097	12,309

Deliveries of petroleum products refined by Fortum – by area

(1,000 t)	II/01	II/00	I-II/01	I-II/00	2000
Finland	1,621	1,784	3,514	3,635	7,423
Other Nordic countries	349	639	833	1,101	2,142
Baltic countries and Russia	5	21	27	76	153
USA and Canada	0	288	340	521	1,029
Other countries	235	473	738	764	1,562
Total	2,210	3,205	5,452	6,097	12,309

Power and Heat Generation and Sales

Fortum is the second largest company in the Nordic countries producing and selling electricity, and is also the leading heat producer in the region. Its operations are centered on Finland and Sweden, but it is also active in continental Europe, Great Britain, Ireland and Southeast Asia.

	II/01	II/00	I-II/01	I-II/00	2000
Net sales, EUR million	418	384	1,022	887	1,760
- electricity sales, EUR million	341	268	734	586	1,170
- heat sales, EUR million	123	86	259	226	411
Operating profit, EUR million	48	46	205	146	211
Identifiable assets, EUR million			5,953	6,666	6,193
Return on net assets, %			6.8	5.1	3.8

Electricity consumption in the Nordic countries totalled 205 (194) terawatt-hours (TWh) in the period from January to June. Of this amount, 24.9 (21.4) TWh was sold by Fortum. Sales outside the Nordic countries came to 3.6 (2.8) TWh.

During the review period sales in Sweden increased substantially compared with the corresponding period a year ago. This was mainly attributable to the major investment in additional power plant capacity made in 2000.

The price of electricity on the Nordic spot market during the period from January to June was around 102% higher than the corresponding figure in 2000, averaging EUR 24.9 (12.3) per megawatt-hour. The price rise was mainly due to an increase in electricity consumption and the fall-off in water reserves. The average price of electricity sold by Fortum in the Nordic countries was up by about 4% on the corresponding period last year. Due to the rise in prices, the expiry of "old" electricity contracts is no longer expected to have an adverse impact on the results.

Electricity sales by area (TWh)

	II/01	II/00	I-II/01	I-II/00	2000
Total for Nordic countries	11.3	9.7	24.9	21.4	45.3
- Finland	6.8	6.5	14.9	14.7	28.4
- Sweden*	4.5	3.2	10.0	6.7	16.9
Germany	1.0	0.8	2.1	1.7	3.9
Great Britain and Ireland	0.9	0.5	1.4	1.0	1.9
Estonia	0.0	0.0	0.1	0.1	0.3
Total	13.2	11.0	28.5	24.2	51.4

* includes 50% of Birka Energi's electricity sales January–June, 6.0 (6.2) terawatt-hours.

Of Fortum's own electricity production during the period from January to June, 9.3 (7.3) TWh, or about 31 (30) % was hydropower-based and about 10.6 (8.3) TWh, or 35 (34) %, was based on nuclear power. Other energy sources were coal, peat, natural gas, biomass, wind power and oil.

Heat sales by area (TWh)

	II/01	II/00	I-II/01	I-II/00	2000
Finland	2.2	2.3	6.0	6.5	11.5
Sweden*	0.8	0.8	2.7	2.4	4.1
Other countries	0.5	0.2	0.8	0.4	0.7
Total	3.5	3.3	9.5	9.3	16.3

* 50% of Birka Energi's heat sales

Electricity distribution

Fortum distributes electricity to a total of 900,000 customers in Finland, Sweden, Germany and Estonia.

	II/01	II/00	I-II/01	I-II/00	2000
Net sales, EUR million	105	106	240	237	467
Operating profit, EUR million	25	19	81	68	127
Identifiable assets, EUR million			2,150	2,371	2,263
Return on net assets, %			7.3	6.7	6.4

Electricity transmission via distribution networks - by area (TWh)

	II/01	II/00	I-II/01	I-II/00	2000
Sweden*	1.7	1.8	4.3	4.3	8.1
Finland	0.8	0.8	2.2	2.1	4.0
Germany	0.6	0.7	1.4	1.4	2.7
Estonia	0.1	0.1	0.1	0.1	0.2
Total	3.2	3.4	8.0	7.9	15.0

* 50% of Birka Energi's electricity transmissions

Number of customers supplied with electricity via distribution networks – by area

	30.6.2001	30.6.2000	31.12.2000
Sweden*	440,000	450,000	440,000
Finland	280,000	280,000	280,000
Germany	160,000	170,000	160,000
Estonia	20,000	20,000	20,000
Total	900,000	920,000	900,000

* includes 50% of Birka Energi's customers supplied via distribution networks

During the period from January to June a total of 8.0 (7.9) TWh of electricity was transmitted via the distribution networks.

Electricity transmissions via the regional distribution network to customers outside the Group totalled 3.4 (3.6) TWh in Finland and 4.3 (2.9) TWh in Sweden.

Fortum harmonized the structure of its electricity distribution pricing in Finland with effect from the beginning of July, and prices were raised at the same time.

Service

The Service sector provides operation and maintenance services for power plant owners and maintenance services for process industries. These operations centre mainly on Finland and Sweden, but the unit also operates in continental Europe, Great Britain, Ireland and Southeast Asia.

	II/01	II/00	I-II/01	I-II/00	2000
Net sales, EUR million	92	73	169	151	356
Operating profit, EUR million	20	-2	26	2	12
Identifiable assets, EUR million			22	30	31
Return on net assets, %			196.2	11.1	32.9

The availability of the power plants operated and maintained by Fortum Service in the period from January to June remained at a good level of 98.4 (97.5)%. A more efficient operating concept has been introduced with the aim of considerable cost savings for the sector. The order book for maintenance work is excellent. The operating and maintenance contract for the Humber power plant was sold in connection with the divestment of these assets.

Engineering

The Engineering sector supplies energy generation systems, either as complete or part deliveries, and process unit deliveries for oil refineries and the chemical industry.

	II/01	II/00	I-II/01	I-II/00	2000
Net sales, EUR million	123	155	227	273	585
Operating profit, EUR million	1	-4	-10	-6	-21
Identifiable assets, EUR million			16	41	81
Return on net assets, %			-41.2	-30.8	-35.6

The restructuring programme for the Power Plant unit has continued, and measures taken include new service offerings, updating business processes and cutting fixed costs. The desulphurization plant for the Kozienice coal-fuelled power plant in Poland was handed over to the customer in June. The negative results for the Transmission Engineering unit sold at the end of June are included in the sector's first half-year figures.

At the end of the review period the Engineering sector's outstanding order book stood at EUR 234 (470) million (Transmission Engineering excluded).

Investments and finance

Investments in fixed assets during the period from January to June totalled EUR 294 (2,711) million.

Net cash flow from operating activities stood at EUR 744 (222) million.

At the end of the period interest-bearing net debt stood at EUR 4,001 million (EUR 4,626 million at the end of 2000). The gearing ratio was 62% (73% at the end of 2000).

Business development and restructuring

Fortum's core market is the Nordic countries and other countries in the Baltic Rim area. In line with strategy the company is focusing its power generation operations on this area. In May the com-

pany sold its 22.5% interest in the South Humber Bank power plant in England, and in June the 45.4% interest in the Budapesti Erömü Rt power company in Hungary was sold.

At the end of June the sale of the Transmission Engineering unit was concluded. The transaction involved the entire share capital of IVO Transmission Engineering Oy.

In June Fortum came to an agreement to raise its shareholding in the Swedish company, Vattenfall Naturgas AB, from 10% to 20%.

At the beginning of July Fortum and Birka disposed of their shares in the Swedish company Etrex AB, which specializes in energy measurement technology.

In order to strengthen its position in the rapidly changing Nordic electricity market, Fortum has announced its interest in acquiring the remaining 50% shareholding in the Swedish Birka Energi AB.

The development and restructuring of the Fortum Energy Solutions (FES) and Fortum Markets sectors formed in the early part of the year went according to plan. The FES sector incorporates the former operating and maintenance services (Fortum Service) and a technology unit for the electricity and heat business. At the same time certain other technology functions were sold off. The Fortum Markets sector took over the majority of the Energy House functions, and the sector was reorganized according to customer segments. The new, more efficient operating structure will become fully operative during the autumn.

Group personnel

The average number of people employed by the Fortum Group during the period from January to June was 15,607 (16,217). Most of the difference is accounted for performance improvement actions in various parts of the Group.

L.J. Jouhki resigned from his post as Vice Chairman of the Board of Directors on 4 July 2001.

Short-term outlook

The most important market factors affecting Fortum's results are the price of crude oil, the oil refining margin, the market price of electricity and the exchange rate of the US dollar.

The OPEC target price for crude oil is USD 22-28 per barrel. At the end of July the price of Brent crude oil stood at USD 24/barrel and prices of the International Petroleum Exchange's Brent futures for the remainder of 2001 were just under USD 25/barrel. Fortum expects to increase its oil and gas production during the year by about 25% with the start of gas production at Åsgård.

During the first half of 2001 the international oil refining margin was relatively high, although on average slightly lower than a year ago. However, in June the Brent Complex margin fell sharply to only USD 0.5/barrel, mainly due to a fall in gasoline prices caused by oversupply. The refining margin for July stood at USD 0.7/barrel. With the colder weather and the end of the holiday season, the impact of diesel and light fuel oils on the refining margin generally increases. No immediate growth of oil consumption is in sight in the company's main markets. The increased production of high-quality products (Citydiesel and base oils) at Fortum's Porvoo refinery will improve the company's refining margin.

Electricity consumption is expected to rise in the Nordic countries at an annual rate of about 1.5% during the next few years. The proportion of the annual electricity output accounted for by hydropower is expected to decrease on the Nordic market compared with the record figures for 2000, while the proportion of coal is likely to increase. Market prices for electricity in the Nordic countries were substantially higher in the first half of 2001 than last year. At the end of July, Nord Pool electricity futures for the rest of the year were priced at EUR 22-27 per megawatt-hour. The continuous operations of power and heat generation usually result in a significantly better performance in the

first and final quarters of the year than in the second and third quarters. At the present production capacity and in view of the current market outlook it is predicted that Fortum's electricity output will be almost one fifth higher than last year.

The interim financial statements are unaudited.

Espoo, 2 August, 2001
Fortum Corporation
Board of Directors

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Interim financial statements are unaudited

CONSOLIDATED INCOME STATEMENT

<i>EUR mill.</i>	Q2/01	Q2/00	Q1-Q2/01	Q1-Q2/00	2000
Net sales	2 756	2 580	5 958	5 105	11 026
Share of profits (losses) of associated companies	7	4	18	16	46
Other operating income	118	42	132	54	140
Depreciation, amortisation and write-downs	-140	-138	-277	-275	-571
Other operating expenses	-2 490	-2 263	-5 273	-4 478	-9 735
Operating profit	251	225	558	422	906
Financial income and expenses	-49	-98	-110	-152	-273
Profit before extraordinary items	202	127	448	270	633
Extraordinary income	-	-	-	-	0
Extraordinary expenses	0	-8	0	-8	-10
Profit before taxes	202	119	448	262	623
Income taxes	-34	-36	-101	-62	-154
Minority interests	-21	-1	-42	-4	-46
Net profit for the period	147	82	305	196	423
Earnings per share, EUR	0.18	0.11	0.38	0.26	0.55
Fully diluted earnings per share	0.18	0.11	0.38	0.26	0.55
Average number of shares, 1,000 shares			794 571	784 783	787 223
Diluted adjusted average number of shares, 1 000 shares			795 020	784 783	787 223

1) Accrued taxes for the financial period.

CONSOLIDATED BALANCE SHEET

<i>EUR mill.</i>	Jun 30 2001	Jun 30 2000	Dec 31 2000
ASSETS			
Fixed assets and other long-term investments	11 417	12 245	11 712
Current assets			
Inventories	654	692	746
Receivables	1 716	1 617	1 933
Cash and cash equivalents	495	428	437
Total	2 865	2 737	3 116
Total	14 282	14 982	14 828
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2 875	2 668	2 875
Other equity	2 260	2 136	2 147
Total	5 135	4 804	5 022
Minority interests	1 282	1 329	1 281
Provisions for liabilities and charges	117	85	197
Deferred tax liabilities	1 098	1 243	1 177
Long-term liabilities	4 044	4 454	4 463
Short-term liabilities	2 606	3 067	2 688
Total	14 282	14 982	14 828
Equity per share, EUR	6.46	6.12	6.32
Number of shares, 1,000 shares	845 609	784 783	845 609
Number of shares, own shares excluded 1,000 shares	794 571	784 783	794 571

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KEY RATIOS	Jun 30 2001	Jun 30 2000	Dec 31 2000
Interest-bearing net debt, EUR mill.	4 001	4 921	4 626
Investments, EUR mill.	294	2 711	3 131
Average number of employees	15 607	16 217	16 220
Return on capital employed, %	10.2	8.4	9.4
Return on shareholders' equity, %	10.1	6.9	8.6
Gearing, %	62	80	73
Equity-to-assets ratio, %	45	41	43

NET SALES BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/01	Q2/00	Q1-Q2/01	Q1-Q2/00	2000
Oil and Gas Upstream	445	133	947	348	945
Oil Refining and Marketing	1 757	1 909	3 698	3 578	7 759
Power and Heat Generation and Sales	418	384	1 022	887	1 760
Electricity Distribution	105	106	240	237	467
Service	92	73	169	151	356
Engineering	123	155	227	273	585
Other Operations	20	23	42	44	94
Internal invoicing	-204	-210	-387	-413	-940
Total	2 756	2 573	5 958	5 105	11 026
Discontinued Operations	-	-	-	-	-
Net sales	2 756	2 573	5 958	5 105	11 026

DEPRECIATIONS BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/01	Q2/00	Q1-Q2/01	Q1-Q2/00	2000
Oil and Gas Upstream	24	21	48	44	85
Oil Refining and Marketing	34	35	68	70	147
Power and Heat Generation and Sales	46	42	89	88	191
Electricity Distribution	30	33	59	60	122
Service	1	2	3	4	7
Engineering	2	2	5	4	9
Other Operations and eliminations	3	3	5	5	10
Total	140	138	277	275	571
Discontinued Operations	-	-	-	-	-
Depreciations	140	138	277	275	571

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OPERATING PROFIT BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/01	Q2/00	Q1-Q2/01	Q1-Q2/00	2000
Oil and Gas Upstream	68	40	119	85	218
Oil Refining and Marketing	93	137	145	141	382
Power and Heat Generation and Sales	48	46	205	146	211
Electricity Distribution	25	19	81	68	127
Service	20	-2	26	2	12
Engineering	1	-4	-10	-6	-21
Other Operations	-9	-10	-14	-11	-20
Eliminations	5	-1	6	-3	-3
Total	251	225	558	422	906
Discontinued Operations	-	-	-	-	-
Operating profit	251	225	558	422	906

SIGNIFICANT NON-RECURRING ITEMS IN OPERATING PROFIT BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/01	Q2/00	Q1-Q2/01	Q1-Q2/00	2000
Oil and Gas Upstream	0	0	0	0	2
Oil Refining and Marketing	44	19	1	7	32
Power and Heat Generation and Sales	23	33	22	31	14
Electricity Distribution	7	1	7	1	-1
Service	16	0	16	0	0
Engineering	0	0	0	0	2
Other Operations and eliminations	1	0	1	1	23
Total	91	53	47	40	72
Discontinued Operations	-	-	-	-	-
Non-recurring items	91	53	47	40	72

INVESTMENTS BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/01	Q2/00	Q1-Q2/01	Q1-Q2/00	2000
Oil and Gas Upstream	21	35	37	64	137
Oil Refining and Marketing	80	29	110	56	128
Power and Heat Generation and Sales	49	2 007	112	2 197	2 343
Electricity Distribution	12	123	22	381	489
Service	0	1	1	3	5
Engineering	2	1	4	3	20
Other Operations and eliminations	7	1	8	7	9
Total	171	2 197	294	2 711	3 131
Discontinued Operations	-	-	-	-	-
Investments	171	2 197	294	2 711	3 131

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IDENTIFIABLE ASSETS BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Jun 30 2001	Jun 30 2000	Dec 31 2000
Oil and Gas Upstream	1 411	1 204	1 284
Oil Refining and Marketing	1 619	1 607	1 838
Power and Heat Generation and Sales	5 953	6 666	6 193
Electricity Distribution	2 150	2 371	2 263
Service	22	30	31
Engineering	16	41	81
Other Operations and eliminations	164	152	141
Total	11 335	12 071	11 831
Discontinued Operations	-	-	-
Identifiable assets	11 335	12 071	11 831

2) Identifiable assets include deferred tax liabilities due to the allocated goodwill: EUR 233 mill. June 30, 2001, EUR 253 mill. June 30, 2000 and EUR 216 mill. December 31, 2000 in Power and Heat Generation and Sales; and EUR 245 mill. June 30, 2001, EUR 241 mill. June 30, 2000 and EUR 262 mill. December 31, 2000 in Electricity Distribution.

RETURN ON NET ASSETS BY BUSINESS OPERATIONS (SEGMENTS) 3)

%	Q1-Q2/01	Q1-Q2/00	2000
Oil and Gas Upstream	17.7	14.5	18.0
Oil Refining and Marketing	16.8	17.5	22.2
Power and Heat Generation and Sales	6.8	5.1	3.8
Electricity Distribution	7.3	6.7	6.4
Service	196.2	11.1	32.9
Engineering	-41.2	-30.8	-35.6

3) Return on net assets, % under the financial period = Operating profit/average identifiable assets

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CONTINGENT LIABILITIES

<i>EUR mill.</i>	Jun 30 2001	Jun 30 2000	Dec 31 2000
Contingent liabilities			
On own behalf			
For debt			
Pledges	185	292	188
Real estate mortgages	145	316	156
Company mortgages	17	27	22
Other mortgages	54	58	54
For other commitments			
Pledges	-	67	2
Real estate mortgages	56	36	87
Company mortgages	-	-	3
Other mortgages	15	-	6
Sale and leaseback	19	18	18
Other contingent liabilities	435	785	543
Total	926	1 599	1 079
On behalf of associated companies			
Pledges	-	-	-
Real estate mortgages	-	-	-
Guarantees	231	412	165
Bills of exchange	-	1	-
Other contingent liabilities	355	-	368
Total	586	413	533
On behalf of persons referred to in § 11:7 of the Companies Act			
Guarantees	-	-	-
On behalf of others			
Pledges	0	1	1
Real estate mortgages	0	5	-
Company mortgages	-	6	-
Guarantees	46	178	140
Other contingent liabilities	4	3	20
Total	50	193	161
Total	1 562	2 205	1 773
Operating lease liabilities			
Due within a year	79	64	68
Due after a year	117	169	122
Total	196	233	190
Finance leases have been recognised as assets and liabilities.			
Liability for nuclear waste disposal	489	471	489
Share of reserves in the Nuclear Waste Disposal Fund	-460	-385	-460
Liabilities in the balance sheet	29	87	29
Excess of security given over obligations	0	1	0

4) Mortgaged bearer papers as security

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Derivatives	Jun 30 2001			Jun 30 2000			Dec 31 2000		
	Contract or notional value	Fair value	Not recogn- ised as an income	Contract or notional value	Fair value	Not recogn- ised as an income	Contract or notional value	Fair value	Not recogn- ised as an income
Interest and currency derivatives <i>EUR mill.</i>									
Forward rate agreements	2 144	0	0	-	-	-	85	0	-
Interest rate swaps	4 492	23	41	3 795	42	51	3 239	-7	2
Purchased interest rate options	-	-	-	-	-	-	-	-	-
Written interest rate options	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts 5),6)	4 701	54	28	2 443	14	-17	2 358	48	-16
Currency swaps	3 203	294	66	1 899	25	-34	2 308	149	-6
Purchased currency options	191	-6	-6	84	0	0	144	1	1
Written currency options	104	-1	-1	62	-1	-1	90	1	1

5) Incl. also closed forward and future positions

6) Incl. also contracts used for equity hedging

Oil futures and forward instruments	Volume			Volume			Volume		
	1000 bbl	Fair value <i>EUR mill.</i>	Not recogn- ised as an income <i>EUR mill.</i>	1000 bbl	Fair value <i>EUR mill.</i>	Not recogn- ised as an income <i>EUR mill.</i>	1000 bbl	Fair value <i>EUR mill.</i>	Not recogn- ised as an income <i>EUR mill.</i>
Sales contracts	9 957	6	6	13 263	-19	-19	15 130	21	17
Purchase contracts	9 743	-8	-8	14 083	25	25	4 341	-10	-10
Purchased options	759	0	0	3 206	-1	-1	2 093	0	0
Written options	300	0	0	1 952	-3	-3	1 250	0	0
Electricity derivatives	Volume			Volume			Volume		
	TWh	Fair value <i>EUR mill.</i>	Not recogn- ised as an income <i>EUR mill.</i>	TWh	Fair value <i>EUR mill.</i>	Not recogn- ised as an income <i>EUR mill.</i>	TWh	Fair value <i>EUR mill.</i>	Not recogn- ised as an income <i>EUR mill.</i>
Sales contracts	58	-283	-278	30	31	31	70	155	26
Purchase contracts	47	283	277	26	-52	-38	67	-163	-26
Purchased options	3	1	1	0	0	0	3	0	0
Written options	5	-4	-4	3	1	1	3	0	0

In addition to other contingent liabilities, a guarantee has been given on behalf of Gasum Oy, which covers 75% of the natural gas commitments arising from the natural gas supply agreement between Gasum and OOO Gazexport.

The fair values of derivative contracts subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivatives are based on the present value of cash flows resulting from the contracts, and, in respect of options, on evaluation models.

Derivative contracts are mainly used to manage the group's currency, interest rate and price risk.

Own shares

Fortum Corporation's subsidiary Fortum Power and Heat Oy has 51,037,520 Fortum Corporation's shares, with a total par value of EUR 173,527,568.00 and with a book value of EUR 188,928,107.28. This represents 6,04% of the total number of Fortum Corporation's shares and share capital. Own shares have been eliminated in the balance sheet of Fortum Group.

FORTUM GROUP
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QUARTERLY NET SALES BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q1/00	Q2/00	Q3/00	Q4/00	2000	Q1/01	Q2/01
Oil and Gas Upstream	215	133	183	414	945	502	445
Oil Refining and Marketing	1 669	1 909	1 972	2 209	7 759	1 941	1 757
Power and Heat Generation and Sales	503	384	359	514	1 760	604	418
Electricity Distribution	131	106	101	129	467	135	105
Service	78	73	83	122	356	77	92
Engineering	118	155	135	177	585	104	123
Other Operations	21	23	23	27	94	22	20
Internal invoicing	-210	-203	-229	-298	-940	-183	-204
Total	2 525	2 580	2 627	3 294	11 026	3 202	2 756
Discontinued Operations	-	-	-	-	-	-	-
Net sales	2 525	2 580	2 627	3 294	11 026	3 202	2 756

QUARTERLY OPERATING PROFIT BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q1/00	Q2/00	Q3/00	Q4/00	2000	Q1/01	Q2/01
Oil and Gas Upstream	45	40	46	87	218	51	68
Oil Refining and Marketing	4	137	133	108	382	52	93
Power and Heat Generation and Sales	100	46	2	63	211	157	48
Electricity Distribution	49	19	25	34	127	56	25
Service	4	-2	2	8	12	6	20
Engineering	-2	-4	1	-16	-21	-11	1
Other Operations	-1	-10	-4	-5	-20	-5	-9
Eliminations	-2	-1	-4	4	-3	1	5
Total	197	225	201	283	906	307	251
Discontinued Operations	-	-	-	-	-	-	-
Operating profit	197	225	201	283	906	307	251

1 EUR = 5,94573 FIM