



Interim Report

1 January – 30 June 2002

Fortum Corporation Interim Report 1 January – 30 June 2002

Fortum's strategic agenda progressing well, results improving

The first half-year in brief

- Major increase in profits, 32% rise in earnings per share.
- Strong cash flow from operations and conclusion of several major divestments.
- EUR 929 million reduction in net debt during the second quarter.
- Good progress made in Birka Energi transformation process
– the new pan-Nordic organisation to become effective on 1 July.
- Low international refining margins, low market price for electricity.
- Finnish State ownership decreased to 60.8%, free float increased.

Key Indicators	II/02	II/01	I-II/02	I-II/01	2001
Net sales, EUR million	2,682	2,503	5,253	5,392	10,410
Operating profit, EUR million	422	251	749	558	914
Profit before extraordinary items, EUR million	346	202	615	448	702
Earnings per share, EUR	0.29	0.18	0.50	0.38	0.57
Shareholders' equity per share, EUR			6.72	6.46	6.49
Capital employed (at end of period), EUR million			13,734	10,913	11,032
Interest-bearing net debt (at end of period), EUR million			6,182	4,001	3,674
Investments in fixed assets, EUR million			3,956	294	713
Net cash from operating activities, EUR million			775	744	1,145
Return on capital employed, %			10.3	10.2	8.7
Return on shareholders' equity, %			9.1	10.1	8.3
Gearing, %			87	62	54
Average number of employees			14,659	15,607	14,803
Number of employees (at end of period)			14,775	14,862	13,425
Average number of shares, million			845.6	794.6	798.3

Net sales and results

Group net sales stood at EUR 5,253 (5,392) million, down 3% on the corresponding figure for the previous year. The net sales of the Group's power and heat businesses increased following the acquisition of the remaining 50% of Birka Energi. However, the net sales of the Group's oil business were depressed by lower market prices.

Group operating profit rose significantly totalling EUR 749 (558) million. The increase was mainly attributable to the capital gains on disposals. The net amount of non-recurring items was EUR 314 (46) million. In the period from January to June, operating profit excluding non-recurring items was EUR 76 million lower than in the corresponding period last year. During the second quarter, however, operating profit excluding non-recurring items was EUR 31 million up on last year's figure.

Total electricity sales volumes rose following Birka Energi's change of ownership. However, the comparable volumes were lower than in the corresponding period last year, which affected the results of the Power, Heat and Gas segment.

The results for Fortum Energy Solutions excluding non-recurring items improved on the corresponding period for 2001.

Lower international refining margins depressed the results of Oil Refining and Marketing, but the decrease was partly offset by inventory gains of EUR 29 (-2) million. Deliveries of petroleum products refined by Fortum increased compared to the corresponding figure in the previous year. The results were also strengthened by the strong performance of the gasoline component business and a significant improvement in the oil retail business.

The results of Oil and Gas Upstream were affected by lower crude oil and natural gas prices as well as lower production volumes due to the divestment of the Omani oil production interests.

During the first half-year Birka Energi accounted for EUR 136 (107) million of Fortum's operating profit after goodwill amortisation.

Profit before extraordinary items was EUR 615 (448) million.

Minority interests accounted for EUR 40 (42) million of the results for the period. These minority interests were almost entirely attributable to the preference shares issued by Fortum Capital Ltd in 2000.

Net profit for the period was EUR 426 (305) million. Earnings per share were EUR 0.50 (0.38). Return on capital employed was 10.3% (10.2%) and return on shareholders' equity was 9.1% (10.1%). When calculating these key ratios, the gains and losses on the sale of fixed assets and shareholdings have been accrued for the whole year.

The Group's net financial expenses were EUR 134 (110) million. Taxes for the period totalled EUR 149 (101) million.

As from 1 March 2002, Birka Energi has been 100% consolidated in Fortum's figures. Until the end of February, it had been consolidated using the proportionate method on the basis of 50% ownership. The 50% economic interest in Birka Värme Holding held by the City of Stockholm relating to the Birka Energi transaction has been included in minority interests.

Power, Heat and Gas

Fortum is the second largest power company in the Nordic countries as well as the leading heat producer in the region. The company is also active in the gas sector.

	II/02	II/01	I-II/02	I-II/01	2001
Net sales, EUR million	537	475	1290	1160	2,227
- electricity sales, EUR million	351	341	744	734	1,269
- heat sales, EUR million	137	90	319	253	464
Operating profit, EUR million	149	49	297	212	367
Net assets, EUR million			8,696	5,835	5,873
Return on net assets, %			7.6	7.1	6.3

Electricity consumption in the Nordic countries totalled 197 (205) terawatt-hours (TWh) in the period from January to June. Of this, Fortum's sales were 26.8 (25.4) TWh. Sales volumes increased by 4.0 TWh in the period from March to June due to Birka Energi's change of ownership. However, if the effect of the Birka Energi acquisition is excluded, the sales volume actually decreased by 2.3 TWh. This was mainly due to the lower NordPool prices and the resultant fall in condensing power output. Also comparable hydropower volumes were lower than in the previous year. Sales outside the Nordic countries totalled 3.3 (3.0) TWh.

During the period from January to June, the price of electricity on the Nordic electricity exchange was about 24% lower than the corresponding figure in 2001, averaging EUR 18.8 (24.8) per megawatt-hour. The price fall was mainly due to the unseasonably warm weather and the above-normal inflow which raised hydro reservoir levels to above-average. The average price of electricity sold by Fortum in the Nordic countries was up somewhat on the corresponding period last year.

Of the Group's own power generation in the Nordic countries during the first half of the year, about 9.7 (9.3) TWh or 43% (42%) was hydropower-based and 10.6 (9.7) TWh or 47% (44%) nuclear power-based.

During the period under review, Fortum completed the divestment of the major part of its German businesses (Fortum Energie GmbH), which had a significant impact on the segment's result. In Great Britain Fortum concluded the sale of Regional Power Generators Limited (RPG) which owns and operates the 240 MW Glanford Brigg combined-cycle gas-fired power station in Lincolnshire.

Electricity sales by area (TWh)	II/02	II/01	I-II/02	I-II/01	2001
Total for Nordic countries	13.4	11.8	26.8	25.4	47.1
- Finland	5.1	6.8	12.1	14.9	27.6
- other Nordic countries*)	8.3	5.0	14.7	10.5	19.5
Germany	0.8	0.7	1.7	1.5	3.6
Great Britain and Ireland	0.8	0.9	1.6	1.4	2.8
Other countries	0.0	0.0	0.0	0.1	0.2
Total	15.0	13.4	30.1	28.4	53.7

Heat sales by area (TWh)	II/02	II/01	I-II/02	I-II/01	2001
Finland	2.0	2.2	5.3	6.0	10.9
Sweden*)	1.6	0.8	3.9	2.7	4.7
Other countries	0.5	0.2	1.1	0.5	1.7
Total	4.1	3.5	10.3	9.2	17.3

*) includes 50% of Birka Energi's results until end of February 2002, 100% thereafter. During the period from March to June the effect of Birka Energi's change of ownership on the electricity sales and heat sales volumes was 4.0 TWh and 1.3 TWh respectively.

Electricity Distribution

Fortum is the second biggest player in the Nordic distribution market. In Sweden, Finland and Estonia Fortum owns and operates regional and distribution networks and distributes electricity to a total of 1.3 million customers.

	II/02	II/01	I-II/02	I-II/01	2001
Net sales, EUR million	155	105	317	242	473
Operating profit, EUR million	72	25	185	81	135
Net assets, EUR million			3,145	2,151	2,113
Return on net assets, %			12.7	7.3	6.2

Operating profit for the period from January to June includes EUR 91 (7) million worth of non-recurring items mainly from the sale of Espoon Sähkö Oyj shares and the Group's German distribution business.

Volume of distributed electricity by area (TWh)	II/02	II/01	I-II/02	I-II/01	2001
Sweden*	3.3	1.7	6.6	4.3	7.7
Finland**	1.1	0.8	2.4	2.2	4.4
Germany	0.6	0.6	1.3	1.4	2.7
Estonia	0.0	0.1	0.1	0.1	0.2
Total	5.0	3.2	10.4	8.0	15.0

**) includes 100% of Birka Energi's figures as of 1 March 2002, and 50% prior to this. The Birka acquisition accounts for a 2.4 TWh increase.*

****) the increase is due to the acquisition of Uudenmaan Sähköverkko Oy*

Number of electricity distribution customers by area	30.6.2002	30.6.2001	31.12.2001
Sweden*	890,000	440,000	450,000
Finland**	390,000	280,000	280,000
Germany	-	160,000	160,000
Estonia	20,000	20,000	20,000
Total	1,300,000	900,000	910,000

**) includes 100% of Birka Energi's figures as of 1 March 2002, and 50% prior to this*

****) the increase is due to the acquisition of Uudenmaan Sähköverkko Oy*

During the period from January to June the volume of distribution and regional network transmissions totalled 10.4 (8.0) TWh and 9.6 (7.7) TWh respectively.

Electricity transmissions via the regional distribution network to customers outside the Group totalled 3.1 (3.4) TWh in Finland and 6.5 (4.3) TWh in Sweden. The increase in Sweden's figures was due to Birka Energi's change of ownership (+2.4 TWh).

In May, Fortum completed the acquisition of the remaining 50% share in the Finnish Elnova Group which includes the electricity distributor Uudenmaan Sähköverkko Oy. As a result of this transaction Fortum's share in the Finnish distribution market increased to 15%.

Fortum Energy Solutions

Fortum Energy Solutions (FES) specialises in maintenance for power plants and industry in Finland and Sweden, combined heat and power technology, operation services for power plants outside the Group, and power plant engineering and contracting.

	II/02	II/01	I-II/02	I-II/01	2001
Net sales, EUR million	153	197	291	366	603
Operating profit, EUR million	10	21	11	9	13
Net assets, EUR million			168	225	236
Return on net assets, %			9.6	7.4	5.5

In Germany, the Afferde combined heat and power (CHP) plant was sold in conjunction with the Group's divestment of the major part of its German businesses. The divestment had a significant impact on the segment's results.

The restructuring of the Group's power plant engineering business continued.

Oil Refining and Marketing

Fortum Oil Refining is one of the two biggest suppliers of petroleum products in the Nordic wholesale market. Fortum owns two oil refineries in Finland and a network of service stations and other retail outlets in Finland and the other countries in the Baltic Rim. The company also sells base oils, lubricants, components and LPG. On the logistics side, the Group owns and charters tankers and owns oil storage depots.

	II/02	II/01	I-II/02	I-II/01	2001
Net sales, EUR million	1,812	1,772	3,372	3,724	7,223
Operating profit, EUR million	78	95	136	149	242
Net assets, EUR million			1,544	1,616	1,688
Return on net assets, %			16.8	17.7	14.3

During the period from January to June, the price of Brent crude averaged 23.1 (26.6) USD/bbl.

The international refining margin in north-western Europe (Brent Complex) was considerably lower than in 2001 with a January-June average of 0.4 (2.7) USD/bbl. During the second quarter, it recovered somewhat and averaged 0.9 (3.4) USD/bbl. In the first half of the year, Fortum's premium margin remained at about 2 USD/bbl above the international reference margin.

In Finland the consumption of traffic fuels, i.e. gasoline and diesel fuel increased by about 1% while fuel oil consumption reflected the impact of the warm weather at the beginning of the year. Deliveries of light fuel oil and heavy fuel oil decreased by about 10% and 5% respectively compared with the first part of 2001.

Consumption of petroleum products in Finland totalled 4.4 (4.4) million tonnes in the first half of the year. In Finland Fortum's retail market share in gasoline was 30.1%

(29.9%), in diesel 42.9% (43.4%), in light fuel oils 40.2% (41.0%) and in heavy fuel oils 46.5% (47.1%).

Low crude oil prices and low refining margins pushed down net sales despite higher volumes.

In the period under review, an agreement was signed concerning the divestment of 24 diesel stations in Sweden.

During the period from January to June, Fortum refined a total of 6.2 (5.1) million tonnes of crude oil and other feedstocks. The rise is mainly attributable to the Porvoo refinery's 6-week maintenance shutdown in the corresponding period in 2001. The level of imports of crude oil from the Primorsk oil harbour in Russia increased, reflecting their logistic competitiveness. In the period from January to June, some 3.9 (3.5) million tonnes of the company's petroleum products were sold in Finland while exports amounted to 2.4 (1.9) million tonnes.

In the component business, the conversion of the MTBE plant in Edmonton, Canada, to production of iso-octane has begun and is scheduled for completion in September. The plant is 50% owned by Fortum.

At the Porvoo refinery, the construction of a liquefied wood fuel pilot plant based on a fast pyrolysis process was completed and test production commenced in May. The refinery also started production of a flow-improving additive for the pipeline transportation of crude oil and petroleum products during the first half of the year.

In the period under review, freight rates for oil transportation were significantly lower than in the corresponding period last year. The utilisation rate of Fortum's vessels remained high.

<i>Deliveries of petroleum products refined by Fortum - by product group (1,000 t)</i>	II/02	II/01	I-II/02	I-II/01	2001
Gasoline	1,095	657	2,143	1,650	3,823
Diesel	887	517	1,843	1,518	3,310
Aviation fuel	164	132	300	219	455
Light fuel oil	337	296	723	347	1,713
Heavy fuel oil	265	101	679	244	1,201
Other	396	507	615	1,474	1,641
Total	3,144	2,210	6,303	5,452	12,143

<i>Deliveries of petroleum products refined by Fortum - by area (1,000 t)</i>	II/02	II/01	I-II/02	I-II/01	2001
Finland	1,938	1,621	3,870	3,514	7,484
Other Nordic countries	484	349	928	833	1,991
Baltic countries and Russia	8	5	19	27	45
USA and Canada	339	0	587	340	682
Other countries	375	235	899	738	1,941
Total	3,144	2,210	6,303	5,452	12,143

Oil and Gas Upstream

Oil and gas exploration and production focuses on Norway and Russia.

	II/02	II/01	I-II/02	I-II/01	2001
Net sales, EUR million	107	122	180	221	408
Operating profit, EUR million	121	68	139	117	196
Net assets, EUR million			1,021	1,340	1,271
Return on net assets, %			23.4	18.2	15.4

Operating profit for the period from January to June includes a EUR 67 million gain from the sale of the Omani oil field interests.

In the period from January to June, the average price of North Sea light Brent crude oil was 23.1 (26.6) USD/bbl. The average price per barrel of crude oil sold by Fortum was 23.4 (25.9) USD/bbl, and the corresponding equivalent price of gas was USD 16.2 (19.8).

Oil and gas production (boepd)	I-II/02	I-II/01	2001
Total	38,560	41,240	40,200

Production during the period from January to June was equivalent to an annual output of 1.9 (2.0) million tonnes. Natural gas accounted for approximately 30% of production. The decrease in the total output is a result of the divestment by Fortum of its interests in Oman. Oil and gas production in Norway increased by approximately 8% on the corresponding period last year.

In May, Fortum initiated a review of strategic alternatives regarding its Norwegian exploration and production business. The divestment of Fortum's interest in the Suneinah oil field in Oman was completed in June.

Investments to start oil production in north-western Russia in 2003 continued as planned. In June, SeverTEK, a company jointly owned by Fortum and the Russian company Lukoil, signed a loan agreement of USD 200 million with the European Bank for Reconstruction and Development, EBRD, for a production investment in the South Shapkino oil field. The commercial assets of the field amount to more than 20 million tonnes and production is scheduled to start in the autumn of 2003.

Fortum Markets

Fortum Markets focuses on the retail sale of electricity, heating oil, gas, district heating and cooling and related services. Fortum Markets has some 500,000 customers in Finland and 780,000 customers in Sweden.

Efforts to establish a common business concept and a pan-Nordic approach have continued. The new organisation became effective on 1 July, 2002.

The figures for Fortum Markets are included in the figures for Power, Heat and Gas and for Oil Refining and Marketing.

Business development and restructuring

Fortum's acquisition of Birka Energi was finalised at the end of February. The process of combining the power and heat businesses started immediately and the new pan-Nordic organisation came into effect at the beginning of July.

In June, the divestment of the Group's production interests in the oil fields in Oman was finalised. Fortum's sales proceeds were approximately EUR 180 million and the Group realised a net capital gain of EUR 67 million from the transaction.

Fortum sold all the shares of the German company Fortum Energie GmbH for a consideration of EUR 545 million in early April. The transaction was finalised in June. The capital gain was approximately EUR 150 million.

During the current year, Fortum has also sold its 27.6% shareholding in Espoon Sähkö Oyj, its 100% interest in Regional Power Generators Limited, which owns and operates the Brigg CCGT power station in the UK, as well as some real estate, and one crude oil carrier.

In early April, Fortum acquired the remaining 50% share in the Finnish Elnova Group, which comprises Uudenmaan Sähköverkko Oy, an electricity distributor, and the sales company Uudenmaan Energia Oy, as well as a 50% interest in a local district heating company. The total value of these transactions was EUR 81 million.

Investments and finance

Investments in fixed assets during the first half of the year totalled EUR 3,956 (294) million. The increase was almost entirely due to the acquisition of 50% of Birka Energi's shares.

At the end of the period, interest-bearing net debt stood at EUR 6,182 million. Business development during the second quarter was positive and net debt decreased by EUR 929 million due to the strong net cash flow from operations and divestments. In the first quarter, net debt had increased from EUR 3,674 million at the end of 2001 to EUR 7,111 million by the end of March 2002. This increase was almost entirely attributable to the acquisition of Birka Energi. The gearing ratio at the end of June was 87% (102% at the end of March 2002, 54% at the end of 2001).

Group net financial expenses were EUR 134 (110) million.

In order to strengthen its balance sheet, Fortum announced in November 2001 that it would dispose of non-core assets to the value of EUR 1 billion. By July 2002 Fortum had finalised transactions exceeding EUR 1.2 billion.

Shares and shareholdings

A total of 57,280 shares relating to Fortum Corporation's 1999 warrant bond to the employees have been subscribed for and paid to the company between 17 May and 7 June 2002. After the increase, Fortum Corporation's share capital is EUR 2,875,263,907 and the total number of shares is 845,665,855. Fortum Corporation's shareholders' equity increased by a total of EUR 249,740.80.

In June, the Finnish State's holding in Fortum decreased from 70.7% to 60.8% as a result of the offering of 77,000,000 shares to institutional and private investors. In addition, the over-allotment option was exercised to the extent of 7,268,000 shares. The shares were sold at a price of EUR 5.50 per share.

The proportion of international shareholders nearly doubled and stood at 18.6% at the end of June. The free float of the shares increased by one third.

Group personnel

The average number of employees in the Fortum Group during the period from January to June was 14,659 (15,607). The divestment of Transmission Engineering in 2001 and the major part of the German power businesses in 2002 accounted for most of the decrease. By contrast, the acquisition of the remaining 50% of Birka Energi increased staff numbers.

The number of employees at the end of the period was 14,775 (14,862).

In June, Fortum published information about the estimated impact on personnel as a result of the new pan-Nordic business approach. A total of some 900 employees will be affected by either the discontinuation of overlapping activities or outsourcing. Negotiations with the unions in Finland and Sweden start in August.

Kaarina Dromberg resigned from the Supervisory Board on June 6 2002 following her appointment as a member of the Council of State.

Short-term outlook

The key market drivers influencing Fortum's performance are the market price of electricity, the crude oil price, the international oil refining margin, and the exchange rates of the US dollar and the Swedish krona.

Over the next couple of years, electricity consumption in the Nordic countries is predicted to increase by about 1%–2% each year. During the first half of 2002, the average spot price for electricity was EUR 18.8 per megawatt-hour, or 24% lower than the corresponding figure in 2001. This was due to the unseasonably warm weather and above-normal inflow which raised hydro reservoir levels. In mid-July, the hydro reservoirs in Sweden and Norway were 5 TWh above the average.

The Birka Energi transaction is expected to create synergy benefits of EUR 100 million a year as of 2004.

The average price for Brent crude oil was USD 23.1 per barrel during the first half of 2002. In July, the price has been averaging 25.9 USD/bbl while the International Petroleum Exchange's Brent futures for the remainder of 2002 were on average 25.2 USD/bbl in July. The volume of Fortum's oil and gas production is expected to increase by more than 10% in the second half of the year compared to the first half. The improved production capability in Fortum's Norwegian fields would thus maintain the total annual production at the same level as in the previous year, regardless of the recently sold oil interests in Oman.

The international refining margin in north-western Europe (Brent Complex) was considerably lower than in 2001 and averaged 0.4 (2.7) USD/bbl in the period from

January to June. During the second quarter, it recovered somewhat and averaged 0.9 (3.4) USD/bbl. Although no general increase in the consumption of petroleum products in Fortum's core markets is anticipated, there is a marked rise in demand for low-sulphur and sulphur-free fuels. For several years, the international Brent Complex refining margin has averaged 1.5 – 2 USD/bbl. Fortum's premium margin is expected to remain at previous years' levels.

For the period from January to June the average euro exchange rate against the US dollar was 0.9006. At the end of June the exchange rate was 0.9975. It is estimated that the approximate effect of a 10% change in the US dollar on Fortum's operating profit, including hedging, on an annual basis is +/- EUR 15 million in 2002.

During the current year, Fortum will continue to focus on cash flow and debt reduction as well as on improving its competitiveness. The review of strategic alternatives regarding Fortum's Norwegian exploration and production business, including a possible sale, is progressing.

The information contained in the Interim Financial Statements has not been audited.

Espoo, 25 July 2002
Fortum Corporation
Board of Directors

FORTUM GROUP

JANUARY-JUNE 2002

Interim financial statements are unaudited.

CONSOLIDATED INCOME STATEMENT

<i>EUR mill.</i>	Q2/02	Q2/01	Q1-Q2/02	Q1-Q2/01	2001
Net sales	2 682	2 503	5 253	5 392	10 410
Share of profits of associated companies	4	7	13	18	36
Other operating income	238	118	327	132	203
Depreciation, amortisation and write-downs	-172	-140	-323	-277	-623
Other operating expenses	-2 330	-2 237	-4 521	-4 707	-9 112
Operating profit	422	251	749	558	914
Financial income and expenses	-76	-49	-134	-110	-212
Profit before extraordinary items	346	202	615	448	702
Extraordinary income and expenses	-	-	-	-	-
Profit before taxes	346	202	615	448	702
Income taxes	-84	-34	-149	-101	-160
Minority interests	-18	-21	-40	-42	-83
Net profit for the period	244	147	426	305	459
Earnings per share, EUR	0.29	0.18	0.50	0.38	0.57
Fully diluted earnings per share	0.29	0.18	0.50	0.38	0.57
Average number of shares, 1,000 shares			845 638	794 571	798 346
Diluted adjusted average number of shares, 1 000 shares			851 580	795 020	799 308

CONSOLIDATED BALANCE SHEET

<i>EUR mill.</i>	Jun 30 2002	Jun 30 2001	Dec 31 2001
ASSETS			
Fixed assets and other long-term investments	14 868	11 417	11 328
Current assets			
Inventories	622	654	598
Receivables	1 638	1 716	1 766
Cash and cash equivalents	428	495	602
Total	2 688	2 865	2 966
Total	17 556	14 282	14 294
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2 875	2 875	2 875
Other equity	2 807	2 260	2 610
Total	5 682	5 135	5 485
Minority interests	1 443	1 282	1 270
Provisions for liabilities and charges	95	117	144
Deferred tax liabilities	1 804	1 098	1 122
Long-term liabilities	5 402	4 044	3 516
Short-term liabilities	3 130	2 606	2 757
Total	17 556	14 282	14 294
Equity per share, EUR	6.72	6.46	6.49
Number of shares, 1,000 shares	845 666	845 609	845 609
Number of shares, own shares excluded 1,000 shares	845 666	794 571	845 609

FORTUM GROUP

JANUARY-JUNE 2002

Interim financial statements are unaudited.

CASH FLOW STATEMENT

	Jun 30	Jun 30	Dec 31
<i>EUR mill.</i>	2002	2001	2001
Net cash from operating activities	775	744	1 145
Capital expenditures	-2 061	-294	-708
Proceeds from sales of fixed assets	856	310	438
Change in other investments	209	-12	-31
Cash flow before financing activities	-221	748	844
Net change in loans	295	-479	-643
Dividends paid	-220	-183	-183
Other financing items	-48	-32	147
Net cash from financing activities	27	-694	-679
Net increase (+)/decrease (-) in cash and marketable securities	-194	54	165

KEY RATIOS

	Jun 30	Jun 30	Dec 31
	2002	2001	2 001
Interest-bearing net debt, EUR mill.	6 182	4 001	3 674
Investments, EUR mill.	3 956	294	713
Cash flow from operating activities	775	744	1 145
Cash flow before financing activities	-221	748	844
Average number of employees	14 659	15 607	14 803
Return on capital employed, %	10.3	10.2	8.7
Return on shareholders' equity, %	9.1	10.1	8.3
Gearing, %	87	62	54
Equity-to-assets ratio, %	41	45	48

NET SALES BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/02	Q2/01	Q1-Q2/02	Q1-Q2/01	2001
Power, Heat and Gas	537	475	1 290	1 160	2 227
Electricity Distribution	155	105	317	242	473
Fortum Energy Solutions	153	197	291	366	603
Oil Refining and Marketing	1 812	1 772	3 372	3 724	7 223
Oil and Gas Upstream	107	122	180	221	408
Other Operations	16	20	30	42	95
Internal invoicing	-98	-188	-227	-363	-619
Total	2 682	2 503	5 253	5 392	10 410

OPERATING PROFIT BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/02	Q2/01	Q1-Q2/02	Q1-Q2/01	2001
Power, Heat and Gas	149	49	297	212	367
Electricity Distribution	72	25	185	81	135
Fortum Energy Solutions	10	21	11	9	13
Oil Refining and Marketing	78	95	136	149	242
Oil and Gas Upstream	121	68	139	117	196
Other Operations	-8	-9	-19	-14	-40
Eliminations	-	2	-	4	1
Total	422	251	749	558	914

FORTUM GROUP
JANUARY-JUNE 2002
Interim financial statements are unaudited.
**SIGNIFICANT NON-RECURRING ITEMS IN OPERATING PROFIT
BY BUSINESS OPERATIONS (SEGMENTS)**

<i>EUR mill.</i>	Q2/02	Q2/01	Q1-Q2/02	Q1-Q2/01	2001
Power, Heat and Gas	96	22	98	22	62
Electricity Distribution	33	-	91	7	15
Fortum Energy Solutions	11	17	11	16	21
Oil Refining and Marketing	9	43	38	-	-75
Oil and Gas Upstream	67	-	67	-	-
Other Operations and eliminations	8	1	9	1	1
Total	224	83	314	46	24

DEPRECIATION, AMORTISATION AND WRITE-DOWNS BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/02	Q2/01	Q1-Q2/02	Q1-Q2/01	2001
Power, Heat and Gas	66	45	117	87	232
Electricity Distribution	42	30	76	59	121
Fortum Energy Solutions	6	5	10	10	18
Oil Refining and Marketing	34	33	69	68	140
Oil and Gas Upstream	24	24	48	48	102
Other Operations and eliminations	-	3	3	5	10
Total	172	140	323	277	623

INVESTMENTS BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/02	Q2/01	Q1-Q2/02	Q1-Q2/01	2001
Power, Heat and Gas	76	37	2 552	67	197
Electricity Distribution	113	12	1 287	22	100
Fortum Energy Solutions	4	16	24	52	80
Oil Refining and Marketing	41	80	64	111	224
Oil and Gas Upstream	17	20	26	35	90
Other Operations and eliminations	1	6	3	7	22
Total	252	171	3 956	294	713

NET ASSETS BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Jun 30 2002	Jun 30 2001	Dec 31 2001
Power, Heat and Gas	8 696	5 835	5 873
Electricity Distribution	3 145	2 151	2 113
Fortum Energy Solutions	168	225	236
Oil Refining and Marketing	1 544	1 616	1 688
Oil and Gas Upstream	1 021	1 340	1 271
Other Operations and eliminations	114	168	154
Total	14 688	11 335	11 335

1) Net assets include deferred tax liabilities due to the allocated goodwill: EUR 466 mill. June 30, 2002, and EUR 175 mill. December 31, 2001 in Power, Heat and Gas segment; and EUR 467 mill. June 30, 2002 EUR 240 mill. December 31, 2001 in Electricity Distribution.

RETURN ON NET ASSETS BY BUSINESS OPERATIONS (SEGMENTS) 2)

%	Jun 30 2002	Jun 30 2002 *)	Jun 30 2001	Jun 30 2001 *)	Dec 31 2001
Power, Heat and Gas	7.6	6.3	7.1	6.7	6.3
Electricity Distribution	12.7	9.6	7.3	7.0	6.2
Fortum Energy Solutions	9.6	4.8	7.4	0.8	5.5
Oil Refining and Marketing	16.8	16.2	17.7	17.8	14.3
Oil and Gas Upstream	23.4	17.8	18.2	18.2	15.4

*) The gains and losses on sales of fixed assets and shareholdings have been accrued for the whole year.

2) Return on net assets, % = Operating profit/average net assets

FORTUM GROUP**JANUARY-JUNE 2002***Interim financial statements are unaudited.***CONTINGENT LIABILITIES**

<i>EUR mill.</i>	Jun 30 2002	Jun 30 2001	Dec 31 2001
Contingent liabilities			
On own behalf			
For debt			
Pledges	453	185	239
Real estate mortgages	236	145	144
Company mortgages	82	17	8
Other mortgages	52	54	52
For other commitments			
Pledges	-	-	-
Real estate mortgages	54	56	56
Company mortgages	3	-	3
Other mortgages	3	15	11
Sale and leaseback	16	19	18
Other contingent liabilities	534	435	462
Total	1 433	926	993
On behalf of associated companies			
Pledges	8	-	4
Guarantees	218	231	177
Other contingent liabilities	184	355	352
Total	410	586	533
On behalf of others			
Guarantees	5	46	65
Other contingent liabilities	14	4	4
Total	19	50	69
Total	1 862	1 562	1 595
Operating lease liabilities			
Due within a year	60	79	80
Due after a year	66	117	97
Total	126	196	177
Finance leases have been recognised as assets and liabilities.			
Liability for nuclear waste disposal	515	489	515
Share of reserves in the Nuclear Waste Disposal Fund	-505	-460	-505
Liabilities in the balance sheet	10	29	10

3) Mortgaged bearer papers as security

FORTUM GROUP
JANUARY-JUNE 2002
Interim financial statements are unaudited.

Derivatives	Jun 30 2002			Jun 30 2001			Dec 31 2001		
	Contract or notional value	Fair value	Not recog- nised as an income	Contract or notional value	Fair value	Not recog- nised as an income	Contract or notional value	Fair value	Not recog- nised as an income
Interest and currency derivatives <i>EUR mill.</i>									
Forward rate agreements	6 015	1	1	2 144	-	-	5 026	-2	-2
Interest rate swaps	6 833	-2	33	4 492	23	41	5 545	-14	25
Forward foreign exchange contracts 4), 5)	6 351	38	1	4 701	54	28	4 830	-27	-13
Currency swaps	2 951	237	46	3 203	294	66	3 180	312	35
Purchased currency options	277	11	11	191	-6	-6	163	-4	-4
Written currency options	94	2	2	104	-1	-1	76	-	-

4) Incl. also closed forward and future positions

5) Incl. also contracts used for equity hedging

Oil futures and forward instruments	Volume	Fair	Not	Volume	Fair	Not	Volume	Fair	Not
	1000 bbl	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>	1000 bbl	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>	1000 bbl	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>
Sales contracts	10 364	1	1	9 957	6	6	7 090	-1	-1
Purchase contracts	8 351	1	1	9 743	-8	-8	4 525	1	1
Purchased options	-	-	-	759	-	-	5 400	-1	-1
Written options	25	-	-	300	-	-	900	1	1

Electricity derivatives	Volume	Fair	Not	Volume	Fair	Not	Volume	Fair	Not
	TWh	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>	TWh	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>	TWh	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>
Sales contracts	71	66	66	58	-283	-278	52	-34	-34
Purchase contracts	62	-67	-67	47	283	277	44	41	41
Purchased options	5	-2	-1	3	1	1	3	-1	-1
Written options	9	4	4	5	-4	-4	1	2	2

Natural gas derivates	Volume	Fair	Not	Volume	Fair	Not	Volume	Fair	Not
	Mill.th.	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>	Mill.th.	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>	Mill.th.	value <i>EUR mill.</i>	recog- nised as an income <i>EUR mill.</i>
Sales contracts	2 568	43	43	1 846	72	72	1 719	-30	-30
Purchase contracts	2 650	-39	-39	1 827	-69	-69	1 746	31	31
Purchased options	574	-	-	28	-	-	145	1	1
Written options	-504	2	2	55	-	-	241	-1	-1

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.

FORTUM GROUP**JANUARY-JUNE 2002***Interim financial statements are unaudited.***QUARTERLY NET SALES BY BUSINESS OPERATIONS (SEGMENTS)**

<i>EUR mill.</i>	Q2/02	Q1/02	2001	Q4/01	Q3/01	Q2/01	Q1/01
Power, Heat and Gas	537	753	2 227	645	422	475	685
Electricity Distribution	155	162	473	135	96	105	137
Fortum Energy Solutions	153	138	603	87	150	197	169
Oil Refining and Marketing	1 812	1 560	7 223	1 636	1 863	1 772	1 952
Oil and Gas Upstream	107	73	408	81	106	122	99
Other Operations	16	14	95	22	31	20	22
Internal invoicing	-98	-129	-619	-70	-186	-188	-175
Total	2 682	2 571	10 410	2 536	2 482	2 503	2 889

QUARTERLY OPERATING PROFIT BY BUSINESS OPERATIONS (SEGMENTS)

<i>EUR mill.</i>	Q2/02	Q1/02	2001	Q4/01	Q3/01	Q2/01	Q1/01
Power, Heat and Gas	149	148	367	114	41	49	163
Electricity Distribution	72	113	135	30	24	25	56
Fortum Energy Solutions	10	1	13	5	-1	21	-12
Oil Refining and Marketing	78	58	242	15	78	95	54
Oil and Gas Upstream	121	18	196	33	46	68	49
Other Operations	-8	-11	-40	-24	-2	-9	-5
Eliminations	-	-	1	-2	-1	2	2
Total	422	327	914	171	185	251	307