

Fortum Corporation
Interim Report
January - June 2007

Good performance continued

January-June in brief

- Comparable operating profit EUR 810 (772) million, +5%
- Profit before taxes 962 (779) million, +23%
- Earnings per share EUR 0.85 (0.64), +33%
- Strong cash flow from operating activities EUR 1,070 (786) million
- Improved hedging positions

Key figures	II/07	II/06	I-II/07	I-II/06	2006	Last 12 months (LTM)
Sales, EUR million	959	948	2,299	2,291	4,491	4,499
Operating profit, EUR million	327	312	817	784	1,455	1,488
Comparable operating profit, EUR million	298	286	810	772	1,437	1,475
Profit before taxes, EUR million	301	287	962	779	1,421	1,604
Earnings per share, EUR	0.26	0.25	0.85	0.64	1.22	1.42
Net cash from operating activities, EUR million	573	483	1,070	786	1,151	1,435
Shareholders' equity per share, EUR			8.68	7.83	8.91	
Interest-bearing net debt (at end of period), EUR million			4,610	4,308	4,345	
Average number of shares, 1,000s			890,770	880,508	881,194	

Key financial ratios	2006	LTM
Return on capital employed, %	13.4	14.1
Return on shareholders' equity, %	14.4	17.3
Net debt/EBITDA, %	2.3	2.4

The first two quarters of 2007 were characterised by warm weather, which lowered both power and heat demand. A strong hydrological situation combined with low carbon dioxide emission allowance prices led to clearly lower Nordic spot prices. Despite the challenging market conditions, Fortum improved its performance compared to last year. The company's financial position remained strong. Net cash from operating activities improved to EUR 1,070 (786) million.

In the second quarter, Fortum Power Generation segment's achieved Nordic power price was EUR 36.0 (34.7), up by 4% from last year and clearly higher than the average spot price of electricity in Nord Pool, the Nordic power exchange. The average spot price of electricity in Nord Pool was EUR 22.5 (44.4) per megawatt-hour (MWh), approximately 49% lower than the same period last year.

Financial results

April - June

Group sales stood at EUR 959 (948) million.

Group operating profit totalled EUR 327 (312) million. Comparable operating profit increased by EUR 12 million to EUR 298 (286) million.

The comparable operating profit of the Power Generation segment increased by EUR 10 million, 5% from last year. The comparable operating profits of the Heat segment and the Distribution segment remained at the same level compared to last year. The comparable operating profit of the Markets segment turned positive and increased by one million euros compared to last year.

Sales by segment

EUR million	II/07	II/06	I-II/07	I-II/06	2006	LTM
Power Generation	522	560	1,163	1,203	2,439	2,399
Heat	252	229	731	709	1,268	1,290
Distribution	172	162	397	381	753	769
Markets	351	400	870	947	1,912	1,835
Other	22	20	41	40	78	79
Eliminations	-360	-423	-903	-989	-1,959	-1,873
Total	959	948	2,299	2,291	4,491	4,499

Comparable operating profit/-loss by segment

EUR million	II/07	II/06	I-II/07	I-II/06	2006	LTM
Power Generation	218	208	546	501	985	1,030
Heat	36	35	173	161	253	265
Distribution	53	53	131	134	250	247
Markets	3	2	-11	2	-4	-17
Other	-12	-12	-29	-26	-47	-50
Total	298	286	810	772	1,437	1,475

Operating profit/-loss by segment

EUR million	II/07	II/06	I-II/07	I-II/06	2006	LTM
Power Generation	244	222	542	506	980	1,016
Heat	33	41	175	160	264	279
Distribution	53	55	132	136	252	248
Markets	7	3	-5	6	-6	-17
Other	-10	-9	-27	-24	-35	-38
Total	327	312	817	784	1,455	1,488

January - June

Group sales stood at EUR 2,299 (2,291) million.

Group operating profit totalled EUR 817 (784) million. Comparable operating profit increased by EUR 38 million to EUR 810 (772) million.

The comparable operating profit of the Power Generation segment increased by EUR 45 million, 9% from last year. The comparable operating profit increased 7% in the Heat segment, while it decreased by 2% in the Distribution segment. The clear sequential improvement in the second quarter result of the Markets segment was not enough to turn the first half of the year's comparable operating profit positive for the segment.

Profit before taxes was EUR 962 (779) million.

The Group's net financial expenses increased to EUR 72 (46) million. The increase is mainly attributable to a higher average level of debt and a lower EUR 2 (17) million change in the fair value of derivatives.

The share of profit of associates and joint ventures was EUR 217 (41) million. The biggest contributor was Hafslund ASA in Norway. In the first quarter, Hafslund announced that it completed the sale of 35 million shares in Renewable Energy Corporation (REC) at NOK 138 per share. As a consequence, Fortum has booked a gain of EUR 180 million, corresponding to EUR 0.20 per share, in its first-quarter result. After this transaction, Hafslund still owns 70.4 million shares in REC.

Hafslund ASA is showing the fair value change in the REC shareholding through the income statement, while Fortum is showing the fair value change in equity. The cumulative fair value change booked in Fortum's equity and based on the remaining number of shares reported by Hafslund was approximately EUR 650 million at the end of June 2007.

Fortum received EUR 145 million as dividend from Hafslund in the second quarter. EUR 123 million of the dividend was due to the sale of REC.

Minority interests accounted for EUR 35 (34) million. The minority interests are mainly attributable to Fortum Värme Holding, in which the City of Stockholm has a 50% economic interest.

Taxes for the period totalled EUR 174 (180) million. The tax rate according to the income statement was 18.1% (23.1%), mainly due to the non-taxable gain of EUR 180 million from Hafslund's sale of REC shares.

The profit for the period was EUR 788 (599) million. Fortum's earnings per share were EUR 0.85 (0.64). Return on capital employed was 14.1 for the last twelve months (13.4% at year-end 2006), and return on shareholders' equity was 17.3% for the last twelve months (14.4% at year-end 2006).

Market conditions

According to preliminary statistics, the Nordic countries consumed 89 (89) TWh of electricity during the second quarter of the year. During the first half of the year, the Nordic countries consumed about 205 (211) TWh, which was down 3% compared to last year.

The second quarter started with the Nordic water reservoirs being slightly above the long-term average. At the end of June, the Nordic water reservoirs were 4 TWh above the long-term average and 16 TWh above the corresponding level in 2006.

During the second quarter, the average spot price for power in Nord Pool was EUR 22.5 (44.4) per megawatt-hour or 49% lower than in the corresponding period in 2006 and 16% lower than in the previous quarter. During the first half of the year, the average spot price for power in Nord Pool was EUR 24.6 (44.9) per megawatt-hour, or 45% lower than in the corresponding period in 2006. The low spot price was due to the strong hydrological situation and low CO₂ emission prices.

During the second quarter, the average market price for 2007 CO₂ emissions was EUR 0.4 (18.7) per tonne CO₂, or 98% lower than in the corresponding period in 2006. During the first half of the year, the average market price for 2007 CO₂ emissions was EUR 1.3 (22.7) per tonne, or 94% lower than in the corresponding period of the previous year.

In Germany, the average spot price for the second quarter was higher compared to the Nordic area, resulting in net export from the Nordic area to Germany.

Total power and heat generation figures

Fortum's total power generation during January-June was 27.6 (28.1) TWh, of which 27.1 (27.5) TWh was in the Nordic countries, representing 13% (13%) of the total Nordic electricity consumption. During the period, approximately 90% of the generated power was CO₂-free.

Fortum's total power and heat generation figures are presented below. In addition, the segment reviews include the respective figures by segment.

Fortum's total power and heat generation, TWh	II/07	II/06	I-II/07	I-II/06	2006	LTM
Power generation	12.4	12.8	27.6	28.1	54.4	53.9
Heat generation	4.6	4.9	14.4	15.1	25.8	25.1

Fortum's own power generation by source, TWh, total in the Nordic countries	II/07	II/06	I-II/07	I-II/06	2006	LTM
Hydropower	5.0	4.6	11.4	10.4	19.8	20.8
Nuclear power	6.3	6.5	12.8	13.5	24.4	23.7
Thermal power	0.9	1.4	2.9	3.6	9.0	8.3
Total	12.2	12.5	27.1	27.5	53.2	52.8

Fortum's own power generation by source, %, total in the Nordic countries	II/07	II/06	I-II/07	I-II/06	2006	LTM
Hydropower	41	37	42	38	37	39
Nuclear power	52	52	47	49	46	45
Thermal power	7	11	11	13	17	16
Total	100	100	100	100	100	100

Total power and heat sales figures

Fortum's total power sales were 31.7 (31.2) TWh, of which 31.1 (30.5) TWh were in the Nordic countries. This represents approximately 15% (14%) of Nordic electricity consumption during January-June. Heat sales in the Nordic countries amounted to 11.3 (11.8) TWh and in other countries to 3.4 (4.0) TWh.

Fortum's total electricity *) and heat sales, EUR million	II/07	II/06	I-II/07	I-II/06	2006	LTM
Electricity sales	515	520	1,190	1,188	2,437	2,439
Heat sales	202	192	590	585	1,014	1,019

Fortum's total electricity sales *) by area, TWh	II/07	II/06	I-II/07	I-II/06	2006	LTM
Sweden	6.9	6.9	15.3	15.3	28.5	28.5
Finland	6.6	6.3	14.8	14.0	29.6	30.4
Other countries	0.7	0.9	1.6	1.9	3.5	3.2
Total	14.2	14.1	31.7	31.2	61.6	62.1

Fortum's total heat sales by area, TWh	II/07	II/06	I-II/07	I-II/06	2006	LTM
Sweden	1.7	1.8	5.2	6.0	9.3	8.5
Finland	2.0	2.1	6.0	5.7	10.7	11.0
Other countries**	1.0	1.0	3.5	4.1	6.8	6.2
Total	4.7	4.9	14.7	15.8	26.8	25.7

*) Nord Pool transactions are calculated as a net amount of hourly sales and purchases at the Group level.

***) Including the UK, which is reported in the Power Generation segment, other sales.

SEGMENT REVIEWS

Power Generation

The business area comprises power generation and sales in the Nordic countries and the provision of operation and maintenance services in the Nordic area and selected international markets. The Power Generation segment sells its production to Nord Pool. The segment includes the business units Generation, Portfolio Management and Trading (PMT), and Service.

EUR million	II/07	II/06	I-II/07	I-II/06	2006	LTM
Sales	522	560	1,163	1,203	2,439	2,399
- power sales	441	460	1,007	1,018	2,059	2,048
- other sales	81	100	156	185	380	351
Operating profit	244	222	542	506	980	1,016
Comparable operating profit	218	208	546	501	985	1,030
Net assets (at period-end)			6,818	6,359	6,734	
Return on net assets, %					16.1	18.7
Comparable return on net assets, %					16.1	16.1

The segment's power generation during the second quarter amounted to 11.3 (11.6) TWh in the Nordic countries.

In January-June, the segment's power generation in the Nordic countries was 24.4 (24.9) TWh, of which about 11.4 (10.4) TWh or 47% (42%) was hydropower-based, 12.8 (13.5) TWh or 52% (54%) nuclear power-based, and 0.2 (1.0) TWh or 1% (4%) thermal power-based. The increase in hydropower generation was due to a strengthened hydrological situation. The decrease in nuclear generation was caused by unplanned shut-downs in the Swedish nuclear power plants mainly in the first quarter of 2007. Thermal power generation decreased due to the low spot price.

In January-June, approximately 97% of the segment's power generation was CO₂-free.

Power generation by area, TWh	II/07	II/06	I-II/07	I-II/06	2006	LTM
Sweden	6.5	6.7	14.4	14.5	27.1	27.0
Finland	4.8	4.9	10.0	10.4	21.1	20.7
Other countries	0.2	0.3	0.5	0.6	1.2	1.1
Total	11.5	11.9	24.9	25.5	49.4	48.8

Nordic sales volume, TWh	12.5	12.9	27.1	27.8	53.9	53.2
of which pass-through sales	1.4	1.1	2.8	2.4	4.5	4.9

Sales price, EUR/MWh	II/07	II/06	I-II/07	I-II/06	2006	LTM
Generation's Nordic power price*	36.0	34.7	37.8	36.0	37.1	38.0

*) For the Power Generation segment in the Nordic countries, excluding pass-through sales.

In the second quarter, the average spot price for power in Nord Pool was 49% lower than a year ago. Fortum Generation's achieved Nordic power price (excluding pass-through items) in the second quarter was 4% higher than a year ago, mainly due to high hedge prices. During the first half of the year, Fortum Generation's achieved Nordic power price was 5% higher, while the average spot price in Nord Pool was 45% lower than during the corresponding period in 2006. The related sales volume was 11.1 (11.8) TWh in the second quarter and 24.3 (25.4) TWh for the first six months of the year.

The comparable operating profit of the Power Generation segment was slightly higher in the second quarter than in the corresponding period last year. Despite a 49% lower spot price, the segment's achieved Nordic power price was higher than last year, due to improved hedge prices. In addition, the positive impact from increased hydropower generation was somewhat higher than the negative impact of lower nuclear and thermal power generation volumes.

In January–June, the comparable operating profit was higher than last year. The segment's achieved Nordic power price was higher due to the higher hedge prices. The positive impact from increased hydropower generation was offset by lower nuclear and thermal power generation volumes.

In April, Fortum announced a plan to invest in wind power in Sweden. Fortum, together with Orsa Besparingsskog, is planning to build a wind park in the Orsa Finnmark area. Also in April, Fortum cancelled the plan to build a 250–300-megawatt gas turbine reserve power plant in Inkoo, Finland. The decision was influenced by the power plant's increased construction costs, as well as the already initially challenging financial basis.

In May, Fortum's associated company Oskarshamns Kraftgrupp AB (OKG) decided to evaluate the possibility of increasing the capacity of unit 2 by about 180 MW at the Oskarshamn nuclear power plant in Sweden. Fortum has a 43% interest in OKG. After the power increase in unit two, Fortum's share of the nuclear power plant's capacity will increase by approximately 80 megawatts. The power increase is planned to be completed in 2011.

In June, Fortum launched an Environmental Impact Assessment (EIA) process regarding a new 1000-1800 MW nuclear power plant possibly to be built in Loviisa, Finland. In the first phase of the process, the EIA programme was compiled for submission to the

Ministry of Trade and Industry. The EIA process is required for a possible application for a decision in principle on the new nuclear power unit.

In November 2006, Fortum submitted an operating license renewal application for its Loviisa nuclear power plant to the Ministry of Trade and Industry. Operating license was applied for the Loviisa Unit 1 until the end of 2027, and Unit 2 until the end of 2030. The Radiation and Nuclear Safety Authority (STUK) supports Fortum's application for lengthening the operating license of the plant. The Finnish Government will decide on granting the operating license in the near future.

Heat

The business area comprises heat generation and sales in the Nordic countries and other parts of the Baltic Rim. Fortum is a leading heat producer in the Nordic region. The segment also generates power in combined heat and power plants (CHP) and sells it to end-customers mainly by long-term contracts, as well as to Nord Pool. The segment includes the units Heat and Värme.

EUR million	II/07	II/06	I-II/07	I-II/06	2006	LTM
Sales	252	229	731	709	1,268	1,290
- heat sales	193	179	570	562	976	984
- power sales	35	43	110	112	198	196
- other sales	24	7	51	35	94	110
Operating profit	33	41	175	160	264	279
Comparable operating profit	36	35	173	161	253	265
Net assets (at period-end)			3,333	3,186	3,407	
Return on net assets, %					9.6	9.0
Comparable return on net assets, %					9.2	8.6

The segment's heat sales during the second quarter amounted to 4.3 (4.5) TWh, most of which was generated in the Nordic countries. In January-June, heat sales totalled 13.8 (14.8) TWh. During the same periods, power sales at combined heat and power plants (CHP) totalled 1.0 (0.8) TWh and 2.7 (2.5) TWh.

The Heat segment's comparable operating profit during the second quarter was at almost the same level as last year. The comparable operating profit of the Heat segment in the first half of the year was EUR 12 million higher than last year. This was mainly attributable to the acquisition of Fortum Espoo (E.ON Finland).

Heat sales by area, TWh	II/07	II/06	I-II/07	I-II/06	2006	LTM
Sweden	1.7	1.8	5.2	6.0	9.3	8.5
Finland	2.0	2.1	6.0	5.7	10.7	11.0
Other countries	0.6	0.6	2.6	3.1	4.7	4.2
Total	4.3	4.5	13.8	14.8	24.7	23.7

Power sales, TWh	II/07	II/06	I-II/07	I-II/06	2006	LTM
Total	1.0	0.8	2.7	2.5	5.0	5.2

The acquired heat operations in Pärnu, Estonia and Riga, Latvia have been integrated to Fortum. The operations were acquired from Vattenfall in late 2006 and transferred to Fortum during January and February, respectively.

The CHP project in Tartu, Estonia is proceeding on schedule. The preparations continue for the CHP plants in Värtan, Sweden, and in Czestochowa, Poland.

In April, Fortum announced its plans to invest in new CHP plants in Järvenpää, Finland and in Brista, Sweden. The former will be fuelled by biofuels (80%) and peat (20%) and the latter by waste. The production capacity of the Järvenpää plant will be 55 MW heat and 25 MW electricity, and the capacity of Brista around 57 MW heat and 20 MW electricity.

In May, Fortum decided to invest in a new combined heat and power plant in Espoo, Finland. The new power plant will use natural gas as fuel and its production capacity will be 234 MW heat and 214 MW electricity. The preparations for the construction work have been started and the plant is planned to be ready by the end of 2009.

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/07	II/06	I-II/07	I-II/06	2006	LTM
Sales	172	162	397	381	753	769
- distribution network transmission	144	134	336	322	636	650
- regional network transmission	18	19	42	43	80	79
- other sales	10	9	19	16	37	40
Operating profit	53	55	132	136	252	248
Comparable operating profit	53	53	131	134	250	247
Net assets (at period-end)			3,351	3,275	3,412	
Return on net assets, %					8.4	7.9
Comparable return on net assets, %					8.3	7.9

The volume of local and regional transmissions totalled 13.5 (12.8) TWh and 9.3 (9.6) TWh, respectively.

Electricity transmissions via the regional network totalled 7.7 (8.0) TWh in Sweden and 1.6 (1.6) TWh in Finland.

The comparable operating profit of the Distribution segment was EUR 53 million in the second quarter, at the same level as last year. The comparable operating profit of the segment was 131 million for the first half of the year, EUR 3 million lower than last year. The main reason for the decrease is the EUR 13 million cost caused by the storms in the first half of the year. The acquisition of Fortum Espoo (E.ON Finland) contributed positively to the segment.

Volume of distributed electricity in distribution network, TWh	II/07	II/06	I-II/07	I-II/06	2006	LTM
Sweden	3.1	3.2	7.4	7.9	14.4	13.9
Finland	1.9	1.3	4.8	3.5	7.7	9.0
Norway	0.5	0.5	1.2	1.3	2.3	2.2
Estonia	0	0	0.1	0.1	0.2	0.2
Total	5.5	5.0	13.5	12.8	24.6	25.3

Number of electricity distribution customers by area, thousands	30 Jun 2007	30 Jun 2006	31 Dec 2006
Sweden	870	860	865
Finland	585	410	580
Other countries	120	120	120
Total	1,575	1,390	1,565

The installation of automatic meter reading continues in Sweden. By the end of the year 2007 some fifty per cent of Fortum's customers in Sweden will have new meters. The Swedish law requires that all distribution customers in Sweden will have monthly meter reading by mid-2009. This will be implemented by installing automated meters. The Nordic reliability investment programme, which aims to reduce weather-related outages, continues.

The new customer and billing system in Sweden is causing extra costs during 2007.

In April, the regulator in Sweden, Energimarknadsinspektionen (EMI), published the decisions on distribution prices for 2003 concerning Fortum's network areas in Stockholm and the West Coast. The decisions imply that Fortum had a surplus income of EUR 27 million in 2003. Fortum, in collaboration with the industry, opposes the way the authority has conducted the supervision, i.e. by applying the "Nätnyttmodellen" model. The main objections are that the model is theoretical and not based on the real network, and that the cost parameters are too low. If the results of the model are used, it will jeopardise the security of supply to customers. The decisions have been appealed.

Markets

Markets is responsible for retail sales of electricity to a total of 1.3 million private and business customers as well as to other electricity retailers in Sweden, Finland and Norway. Markets buys its electricity through Nord Pool.

EUR million	II/07	II/06	I-II/07	I-II/06	2006	LTM
Sales	351	400	870	947	1,912	1,835
Operating profit/-loss	7	3	-5	6	-6	-17
Comparable operating profit	3	2	-11	2	-4	-17
Net assets (at period-end)			149	244	176	
Return on net assets, %					-1.6	-7.3
Comparable return on net assets, %					-0.8	-7.7

During the second quarter, Markets electricity sales totalled 9.0 (9.3) TWh with sales for the first six months of the year amounting to 20.9 (22.0) TWh. The sales in the second quarter were lower than in the corresponding period last year, mainly due to warm weather. The customer net flow in the Nordic countries was slightly negative for Fortum Markets in the first half of the year mainly due to tight competition in Sweden.

The Nordic electricity retail prices in the second quarter were lower than in the first quarter of 2007. The decrease, driven by lower Nord Pool prices and increasing competition, had the biggest effect in Norway and Sweden.

The Markets segment's second quarter operating profit was positive and higher compared to last year. The improved performance is mainly attributable to lower

procurement prices of electricity. In the first half of the year, the comparable operating profit of the Markets segment was negative and clearly lower than last year. The first quarter result was strongly affected by high procurement costs.

The new customer and billing system in Sweden is causing extra costs during 2007.

Capital expenditures and investments in shares

Capital expenditures and investments in shares in January-June totalled EUR 253 (935) million. Investments excluding acquisitions were EUR 236 (174) million.

Financing

Net debt during the second quarter increased by EUR 678 million to EUR 4,610 million from EUR 3,932 million (year-end 2006: EUR 4,345 million) at the end of last quarter. The increase in net debt is due to the EUR 1,122 million dividend payment made in early April.

During the second quarter 2007, the parent company raised new long-term financing of approximately EUR 850 million to primarily finance the dividend payment and the ongoing investment programme in the Group. The new financing consisted of a bond transaction of SEK 6.1 billion (EUR 659 million) in the Swedish debt capital market and two bilateral loan agreements.

At end of the first quarter, cash and marketable securities totalled EUR 879 million. The Group also had access to approximately EUR 1.6 billion of undrawn committed credit facilities.

The Group's net financial expenses were EUR 72 (46) million. The increase is attributable to changes in fair values of derivatives of EUR 2 (17) million and higher average net debt. The net interest expenses were EUR 71 (57) million due to the approximately EUR 0.8 billion higher average net debt during the second quarter of 2007 compared to the corresponding quarter last year.

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

In January-June, a total of 497.1 million Fortum Corporation shares totalling EUR 10,906 million were traded. Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 20,673 million. The highest quotation of Fortum Corporation shares on the Helsinki Stock Exchange in the first half of the year was EUR 24.87, the lowest EUR 20.01, and the volume weighted average quotation EUR 21.97. The closing quotation on the last trading day of the second quarter was EUR 23.19.

A total of 786,804 shares subscribed for based on share option schemes were entered into the trade register in the second quarter of 2007. After these subscriptions, the total number of registered shares is 891,471,953.

At quarter end, the Finnish state's holding in Fortum was 50.6%. The proportion of nominee registrations and direct foreign shareholders was 35.0%.

Currently, 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. Currently, the Board of Directors has an authorisation from the Annual General Meeting of Shareholders on 28 March 2007 to buy Fortum Corporation's own shares. The authorisation, amounting to EUR 300 million or 20 million shares, is valid until the next Annual General Meeting. The shares repurchased by Fortum shall be cancelled through a separate decision made by the Board of Directors of Fortum.

Group personnel

The average number of employees in the Group during the period from January to June was 8,257 (9,024). The number of employees at the end of the period was 8,541 (9,605).

Appointments in Fortum Management

In June, Fortum announced changes in the management. The changes will become effective on September 1st.

Fortum Management Team (FMT):

Maria Paatero-Kaarnakari, currently VP Corporate Development, will become SVP, Corporate Strategy. The position is new and prompted by the strategic opportunities and challenges facing Fortum going forward. Maria Romantschuk, currently Head of Press Relations at the office of The President of Finland, will become SVP, Corporate Communications. The current position holder, Carola Teir-Lehtinen, will move to a new position. Both SVPs will report to the President and CEO Mikael Lilius.

Also four out of Fortum's seven Business Units will have a new head:

Matti Ruotsala, currently VP, AGCO Corporation and Managing Director of Valtra Inc, will become President of Fortum Generation.

Per Langer, currently head of the Portfolio Management and Trading (PMT) unit, will become President of Fortum Heat.

Kalle Ahlstedt, currently VP Physical Portfolio Management, will become President of Fortum PMT.

Markku Vauhkonen, who has a long international career within the TetraLaval Group, will become President of Fortum Service.

Corporate Staff Units:

Carola Teir-Lehtinen, currently SVP Corporate Communications, will become Corporate VP, Sustainable Development. The position is new and prompted by Fortum's desire to making sustainability, especially the climate issue, a success factor for the company. She will continue to report to Mikael Lilius.

Arja Koski, currently Corporate VP Environment, Health and Safety, will become VP Renewables in the Generation business unit. The position is new and prompted by Fortum's desire to further increase the share of renewable energy sources in its generation portfolio.

Russia

Fortum's main holdings in Russia stem from the roughly 1/3 ownership of JSC Lenenergo, an integrated power and heat company in the St. Petersburg region. In late 2005, the company's generation assets were spun-off and a regional generation company, TGC-1, was formed. JSC Lenenergo continued as a regional distribution company.

TGC-1, of which Fortum owns slightly over 25%, will hold a share offering in the near future in order to increase its share capital by approximately 32.4 billion rubles (about 930 million euro). Fortum intends to maintain its current share of the company. Fortum is thus preparing for the acquisition of the corresponding number of new shares for a total of approximately EUR 240 million.

Fortum is negotiating the sale of its approximately one third position in JSC Lenenergo. JSC Lenenergo is a listed distribution company in the St. Petersburg region. The sale would be in line with Fortum's strategy of focusing on power generation in Russia.

Fortum is evaluating opportunities to participate in share issues and ownership restructurings in the Russian power generation sector in order to further strengthen its position in the Russian wholesale power market.

Outlook

The key market driver influencing Fortum's business performance is the Nordic wholesale price of electricity. Key drivers behind the wholesale price development are the Nordic hydrological situation, CO₂ emissions allowance prices and fuel prices. The Swedish krona exchange rate also affects Fortum's reported result, as results generated by Fortum in Sweden are translated into euros.

Fortum's financial results are exposed to a number of strategic, financial and operational risks. For further details of Fortum's risks and risk management, see Fortum's Operating and Financial Review and Financial Statements 2006.

According to general market information, electricity consumption in the Nordic countries is predicted to increase by about 1% a year over the next few years.

In mid-July, the Nordic water reservoirs were about 7 TWh above the long-term average and 22 TWh above the corresponding level of 2006. In mid-July, the market price for emissions allowances for 2007 was about EUR 0.1 per tonne of CO₂ and for 2008 between EUR 19-21 per tonne of CO₂. At the same time, the electricity forward price for the rest of 2007 was around EUR 30-32 per MWh and around EUR 43-44 per MWh for 2008.

The first and last quarters of the year are usually the strongest quarters for the power and heat businesses.

Fortum Power Generation's achieved Nordic power price typically depends on e.g. the hedge ratio, hedge price, spot price, utilisation and optimisation of Fortum's flexible production portfolio even on an hourly basis, and currency fluctuations. If Fortum would

not hedge any of its production volumes, a 1 EUR/MWh change in the spot price would result in approximately a EUR 50 million change in Fortum's annual operating profit.

At the beginning of July, Fortum had hedged approximately 80% of the Power Generation segment's estimated Nordic electricity sales volume for the rest of 2007 at approximately EUR 40 per MWh. For the calendar year 2008, approximately 50% of the Power Generation segment's estimated Nordic electricity sales volume was hedged at approximately EUR 43 per MWh. These hedge ratios may vary significantly depending on Fortum's actions on the electricity derivatives markets. Hedge prices are also influenced by changes in the SEK/EUR exchange rates, as part of the hedges are conducted in SEK.

Despite warm weather and low spot prices of electricity during the spring, Fortum achieved good results in the second quarter. The group's financial position is strong. With its flexible and climate-benign production portfolio, Fortum continues to be well positioned for 2007 and 2008.

Espoo, 17 July 2007
Fortum Corporation
Board of Directors

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

Publication of results in 2007:
Interim Report January-September will be published on 18 October 2007

Distribution:
Helsinki Stock Exchange
Key media
www.fortum.com

Information on the financial statement release, including detailed quarterly information, is available on Fortum's website at: www.fortum.com/investors

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Condensed Interim Financial Statements are unaudited

CONSOLIDATED INCOME STATEMENT

MEUR	Note	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
Sales	4	959	948	2 299	2 291	4 491	4 499
Other income		43	20	48	19	80	109
Materials and services		-316	-322	-802	-848	-1 673	-1 627
Employee benefit costs		-124	-129	-250	-260	-508	-498
Depreciation, amortisation and impairment charges	4, 12	-111	-97	-223	-195	-429	-457
Other expenses		-124	-108	-255	-223	-506	-538
Operating profit		327	312	817	784	1 455	1 488
Share of profit of associates and joint ventures	2, 4	15	6	217	41	69	245
Interest expense		-55	-41	-99	-81	-176	-194
Interest income		16	12	28	24	50	54
Fair value gains and losses on financial instruments		0	2	2	17	30	15
Other financial expenses - net		-2	-4	-3	-6	-7	-4
Finance costs - net		-41	-31	-72	-46	-103	-129
Profit before income tax		301	287	962	779	1 421	1 604
Income tax expense		-65	-60	-174	-180	-301	-295
Profit for the period		236	227	788	599	1 120	1 309
Attributable to:							
Equity holders of the Company		231	219	753	565	1 071	1 259
Minority interest		5	8	35	34	49	50
		236	227	788	599	1 120	1 309
Earnings per share for profit attributable to the equity holders of the company during the year (in €per share)	10						
Basic		0.26	0.25	0.85	0.64	1.22	1.42
Diluted		0.26	0.24	0.84	0.63	1.21	1.42

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CONSOLIDATED BALANCE SHEET

MEUR	Note	June 30 2007	June 30 2006	Dec 31 2006
ASSETS				
Non-current assets				
Intangible assets	12	79	93	96
Property, plant and equipment	12	11 311	11 280	11 471
Investments in associates and joint ventures	4	2 471	1 961	2 197
Share in State Nuclear Waste Management Fund	15	458	438	450
Other long-term investments		103	63	101
Deferred tax assets		4	103	5
Derivative financial instruments	6	106	139	103
Long-term interest bearing receivables		695	650	680
Total non-current assets		15 227	14 727	15 103
Current assets				
Inventories		301	237	329
Derivative financial instruments	6	181	193	198
Trade and other receivables		863	895	1 052
Cash and cash equivalents		879	677	157
Total current assets		2 224	2 002	1 736
Total assets		17 451	16 729	16 839
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	13	3 037	3 001	3 023
Other equity		4 699	3 899	4 885
Total		7 736	6 900	7 908
Minority interest		278	236	253
Total equity		8 014	7 136	8 161
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	14	4 565	4 373	4 060
Derivative financial instruments	6	135	255	134
Deferred tax liabilities		1 788	1 856	1 795
Nuclear provisions	15	458	438	450
Pension and other provisions		152	211	186
Other liabilities		470	454	485
Total non-current liabilities		7 568	7 587	7 110
Current liabilities				
Interest-bearing liabilities	14	924	612	442
Derivative financial instruments	6	142	563	198
Trade and other payables		803	831	928
Total current liabilities		1 869	2 006	1 568
Total liabilities		9 437	9 593	8 678
Total equity and liabilities		17 451	16 729	16 839

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CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Share capital	Share premium	Other restricted funds	Fair value and other reserves	Treasury shares	Retained earnings	Attributable to the equity holders	Minority	Total
MEUR									
Total equity at 31.12.2006	3 023	73	1	511	-	4 300	7 908	253	8 161
Translation and other differences						-10	-10	-6	-16
Cash flow hedges				-47			-47		-47
Other fair value adjustments ¹⁾				240			240		240
Total gains and losses not recognised in Income statement	-	-	-	193	-	-10	183	-6	177
Net profit for the period						753	753	35	788
Total recognised income for the period	-	-	-	193	-	743	936	29	965
Stock options excercised	14						14		14
Cash dividend ²⁾						-1 122	-1 122		-1 122
Changes between restricted and unrestricted equity			4			-4	0		0
Changes in minority through business combinations							-	-4	-4
Total equity at 30.06.2007	3 037	73	5	704	-	3 917	7 736	278	8 014
Total equity at 31.12.2005									
Total equity at 31.12.2005	2 976	70	2	-117	-	4 220	7 151	260	7 411
Translation and other differences						17	17	-5	12
Cash flow hedges				-185			-185	-3	-188
Other fair value adjustments				342			342		342
Total gains and losses not recognised in Income statement	-	-	-	157	-	17	174	-8	166
Net profit for the period						565	565	34	599
Total recognised income for the period	-	-	-	157	-	582	739	26	765
Stock options excercised	25	4	-2				27		27
Cash dividend ²⁾						-987	-987		-987
Repurchase of own shares					-30		-30		-30
Changes in minority through business combinations							-	-50	-50
Total equity at 30.06.2006	3 001	74	0	40	-30	3 815	6 900	236	7 136

¹⁾ Includes the fair value change of Renewable Energy Corporation (REC) shareholding in Hafslund and the effect of Hafslund's sale of REC shares.

See Note 2 Accounting policies.

²⁾ See Note 11 Dividends.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
MEUR						
Cash flow from operating activities						
Operating profit before depreciations	438	409	1 040	979	1 884	1 945
Non-cash flow items and divesting activities	-6	-47	-5	-23	-92	-74
Financial items and realised foreign exchange gains and losses	133	-4	95	22	-89	-16
Taxes	-119	-56	-237	-192	-374	-419
Funds from operations	446	302	893	786	1 329	1 436
Change in working capital	127	181	177	0	-178	-1
Total net cash from operating activities	573	483	1 070	786	1 151	1 435
Cash flow from investing activities						
Paid capital expenditures	-113	-103	-213	-174	-485	-524
Acquisition of subsidiaries, net of cash acquired	0	-705	-8	-747	-754	-15
Acquisition of associates	0	-	0	-1	-124	-123
Acquisition of other long-term investments	-2	-2	-2	-2	-21	-21
Proceeds from sales of fixed assets	2	6	9	9	83	83
Proceeds from sales of subsidiaries, net of cash disposed	0	0	0	0	11	11
Proceeds from sales of associates	4	14	4	14	30	20
Proceeds from sales of other long-term investments	0	1	0	1	1	0
Change in interest-bearing receivables	-1	4	-37	-15	-47	-69
Total net cash used in investing activities	-110	-785	-247	-915	-1 306	-638
Cash flow before financing activities	463	-302	823	-129	-155	797
Cash flow from financing activities						
Net change in loans	469	865	1 009	1 029	492	472
Dividends paid to the Company's equity holders	-1 122	-	-1 122	-987	-987	-1 122
Repurchase of own shares	0	-30	0	-30	-30	0
Other financing items	1	-68	11	3	49	57
Total net cash used in financing activities	-652	767	-102	15	-476	-593
Total net increase (+)/decrease (-) in cash and marketable securities	-189	465	721	-114	-631	204

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KEY RATIOS

MEUR	June 30 2007	March 31 2007	March 31 2006	June 30 2006	Sept 30 2006	Dec 31 2006	Last twelve months
EBITDA, MEUR	1 040	602	570	979	1 311	1 884	1 945
Earnings per share (basic), EUR	0.85	0.59	0.39	0.64	0.83	1.22	1.42
Capital employed, MEUR	13 503	12 593	10 605	12 121	12 216	12 663	13 503
Interest-bearing net debt, MEUR	4 610	3 932	3 900	4 308	4 159	4 345	N/A
Capital expenditure and gross investments in shares, MEUR	253	115	114	935	1 063	1 395	713
Capital expenditure, MEUR	236	100	71	174	297	485	547
Return on capital employed, % ¹⁾	14.8	18.0	19.4	14.6	12.5	13.4	14.1
Return on shareholders' equity, % ¹⁾	17.2	21.1	21.4	16.3	13.7	14.4	17.3
Net debt / EBITDA ¹⁾	2.2	1.6	1.7	2.2	2.4	2.3	2.4
Interest coverage	11.5	15.3	16.9	13.7	10.9	11.5	10.6
Funds from operations/interest-bearing net debt, % ¹⁾	36.1	45.5	49.6	36.5	33.9	30.6	31.2
Gearing, %	58	52	60	60	57	53	N/A
Equity per share, EUR	8.68	8.22	7.11	7.83	7.97	8.91	N/A
Equity-to-assets ratio, %	46	43	44	43	43	48	N/A
Average number of employees	8 257	8 165	8 886	9 024	9 085	8 910	N/A
Average number of shares, 1 000 shares	890 770	890 263	880 725	880 508	880 695	881 194	886 407
Diluted adjusted average number of shares, 1 000 shares	893 140	893 252	892 406	891 451	891 217	886 929	888 772
Number of registered shares, 1 000 shares	891 472	890 685	881 546	882 708	883 274	887 394	N/A
Number of shares excluding treasury shares, 1000 shares	N/A	N/A	N/A	881 048	881 614	N/A	N/A

¹⁾ Quarterly figures are annualised.
For definitions, see Note 21.

NOTES TO THE 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 2006.

2. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2006, except for changes listed below.

The following new standards, amendments to standards and interpretations that have been considered to be relevant for the Group have been adopted by the Group as of 1 January 2007.

- IFRS 7 Financial instruments: Disclosures and a complementary amendment to IAS 1, Presentation of Financial statements - Capital disclosures. IFRS 7 introduces new disclosure requirements relating to financial instruments. The standard does not have any impact on the classification or valuation of the Group's financial instruments as such.
- IFRIC 9 Reassessment of Embedded derivatives. The interpretation requires the determination of whether the arrangement contains embedded derivatives, which have to be reported separately as derivative instruments.
- IFRIC 10 Interim Financial Reporting and Impairment: IFRIC 10 denies to reverse the impairment charge reported in interim report at later closing dates of the financial year.

These newly adopted standards and interpretations have not had any effect on the reported income statement, balance sheet or disclosures.

The following interpretations are mandatory for the financial year ending 31 December 2007, but not relevant for the Group.

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.
- IFRIC 8 Scope of IFRS 2.

Accounting for the share of profits from Hafslund ASA

According to Fortum Group accounting policies the share of profits from Hafslund has been included in Fortum Group figures based on the previous quarter information since Hafslund's interim reports are published later than Fortum's interim reports. Hafslund will publish January-June 2007 results on 20 July 2007.

When calculating the share of profits in Hafslund, Fortum has in accordance with Fortum's accounting policies reclassified Hafslund's accounting treatment for the shareholding in Renewable Energy Corporation (REC). Hafslund has classified the shareholding in REC as financial assets at fair value through profit and loss while Fortum has classified the REC shareholding as available for sale financial assets with fair value changes recorded directly through equity, only when Hafslund divests shares in REC, the cumulative fair value change effects Fortum's income statement.

Since REC is listed on the Oslo stock exchange as of 9 May 2006, Fortum is accounting for the fair value change in REC based on the closing price on the Oslo stock exchange at each closing date. The amount of shares is based on the amount published by Hafslund in the previous quarter if other information is not available.

Hafslund sold 35 million shares in REC in March 2007. In accordance with the accounting policy Fortum recognised approximately EUR 180 million in relation to Hafslund's divestment of REC shares as a part of the share of profits from associates and joint ventures in Q1 2007. The cumulative fair value change in Fortum's equity based on the remaining number of shares reported by Hafslund was approximately EUR 650 million at 30 June 2007.

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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. Annual 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 annual financial statements as at and for the year ended 31 December 2006.

4. PRIMARY SEGMENT INFORMATION

SALES BY SEGMENT

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
Power Generation	522	560	1 163	1 203	2 439	2 399
- of which internal	92	-17	248	-67	-133	182
Heat	252	229	731	709	1 268	1 290
- of which internal	11	-7	35	-15	-32	18
Distribution	172	162	397	381	753	769
- of which internal	2	2	4	4	8	8
Markets	351	400	870	947	1 912	1 835
- of which internal	32	35	76	76	149	149
Other	22	20	41	40	78	79
- of which internal	19	15	35	30	62	67
Eliminations ¹⁾	-360	-423	-903	-989	-1 959	-1 873
Total	959	948	2 299	2 291	4 491	4 499

¹⁾ Eliminations include sales and purchases with Nordpool that 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.

OPERATING PROFIT BY SEGMENTS

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
Power Generation	244	222	542	506	980	1 016
Heat	33	41	175	160	264	279
Distribution	53	55	132	136	252	248
Markets	7	3	-5	6	-6	-17
Other	-10	-9	-27	-24	-35	-38
Total	327	312	817	784	1 455	1 488

COMPARABLE OPERATING PROFIT BY SEGMENTS

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
Power Generation	218	208	546	501	985	1 030
Heat	36	35	173	161	253	265
Distribution	53	53	131	134	250	247
Markets	3	2	-11	2	-4	-17
Other	-12	-12	-29	-26	-47	-50
Comparable operating profit	298	286	810	772	1 437	1 475
Non-recurring items	4	15	5	15	61	51
Other items effecting comparability	25	11	2	-3	-43	-38
Operating profit	327	312	817	784	1 455	1 488

NON-RECURRING ITEMS BY SEGMENTS

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
Power Generation	2	6	2	6	29	25
Heat	1	4	1	5	20	16
Distribution	-1	2	0	2	2	0
Markets	0	0	0	0	0	0
Other	2	3	2	2	10	10
Total	4	15	5	15	61	51

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OTHER ITEMS EFFECTING COMPARABILITY BY SEGMENTS

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
Power Generation	24	8	-6	-1	-34	-39
Heat	-4	2	1	-6	-9	-2
Distribution	1	0	1	0	0	1
Markets	4	1	6	4	-2	0
Other	0	0	0	0	2	2
Total	25	11	2	-3	-43	-38

DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES BY SEGMENTS

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
Power Generation	25	27	51	53	108	106
Heat	40	30	80	60	144	164
Distribution	40	33	79	68	147	158
Markets	3	5	7	9	19	17
Other	3	2	6	5	11	12
Total	111	97	223	195	429	457

SHARE OF PROFITS IN ASSOCIATES AND JOINT VENTURES BY SEGMENTS

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006	Last twelve months
Power Generation ¹⁾	7	2	195	14	30	211
Heat	5	3	12	14	23	21
Distribution	3	1	9	12	15	12
Markets	0	0	1	1	1	1
Other	0	0	0	0	0	0
Total	15	6	217	41	69	245

¹⁾ The main part of the associated companies in Power Generation are power production companies from which Fortum purchases produced electricity at production costs including interest costs and income taxes.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES BY SEGMENTS

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Power Generation	2 026	1 594	1 752
Heat	146	141	150
Distribution	290	216	287
Markets	9	8	8
Other	0	2	0
Total	2 471	1 961	2 197

CAPITAL EXPENDITURE BY SEGMENTS

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006
Power Generation	24	21	40	41	95
Heat	65	34	109	52	184
Distribution	42	42	78	67	183
Markets	1	2	2	7	8
Other	4	4	7	7	15
Total	136	103	236	174	485

GROSS INVESTMENTS IN SHARES BY SEGMENTS

MEUR	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	2006
Power Generation	0	4	0	4	145
Heat	0	539	15	582	589
Distribution	0	130	0	130	130
Markets	0	6	0	6	6
Other	2	39	2	39	40
Total	2	718	17	761	910

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NET ASSETS BY SEGMENTS

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Power Generation	6 818	6 359	6 734
Heat	3 333	3 186	3 407
Distribution	3 351	3 275	3 412
Markets	149	244	176
Other and Eliminations	127	140	85
Total	13 778	13 204	13 814

RETURN ON NET ASSETS BY SEGMENTS

%	Last twelve months	Dec 31 2006
Power Generation	18.7	16.1
Heat	9.0	9.6
Distribution	7.9	8.4
Markets	-7.3	-1.6

COMPARABLE RETURN ON NET ASSETS BY SEGMENTS

%	Last twelve months	Dec 31 2006
Power Generation ¹⁾	16.1	16.1
Heat	8.6	9.2
Distribution	7.9	8.3
Markets	-7.7	-0.8

¹⁾ Excluding approximately EUR 180 million in relation to Hafslund's divestment of REC-shares included in the share of profits of associates and joint ventures.
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

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Power Generation	7 327	6 890	7 131
Heat	3 686	3 593	3 870
Distribution	3 798	3 744	3 911
Markets	496	667	618
Other and Eliminations	236	226	255
Assets included in Net assets	15 543	15 120	15 785
Interest-bearing receivables	718	650	693
Deferred taxes	4	103	5
Other assets	307	179	199
Cash and cash equivalents	879	677	157
Total assets	17 451	16 729	16 839

LIABILITIES BY SEGMENTS

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Power Generation	509	531	397
Heat	353	407	463
Distribution	447	469	499
Markets	347	423	442
Other and Eliminations	109	86	170
Liabilities included in Net assets	1 765	1 916	1 971
Deferred tax liabilities	1 788	1 856	1 795
Other	395	836	410
Total liabilities included in Capital employed	3 948	4 608	4 176
Interest-bearing liabilities	5 489	4 985	4 502
Total equity	8 014	7 136	8 161
Total equity and liabilities	17 451	16 729	16 839

5. QUARTERLY PRIMARY SEGMENT INFORMATION

Extended quarterly information is available on Fortum's website www.fortum.com/investors/financial information.

QUARTERLY SALES BY SEGMENTS

	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2007	2007	2006	2006	2006	2006
Power Generation	522	641	667	569	560	643
- of which internal	92	156	36	-102	-17	-50
Heat	252	479	381	178	229	480
- of which internal	11	24	-5	-12	-7	-8
Distribution	172	225	210	162	162	219
- of which internal	2	2	2	2	2	2
Markets	351	519	529	436	400	547
- of which internal	32	44	43	30	35	41
Other	22	19	19	19	20	20
- of which internal	19	16	16	16	15	15
Eliminations	-360	-543	-552	-418	-423	-566
Total	959	1 340	1 254	946	948	1 343

QUARTERLY OPERATING PROFIT BY SEGMENTS

	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2007	2007	2006	2006	2006	2006
Power Generation	244	298	290	184	222	284
Heat	33	142	119	-15	41	119
Distribution	53	79	74	42	55	81
Markets	7	-12	-18	6	3	3
Other	-10	-17	-10	-1	-9	-15
Total	327	490	455	216	312	472

QUARTERLY COMPARABLE OPERATING PROFIT BY SEGMENTS

	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2007	2007	2006	2006	2006	2006
Power Generation	218	328	289	195	208	293
Heat	36	137	95	-3	35	126
Distribution	53	78	77	39	53	81
Markets	3	-14	-8	2	2	0
Other	-12	-17	-13	-8	-12	-14
Total	298	512	440	225	286	486

QUARTERLY NON-RECURRING ITEMS BY SEGMENTS

	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2007	2007	2006	2006	2006	2006
Power Generation	2	0	22	1	6	0
Heat	1	0	16	-1	4	1
Distribution	-1	1	-1	1	2	0
Markets	0	0	0	0	0	0
Other	2	0	1	7	3	-1
Total	4	1	38	8	15	0

QUARTERLY OTHER ITEMS EFFECTING COMPARABILITY

	Q2	Q1	Q4	Q3	Q2	Q1
MEUR	2007	2007	2006	2006	2006	2006
Power Generation	24	-30	-21	-12	8	-9
Heat	-4	5	8	-11	2	-8
Distribution	1	0	-2	2	0	0
Markets	4	2	-10	4	1	3
Other	0	0	2	0	0	0
Total	25	-23	-23	-17	11	-14

6. FINANCIAL RISK MANAGEMENT

The Group has not made any significant change in policies regarding risk management during the period. Aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2006.

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

MEUR	June 30 2007		June 30 2006		Dec 31 2006	
	Notional value	Net fair value	Notional value	Net fair value	Notional value	Net fair value
Interest and currency derivatives						
Interest rate swaps	3 858	-45	3 504	-28	3 021	3
Forward foreign exchange contracts	4 701	8	4 420	-9	5 256	-61
Forward rate agreements	540	0	-	-	-	-
Interest rate and currency swaps	2 839	-4	2 577	-26	2 575	-76
Electricity derivatives						
	Volume	Net fair value	Volume	Net fair value	Volume	Net fair value
	TWh	MEUR	TWh	MEUR	TWh	MEUR
Sales swaps	117	-36	112	-1 199	134	515
Purchase swaps	88	27	70	781	101	-426
Purchased options	8	2	14	-23	0	0
Written options	13	-5	24	7	3	3
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	990	-3	270	-2	180	0
Purchase swaps and futures	1 325	5	784	8	897	0
Coal derivatives						
	Volume	Net fair value	Volume	Net fair value	Volume	Net fair value
	kt	MEUR	kt	MEUR	kt	MEUR
Sold	60	0	-	-	-	-
Bought	105	0	-	-	-	-
CO2 emission allowance derivatives						
	Volume	Net fair value	Volume	Net fair value	Volume	Net fair value
	ktCO2	MEUR	ktCO2	MEUR	ktCO2	MEUR
Sold	3 038	0	-	-	405	0
Bought	4 090	-1	-	-	418	0
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⁾	36	51	24	35	24	37

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

7. ACQUISITIONS AND DISPOSALS

No acquisitions or disposals which have a material effect on Fortum's income statement and balance sheet has been made during 2007. Gross investment in shares (see definition of key figures) amounted to EUR 17 million.

Fortum acquired in January 2007 100% of the shares in Vattenfall Estonia AS and Vattenfall Latvia SIA from Vattenfall. The acquired company in Estonia provides district heat and natural gas in the city of Pärnu. Its district heat network is the fourth biggest in Estonia. The annual heat sales is 190 GWh, sales EUR 5.4 million and number of employees 58. The district heat business in Pärnu will be integrated to the current countrywide heat operations of Fortum Termest AS.

The acquired company in Latvia provides heat to Riga airport. The annual heat sales is around 12 GWh and sales around EUR 0.5 million. The acquisition provides a platform for Fortum to Latvian heat market.

Fortum has also acquired additional shares in its subsidiaries in Poland, Fortum Czestochowa SA 10.85% (total ownership 98.45%), Fortum Wroclaw 0.83% (total ownership of 99.08%) Fortum Plock SA 0.87% (total ownership of 98.62%) and Fortum DZT SA 0.08 % (total ownership 99.37%).

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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	Currency	June 30 2007	March 31 2007	Dec 31 2006	Sept 30 2006	June 30 2006	March 31 2006
Sweden	SEK	9.2020	9.1787	9.2637	9.3110	9.3329	9.3798
Norway	NOK	8.1205	8.1563	8.0376	7.9753	7.9396	8.0171
Poland	PLN	3.8439	3.8858	3.8965	3.9139	3.8991	3.8569
Balance sheet date rate		June 30 2007	March 31 2007	Dec 31 2006	Sept 30 2006	June 30 2006	March 31 2006
Sweden	SEK	9.2525	9.3462	9.0404	9.2797	9.2385	9.4315
Norway	NOK	7.9725	8.1190	8.2380	8.2350	7.9360	7.9675
Poland	PLN	3.7677	3.8668	3.8310	3.9713	4.0546	3.9425

9. INCOME TAX EXPENSE

Tax rate according to the income statement for the period January to June 2007 was 18.1% (23.1%). The tax rate for the period is low mainly due to the impact of Hafslund's sale of REC shares in March 2007 which impacted the share of profits from associates for the period with approximately EUR 180 million. 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 2007	Q1-Q2 2006	2006
Earnings (MEUR):			
Profit attributable to the equity holders of the Company (EUR million)	753	565	1 071
Number of shares (thousands):			
Weighted average number of shares for the purpose of basic earnings per share	890 770	880 508	881 194
Effect of dilutive share options	2 370	10 943	5 735
Weighted average number of shares for the purpose of diluted earnings per share	893 140	891 451	886 929

11. DIVIDEND PER SHARE

The annual general meeting on 28 March 2007 decided to distribute a dividend of EUR 1.26 per share to the shareholders of which EUR 0.73 per share is in accordance with the Group's dividend policy. An additional dividend of EUR 0.53 per share was decided to steer Fortum's capital structure towards agreed target. The total dividend amounts to EUR 1,122 million based on the amount of shares registered as of 2 April 2007. The dividend was paid on 11 April 2007.

In 2006 the total dividend amounted to EUR 1.12 per share of which EUR 0.54 per share was attributable to the profit from discontinued operations. The total dividend amounted to EUR 987 million and the dividend was paid on 28 March 2006.

12. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Opening balance	11 567	10 256	10 256
Acquisition of subsidiary companies	13	1 008	1 008
Capital expenditures	236	174	485
Changes of emission rights	-8	-	9
Disposals	-7	-5	-78
Depreciation, amortisation and impairment	-223	-195	-429
Translation differences	-188	135	316
Closing balance	11 390	11 373	11 567

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13. SHARE CAPITAL

MEUR	Number of shares	Share capital	Share issue
Registered shares at 1 January 2007	887 393 646	3 023	-
Shares subscribed with options	4 078 307	14	-
Registered shares at 30 June 2007	891 471 953	3 037	-
Unregistered shares	-	-	-

MEUR	Number of shares	Share capital	Share issue
Registered shares at 1 January 2006	875 294 025	2 976	0
Shares subscribed with options	7 413 830	25	0
Registered shares at 30 June 2006	882 707 855	3 001	0
Unregistered shares	10 000	-	-

14. INTEREST-BEARING LIABILITIES

During the second quarter 2007, the parent company raised new long term financing of approximately EUR 850 million to refinance maturing short-term commercial papers amounting to approximately EUR 388 million as well as to finance the ongoing investment program in the Group. The commercial papers were initially raised in Q1 to finance the dividend payment in early April. Funds were raised in SEK to create a better match in currencies between assets and liabilities in the Group. Two bonds were issued under EMTN program, a 5 year floating rate note with a nominal amount of SEK 3,5 billion (EUR 378 million) and a 7 year fixed rate note with a coupon of 4,7% and a nominal amount of SEK 2,6 billion (EUR 281 million). On top of the bond transactions, two bilateral loans were raised from financial institutions, a 10 year loan from Nordiska Investeringsbanken of SEK 750 million (EUR 81 million) and a 5 year loan from Svensk Exportkredit of SEK 1.000 million (EUR 108 million). Both loans are on a floating rate bases.

15. NUCLEAR RELATED ASSETS AND LIABILITIES

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Liability for nuclear waste management according to the Nuclear Energy Act	685	618	685
Fortum's funding target obligation to the State Nuclear Waste Management Fund	649	618	649
Fortum's share of the State Nuclear Waste Management Fund	-649	-618	-636
Difference covered by real estate mortgages	0	0	13

The legal liability calculated according to the Nuclear Energy Act in Finland is EUR 685 (618) million as of 30 June 2007 (and 2006 respectively). Discounted liability in the balance sheet calculated according to IAS 37 is EUR 458 (438) million as of 30 June 2007. The main reason for the difference in liability is that the legal liability is not discounted to net present value.

Funding Target is EUR 649 (618) million as of 30 June 2007 (and 2006 respectively). The difference between the legal liability and the funding target must be covered by a security, which will be given by the end of June 2007.

Fortum contributes to the Nuclear Waste Fund according to the funding target. Fortum's share of the State Nuclear Waste Management Fund as of 30 June is EUR 649 (618) million. The carrying value of the fund asset in the balance sheet is EUR 458 (438) million as of 30 June 2007 due to IFRIC Interpretation 5, which states that it can not exceed the carrying value of the related liabilities.

At year end there is a difference between the funding target and Fortum's share of the State Nuclear Waste Management Fund due to yearly revised calculation of the legal liability. The difference is paid during the first quarter of the following year. Fortum has given real estate mortgages as security which also covers the liability in the balance sheet. The real estate mortgages are included in pledged assets.

16. PLEDGED ASSETS

MEUR	June 30 2007	June 30 2006	Dec 31 2006
On own behalf			
For debt			
Pledges	215	182	176
Real estate mortgages	46	49	49
For other commitments			
Real estate mortgages	103	63	56
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	3	3	3

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. Fortum has increased the reborrowing from the Fund and therefore pledged additional Kemijoki shares as a security. The total amount of shares pledged have a carrying value of EUR 145 million (102 million) as of 30 June 2007 (and 31 December 2006 respectively).

Fortum has given real estate mortgages in Naantali and Inkoo power plants in Finland for a value of EUR 102 million (56 million) as of 30 June 2007 (31 December 2006) as a security to the State Nuclear Waste Management Fund for the uncovered part of the legal liability and unexpected events.

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17. COMMITMENTS

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Operating lease commitments			
Due within a year	18	18	20
Due after one year and within five years	34	39	38
Due after five years	72	85	78
Total	124	142	136

Capital commitments for the purchase of property, plant and equipment amounts to EUR 383 million as at 30 June 2007 (EUR 266 million at year end 2006).

18. CONTINGENT LIABILITIES

MEUR	June 30 2007	June 30 2006	Dec 31 2006
On own behalf			
Other contingent liabilities	162	141	144
On behalf of associated companies and joint ventures			
Guarantees	238	192	213
Other contingent liabilities	125	125	125
On behalf of others			
Guarantees	14	17	12
Other contingent liabilities	1	2	1

Further information on contingent liabilities can be found in Note 42 of the annual financial statements for the year ended 31 December 2006.

The Swedish Energy Market Authority, Energimyndigheten, announced on 10 April 2007 the decision concerning pricing at two electricity distribution areas of Fortum in 2003. According to the decision Fortum would have to return about SEK 250 million of the collected distribution charges. The authority has previously published respective decisions for 13 distribution companies. Fortum has appealed against the decision to the County Administrative Court, because the theoretical grid model the authority applies as its basis does not correspond to the actual circumstances. All the other distribution companies that got the decision have also appealed. The decisions will not be efficient until the appeal processes have been finished. No provision or contingent liability in relation to this decision has been recognised.

19. RELATED PARTY TRANSACTIONS

Related party transactions are described in the annual financial statements as of the year ended 31 December 2006. No material changes have occurred during the period.

The Finnish State owned 50.82% of the shares in Fortum 31 December 2006. At 30 June 2007 the Finnish State ownership has changed to 50.58% due to the diluting effect of the shares subscribed with options during the period.

ASSOCIATED COMPANY TRANSACTIONS

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Sales to associated companies	74	59	101
Interest on associated company loan receivables	13	10	20
Purchases from associated companies	255	244	487

ASSOCIATED COMPANY BALANCES

MEUR	June 30 2007	June 30 2006	Dec 31 2006
Long-term interest-bearing loan receivables	600	551	575
Trade receivables	12	14	28
Other receivables	8	8	7
Long-term loan payables	172	164	164
Trade payables	10	-6	12
Other payables	20	15	23

TRANSACTIONS AND BALANCES WITH JOINT VENTURES

Transactions and balances with joint ventures as at and for the period ended 30 June 2007 are not material for the Group.

20. EVENTS AFTER THE BALANCE SHEET DATE

No material events have taken place after balance sheet date.

21. DEFINITION OF KEY FIGURES

EBITDA (Earnings before interest, taxes, depreciation and amortisation)	=	Operating profit + Depreciation, amortisation and impairment charges	
Comparable operating profit	=	Operating profit - non-recurring items - other items effecting comparability	
Non-recurring items	=	Mainly capital gains and losses	
Other items effecting 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	
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, %	=	$\frac{\text{Profit for the year}}{\text{Total equity average}}$	x 100
Return on capital employed, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}}$	x 100
Return on net assets, %	=	$\frac{\text{Operating profit + Share of profit (loss) in associated companies and joint ventures}}{\text{Net assets average}}$	x 100
Comparable return on net assets, %	=	$\frac{\text{Comparable operating profit + Share of profit (loss) in associated companies and joint ventures (adjusted for IAS 39 effects and major sales gains or losses)}}{\text{Comparable net assets average}}$	x 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 - cash and cash equivalents	
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$	x 100
Equity-to-assets ratio, %	=	$\frac{\text{Total equity including minority interest}}{\text{Total assets}}$	x 100
Net debt / EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{Operating profit + Depreciation, amortisation and impairment charges}}$	
Interest coverage	=	$\frac{\text{Operating profit}}{\text{Net interest expenses}}$	
Earnings per share (EPS)	=	$\frac{\text{Profit for the period - minority interest}}{\text{Average number of shares during the period}}$	
Equity per share, EUR	=	$\frac{\text{Shareholder's equity}}{\text{Number of shares excluding treasury shares at the end of the period}}$	
Last twelve months	=	Twelve months preceding the reporting date	