Fortum Corporation
Interim Report
January–June 2009

17 July 2009

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Solid first-half year 2009 results

- Comparable operating profit EUR 1,002 (984) million, +2%; includes a EUR -78 million translation effect from weaker SEK
- Earnings per share EUR 0.78 (EUR 0.78)
- Very strong cash flow – net cash from operating activities EUR 1,526 (1,039) million
- 94% (92%) of the generated power in the EU was CO_2-free
- 80% of Nordic power sales volume hedged for the rest of 2009 at EUR 50 per MWh. Hedges for 2010-2011 unchanged from the first quarter.
- Power market liberalisation in Russia proceeded. The share of wholesale power sold at a competitive price was increased from 30% to 50% at the beginning of July.

Key figures	II/09	II/08	I-II/09	I-II/08	2008	LTM
Sales, EUR million	1,194	1,322	2,826	2,762	5,636	5,700
Operating profit, EUR million	375	348	974	957	1,963	1,980
Comparable operating profit, EUR million	400	403	1,002	984	1,845	1,863
Profit before taxes, EUR million	355	310	889	908	1,850	1,831
Earnings per share, EUR	0.32	0.27	0.78	0.78	1.74	1.74
Net cash from operating activities, EUR million	704	497	1,526	1,039	2,002	2,489
Shareholders' equity per share, EUR			8.42	8.08	8.96	N/A
Interest-bearing net debt (at end of period), EUR million			6,004	6,254	6,179	N/A
Average number of shares, 1,000s			888,230	887,131	887,256	887,760

Key financial ratios	2008	LTM
Return on capital employed, %	15.0	14.1
Return on shareholders' equity, %	18.7	19.9
Net debt/EBITDA	2.5	2.4

January–June comparable operating profit was EUR 1,002 million. The improvement from last year is mainly due to better performance in the Markets and Russia segments.

The recession continued to affect Nordic power consumption, which was about 12 terawatt-hours (TWh), or 6%, lower in January–June 2009 than in the same period the previous year. Despite lower consumption, the Nord Pool average system price of electricity was EUR 36.1 (36.3) per megawatt-hour (MWh), at approximately the same level as last year. In the same period, the Power Generation segment achieved a higher sales price than a year ago, EUR 48.8 (46.2) per MWh, mainly thanks to hedging.

The average SEK rate in the first half of 2009 decreased by approximately 15% from the first half of 2008. The translation effect caused by the decreased average SEK rate was approximately EUR -78 million in Fortum's January–June comparable operating profit, compared to the same period last year. The total translation effect in Fortum's comparable operating profit was EUR -84 million in the first half of 2009.

Fortum's liquidity is strong. Liquid funds at the end of the second quarter of 2009 amounted to EUR 1,440 million and undrawn committed credit facilities were approximately EUR 2.9 billion.

The integration of OAO Fortum (former TGC-10) has proceeded well. Fortum is well on track to reach the targeted annual efficiency improvements of approximately EUR 100 million by 2011. The power sector reform in Russia progressed as planned: The share of produced wholesale power sold on the competitive market in Russia was increased from 30% to 50% at the beginning of July.

Financial results

April–June

Group sales were EUR 1,194 (1,322) million. Group operating profit totalled EUR 375 (348) million. Comparable operating profit totalled EUR 400 (403) million.

The second-quarter net profit improved EUR 49 million from a year ago. Earnings per share were EUR 0.32 (0.27), 19% higher than in the second quarter of last year. The improvement stems from higher reported operating profit and lower interest and income tax expenses. The translation effect caused by the decreased average SEK rate was approximately EUR -28 million in Fortum's second-quarter comparable operating profit, compared to the same period last year.

Sales by segment

EUR million	II/09	II/08	I-II/09	I-II/08	2008	LTM
Power Generation	625	721	1,330	1,438	2,892	2,784
Heat	248	284	761	777	1,466	1,450
Distribution	176	180	405	412	789	782
Markets	298	411	767	930	1,922	1,759
Russia	136	152	320	152	489	657
Other	19	21	37	41	83	79
Netting of Nord Pool transactions	-212	-369	-570	-795	-1,736	-1,511
Eliminations	-96	-78	-224	-193	-269	-300
Total	1,194	1,322	2,826	2,762	5,636	5,700

Comparable operating profit by segment

EUR million	II/09	II/08	I-II/09	I-II/08	2008	LTM
Power Generation	346	384	765	779	1,528	1,514
Heat	26	27	138	148	250	240
Distribution	54	49	135	136	248	247
Markets	6	-15	4	-25	-33	-4
Russia	-16	-33	-11	-33	-92	-70
Other	-16	-9	-29	-21	-56	-64
Total	400	403	1,002	984	1,845	1,863

Operating profit by segment

EUR million	II/09	II/08	I-II/09	I-II/08	2008	LTM
Power Generation	304	260	727	691	1,599	1,635
Heat	39	37	152	167	307	292
Distribution	54	51	135	137	248	246
Markets	7	31	-4	11	-35	-50
Russia	-16	-33	-11	-33	-91	-69
Other	-13	2	-25	-16	-65	-74
Total	375	348	974	957	1,963	1,980

January–June

Group sales were EUR 2,826 (2,762) million. Group operating profit totalled EUR 974 (957) million. Comparable operating profit totalled EUR 1,002 (984) million.

The share of profits/loss of associates and joint ventures was EUR -4 million, EUR 74 million lower than in the previous year. This was mainly due to the lower contribution from Hafslund ASA's fourth-quarter 2008 earnings. Hafslund's effect is EUR 59 million of the decrease.

The Group's net financial expenses decreased to EUR 81 (119) million. The decrease is attributable to lower interest expenses, higher interest income and fair value gains. The change in fair value of derivatives was EUR 13 (-3) million.

Profit before taxes was EUR 889 (908) million.

Taxes for the period totalled EUR 172 (187) million. The tax rate according to the income statement was 19.3% (20.6%).

The profit for the period was EUR 695 (695) million. Fortum's earnings per share were EUR 0.78 (0.78).

Non-controlling (minority) interests accounted for EUR 22 (26) million. These are mainly attributable to Fortum Värme Holding AB, in which the city of Stockholm has a 50% economic interest.

Return on capital employed was 14.1% for the last twelve months (15.0% at year-end 2008), and return on shareholders' equity was 19.9% for the last twelve months (18.7% at year-end 2008).

Market conditions

NORDIC COUNTRIES

According to preliminary statistics, the Nordic countries consumed 81 (91) TWh of electricity in the second quarter of 2009, about 11% less than in the previous year. During the first half of the year, the Nordic countries consumed about 194 (206) TWh. The decrease is mainly due to the drop in industrial consumption as a result of the recession. According to Fortum's estimate, the Nordic industrial consumption decreased approximately 20% compared to the first half of 2008.

The price of coal remained fairly stable during the second quarter of 2009 and was clearly lower compared to one year before. The average market price of coal (ICE Rotterdam) during the second quarter was USD 65 (156) per tonne. After a stable first quarter of 2009, the market price for oil (ICE Brent) increased markedly, rising from USD 50 per barrel to USD 70 per barrel during the second quarter. However, oil prices were at a significantly lower level compared to the second quarter of 2008, when the price reached USD 140 per barrel. During the second quarter, the average market price of CO_2 emission allowances (EUA) for 2009 was EUR 13.9 per tonne CO_2. The corresponding price for CO_2 emission allowances for 2008 was EUR 25.7 per tonne CO_2.

Year 2009 started with the Nordic water reservoirs 5 TWh below the long-term average. At the end of the second quarter, the Nordic water reservoirs were 12 TWh below the long-term average and 19 TWh below the corresponding level last year.

During the second quarter, the average system spot price for power in Nord Pool was EUR 34.0 (34.6) per MWh. During the second quarter, the Finnish and Swedish area prices were close to the system price level, at EUR 34.3 (46.4) per MWh in Finland and at EUR 34.3 (46.4) per MWh in Sweden.

In January–June, the average system spot price for power in Nord Pool was EUR 36.1 (36.3) per MWh. The average Finnish and Swedish area prices were EUR 36.2 (42.8) per MWh and EUR 36.3 (42.8) per MWh, respectively.

In Germany, the average spot price for the second quarter of 2009 was EUR 32.4 (65.5) per MWh, being slightly lower than in the Nordic area. During the second quarter imports from Germany to the Nordic area were higher area than usual, resulting in roughly equal imports and exports.

RUSSIA

According to preliminary statistics, electricity demand in January–June 2009 decreased by 7% compared to the corresponding period in 2008.

Electricity demand in the second quarter of 2009 decreased, according to preliminary statistics, approximately by 7% compared to the corresponding period of the previous year. OAO Fortum (formerly TGC-10) operates in the Tuymen and Chelyabinsk areas, which belong to the Urals price area. Electricity consumption in the Urals region decreased by about 9 % compared to the previous year. In the Tyumen area, where industrial production is dominated by oil and gas industries, electricity demand decreased by approximately 1%. In the Chelyabinsk area, dominated by the metals industry, the decrease in electricity demand was over 25%.

The average electricity spot price, excluding capacity price, in the European and Urals part of Russia declined to RUB 640 (649) per MWh during the second quarter of 2009. The regulated electricity prices increased from a year ago. The capacity prices are still mainly regulated and were, on average, higher than a year ago.

The share of power sold on the liberalised market was increased from 30% to 50% in the beginning of July 2009. The rules for the long-term capacity market are currently under consideration by the Russian government.

Total power and heat generation figures

Fortum's total power generation during January–June 2009 was 34.1 (32.4) TWh, of which 25.3 (28.0) TWh was in the Nordic countries, representing 13% (14%) of the total

Nordic electricity consumption. Fortum's total heat production during January–June 2009 was 27.7 (18.3) TWh, of which 11.2 (11.7) TWh was in the Nordic countries.

The increase in the total power and heat generation volumes was mainly due to the inclusion of OAO Fortum, consolidated from the beginning of April 2008.

The decrease in the Nordic hydropower generation was mainly due to lower precipitation and inflows into Nordic water reservoirs. Year 2008 was an exceptionally good hydro year. The decrease in the Nordic nuclear power generation is mainly due to the planned outage in Oskarshamn 3.

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

Fortum's total power and heat generation in the EU and Norway, TWh	**II/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Power generation	11.8	13.4	25.8	28.6	52.6	49.8
Heat generation	4.2	4.9	13.3	13.9	25.0	24.4

Fortum's total power and heat generation in Russia, TWh *)	**II/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Power generation	3.6	3.8	8.3	3.8	11.6	16.1
Heat generation	4.2	4.4	14.4	4.4	15.3	25.3

*) Power and heat generation numbers for Q1/09 have been revised

Fortum's own power generation by source, TWh, total in the Nordic countries	**II/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Hydropower	5.2	6.1	10.9	12.4	22.9	21.4
Nuclear power	5.6	6.1	12.0	13.0	23.7	22.7
Thermal power	0.8	0.9	2.4	2.6	5.0	4.8
Total	11.6	13.1	25.3	28.0	51.6	48.9

Fortum's own power generation by source, %, total in the Nordic countries	**II/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Hydropower	45	46	43	44	44	44
Nuclear power	48	47	48	47	46	46
Thermal power	7	7	9	9	10	10
Total	100	100	100	100	100	100

Total power and heat sales figures

Fortum's total power sales during January–June 2009 were 39.6 (37.0) TWh, of which 28.8 (31.7) TWh were in the Nordic countries. This represents approximately 15% (15%) of the estimated Nordic electricity consumption during January–June 2009. Fortum's total heat sales during January–June 2009 were 28.6 (19.2) TWh, of which 10.3 (11.1) TWh were in the Nordic countries.

Fortum's total electricity* and heat sales in the EU and Norway, EUR million	II/09	II/08	I-II/09	I-II/08	2008	LTM
Electricity sales	620	704	1,404	1,463	2,959	2,900
Heat sales	195	224	602	619	1,157	1,140

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

Fortum's total electricity and heat sales in Russia, EUR million	II/09	II/08	I-II/09	I-II/08	2008	LTM
Electricity sales	91	105	194	105	332	421
Heat sales	44	43	125	43	141	223

Fortum's total electricity sales* by area, TWh	II/09	II/08	I-II/09	I-II/08	2008	LTM
Finland	6.3	7.2	13.7	15.0	28.7	27.4
Sweden	6.6	7.3	14.1	15.7	28.5	26.9
Russia	4.6	4.8	10.2	4.8	14.8	20.2
Other countries	0.7	0.6	1.6	1.5	3.0	3.1
Total	18.2	19.9	39.6	37.0	75.0	77.6

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

Fortum's total heat sales by area, TWh	II/09	II/08	I-II/09	I-II/08	2008	LTM
Russia	4.2	4.3	14.4	4.3	15.3	25.4
Finland	1.4	2.3	4.5	6.0	10.8	9.3
Sweden	1.7	1.6	5.7	5.0	9.1	9.8
Poland	0.4	0.6	2.2	2.1	3.6	3.7
Other countries**	0.7	0.7	1.8	1.8	3.4	3.4
Total	8.4	9.5	28.6	19.2	42.2	51.6

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

Fortum's emissions subject to the EU's trading scheme

During the first half of 2009, approximately 94% (92%) of the power generated by Fortum within the EU countries was CO_2-free.

Fortum's total CO_2 emissions subject to the EU's emissions trading scheme (ETS) in the first half of the year amounted to 3.8 (3.4) million tonnes of CO_2.

Fortum's total annual CO_2 allowance allocation for its power and heat plants is approximately 5.9 million tonnes per year during 2008-2012. In Finland, Fortum's CO_2 allocation is approximately 4.1 million tonnes of CO_2 per annum, representing 11% of the Finnish national allocation. In Sweden, Fortum's free CO_2 allocation is approximately 0.2 million tonnes of CO_2 per annum, representing 0.7% of the Swedish national allocation.

Total CO_2 emissions (million tonnes)	II/09	II/08	I-II/09	I-II/08	2008	LTM
Total emissions	4.5	4.3	11.5	6.7	17.6	22.4
Emissions subject to ETS	1.2	1.2	3.8	3.4	7.2	7.6
Free emissions allocation	-	-	-	-	5.9	-
Emissions in Russia	3.1	3.0	7.2	3.0	9.8	14.0

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/09	II/08	I-II/09	I-II/08	2008	LTM
Sales	625	721	1,330	1,438	2,892	2,784
- power sales	578	638	1,236	1,284	2,566	2,518
- other sales	47	83	94	154	326	266
Operating profit	304	260	727	691	1,599	1,635
Comparable operating profit	346	384	765	779	1,528	1,514
Net assets (at period-end)			5,384	5,524	5,331	
Return on net assets, %					29.6	30.7
Comparable return on net assets, %					28.0	28.3
Gross investments	48	32	100	50	134	184
Number of employees			3,435	3,790	3,520	

The segment's power generation during the second quarter amounted to 10.8 (12.3) TWh in the Nordic countries.

In January–June, the segment's power generation in the Nordic countries was 22.9 (25.5) TWh. In January–June, approximately 97% (98%) of the segment's power generation was CO_2-free.

The decrease in the Nordic hydropower generation is mainly due to lower precipitation and inflows into Nordic water reservoirs. The decrease in the Nordic nuclear power generation is mainly due to the extensive power increase and safety modernisation outage in Oskarshamn 3, which started at the beginning of March and is expected to continue until late September. Oskarshamn 3 capacity will increase by ~250 megawats (MW) of which Fortum's share is approximately 110 MW.

Power generation by source, TWh	II/09	II/08	I-II/09	I-II/08	2008	LTM
Hydropower, Nordic	5.2	6.1	10.9	12.4	22.9	21.4
Nuclear power, Nordic	5.6	6.1	12.0	13.0	23.7	22.7
Thermal power, Nordic	0.0	0.1	0.0	0.1	0.3	0.2
Total in the Nordic countries	**10.8**	**12.3**	**22.9**	**25.5**	**46.9**	**44.3**
Thermal in other countries	0.3	0.1	0.6	0.5	1.0	1.1
Total	**11.1**	**12.4**	**23.5**	**26.0**	**47.9**	**45.4**

Nordic sales volume, TWh	12.1	13.3	25.5	27.9	52.1	49.7
of which pass-through sales	0.9	1.0	1.8	2.1	3.7	3.4

Sales price, EUR/MWh	II/09	II/08	I-II/09	I-II/08	2008	LTM
Generation's Nordic power price*	48.0	47.9	48.8	46.2	49.3	50.8

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

During the second quarter of 2009, the average system spot price in Nord Pool was EUR 34.0 per MWh, with the Finnish and Swedish area prices being on average EUR 34.3 per MWh. During the same period, Generation's achieved Nordic power price was EUR 48.0 per MWh, slightly higher than a year ago. The segment's Nordic sales volume without pass-through items was 11.2 (12.3) TWh.

During January–June 2009, the average system spot price in Nord Pool was EUR 36.1 per MWh, while the Finnish area price was EUR 36.2 per MWh and the Swedish area price EUR 36.3 per MWh. Generation's achieved Nordic power price was EUR 48.8 per MWh, up by 6% from a year ago.

In the second quarter, the Power Generation segment’s comparable operating profit was lower than in the corresponding period last year due to lower hydropower generation and the outage in Oskarshamn 3.

In January–June 2009, the Power Generation segment’s comparable operating profit was slightly lower than in the corresponding period last year. Lower hydropower and nuclear generation volumes decreased the operating profit more than the higher achieved power price could offset. The SEK translation effect in the segment’s first-half-year comparable operating profit was approximately EUR -55 million, compared to the same period a year ago.

Fortum is a shareholder in Teollisuuden Voima Oyj (TVO), a nuclear generation company operating two nuclear power units in Olkiluoto, Finland. TVO is in the process of building a third unit, Olkiluoto 3, which is estimated to start up in summer 2012. In late March, TVO’s shareholders committed to providing a EUR 300 million subordinated shareholder’s loan to TVO. Fortum’s share of this commitment is at maximum EUR 75 million.

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 through long-term contracts as well as to Nord Pool. The segment includes the business units Värme, operating in Sweden, and Heat, operating mainly in other markets.

EUR million	**II/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Sales	248	284	761	777	1,466	1,450
- heat sales	185	215	582	601	1,120	1,101
- power sales	37	42	121	119	228	230
- other sales	26	27	58	57	118	119
Operating profit	39	37	152	167	307	292
Comparable operating profit	26	27	138	148	250	240
Net assets (at period-end)			3,503	3,599	3,468	
Return on net assets, %					8.9	8.7
Comparable return on net assets, %					7.3	7.3
Gross investments	97	79	167	191	431	407
Number of employees			2,197	2,517	2,318	

The segment's heat sales during January–June 2009 amounted to 13.1 (13.9) TWh, most of which was generated in the Nordic countries. During the same period, power sales from CHP production totalled 2.4 (2.6) TWh.

The Heat segment’s second-quarter comparable operating profit was on the same level as in the previous year.

In January–June 2009, the segment’s comparable operating profit was EUR 10 million lower than in the previous year. The operating profit was affected by a translation effect of EUR -15 million from weakened currencies, mainly SEK and PLN.

The decline in the sales volume in Finland is mainly due to the sale of a CHP company in Jyväskylä at the end of 2008 and lower industrial customer demand.

In May, Fortum sold its peat production in central Finland to Vapo Oy. In June, Fortum decided to sell its CHP plant in the city of Kokkola, Finland, to the city. The construction of three new CHP plants in Espoo, Finland, in Czestochowa, Poland, and in Pärnu, Estonia, proceeded as planned.

Heat sales by area, TWh	**II/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Finland	1.4	2.3	4.5	6.0	10.8	9.3
Sweden	1.7	1.6	5.7	5.0	9.1	9.8
Poland	0.4	0.6	2.2	2.1	3.6	3.7
Other countries	0.2	0.2	0.7	0.8	1.4	1.3
Total	3.7	4.7	13.1	13.9	24.9	24.1

Power sales, TWh	**II/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Total	0.8	0.9	2.4	2.6	4.7	4.5

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/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Sales	176	180	405	412	789	782
- distribution network transmission	152	151	351	350	669	670
- regional network transmission	18	18	39	41	77	75
- other sales	6	11	15	21	43	37
Operating profit	54	51	135	137	248	246
Comparable operating profit	54	49	135	136	248	247
Net assets (at period-end)			3,106	3,330	3,032	
Return on net assets, %					8.1	8.2
Comparable return on net assets, %					8.2	8.2
Gross investments	43	72	79	133	296	242
Number of employees			1,169	1,221	1,336	

The volume of distribution and regional network transmission during the second quarter of 2009 totalled 5.4 (5.6) TWh and 3.7 (4.0) TWh, respectively.

In the first half of 2009, the volume of distribution and regional network transmission totalled 13.6 (13.5) TWh and 8.5 (9.0) TWh, respectively.

Electricity transmission via the regional distribution network totalled 7.1 (7.5) TWh in Sweden and 1.4 (1.5) TWh in Finland.

The comparable operating profit of the Distribution segment was EUR 54 million in the second quarter, EUR 5 million higher than in the previous year. Cost savings from organisational streamlining contributed positively. The weaker average SEK led to a translation effect of approximately EUR -5 million in the comparable operating profit.

In January–June 2009, the Distribution segment's comparable operating profit was EUR 1 million lower than in the previous year. The decline was due to the weaker average SEK that led to a translation effect of approximately EUR -12 million.

The legislation for monthly meter reading in Sweden took effect on 1 July 2009. Fortum has completed the main Automatic Meter Management (AMM) roll-out and is presently discussing with the AMM service provider how to structure the operations phase.

Volume of distributed electricity in distribution network, TWh	**II/09**	**II/08**	**I-II/09**	**I-II/08**	**2008**	**LTM**
Sweden	3.0	3.1	7.4	7.4	14.0	14.0
Finland	2.0	2.0	4.9	4.8	9.3	9.4
Norway	0.4	0.5	1.2	1.2	2.3	2.3
Estonia	0.0	0.0	0.1	0.1	0.2	0.2
Total	5.4	5.6	13.6	13.5	25.8	25.9

Number of electricity distribution customers by area, thousands	**30 Jun 2009**	**30 Jun 2008**	**31 Dec 2008**
Sweden	880	874	877
Finland	607	602	606
Other countries	124	123	123
Total	1,611	1,599	1,606

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. Markets sells approximately 70% of its volumes to business customers and 30% to retail consumers.

EUR million	II/09	II/08	I-II/09	I-II/08	2008	LTM
Sales	298	411	767	930	1,922	1,759
- power sales	289	397	751	898	1,865	1,718
- other sales	9	14	16	32	57	41
Operating profit	7	31	-4	11	-35	-50
Comparable operating profit	6	-15	4	-25	-33	-4
Net assets (at period-end)			106	236	188	
Return on net assets, %					-14.0	-25.4
Comparable return on net assets, %					-15.3	0.7
Gross investments	0	2	1	3	3	1
Number of employees			637	817	635	

In the second quarter of 2009, Markets' electricity sales totalled 6.3 (8.3) TWh.

For the first half of the year, Markets sales volume was 16.0 (19.5) TWh.

The decrease in the sales volume was mainly due to the business customers' lower consumption as a result of the economic recession and some discontinued contracts with business customers.

Markets' second-quarter and first-half-year comparable operating profit improved strongly from a year ago. The improvement is thanks to Markets' turnaround programme, including the launch of the new Kesto-product pricing model in Finland, re-negotiated sales agreements, renewed hedging operations and cost saving actions.

Russia

The segment comprises power and heat generation and sales in Russia. The segment includes OAO Fortum and Fortum's holding in TGC-1. OAO Fortum is accounted for as a subsidiary and fully consolidated from 1 April 2008. TGC-1 is an associated company and accounted for using the equity method.

EUR million	II/09	II/08	I-II/09	I-II/08	2008	LTM
Sales	136	152	320	152	489	657
- power sales	91	105	194	105	332	421
- heat sales	44	43	125	43	141	223
- other sales	1	4	1	4	16	13
EBITDA	2	-11	26	-11	-24	13
Operating profit	-16	-33	-11	-33	-91	-69
Comparable operating profit	-16	-33	-11	-33	-92	-70
Net assets (at period-end)			2,049	2,329	2,205	
Return on net assets, %					-3.7	-2.8
Comparable return on net assets, %					-3.8	-2.9
Gross investments	41	43	62	1,074	1,748	736
Number of employees			5,619	7,188	7,262	

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

The segment's power sales during the second quarter of 2009 amounted to 4.6 (4.8) TWh. During the same period, heat sales of the segment totalled 4.2 (4.3) TWh. The segment sold approximately 2/3 of its power in Tuymen and other oil- and gas-producing areas in the OAO Fortum region. The remaining 1/3 of its volumes were sold in the Chelyabinsk region where the metals industry dominates wholesale electricity demand.

In the second quarter of 2009, the average electricity spot price in the Urals hub was 5% lower than a year ago, RUB 603 (634) per MWh. During the second quarter of 2009, OAO Fortum sold 27% of its electricity production at the liberalised electricity price.

OAO Fortum's average regulated electricity price was 12% higher than a year ago at 525 (469) RUB/MWh. The average regulated capacity price in the second quarter of 2009 was 17% higher than a year ago at RUB 186,600 per MW per month. In the corresponding period of 2008, the price was RUB 159,200 per MW per month.

During the second quarter of 2009, the average limit gas price in the Urals region was 1,730 RUB/1000 m^3, 11% higher than in the corresponding period of 2008.

Key electricity, capacity and gas prices for OAO Fortum	II/09	II/08	Change %	I-II/09	I-II/08
Electricity spot price (market price), Urals hub, RUB/MWh	603	634	-5	569	669
Average regulated electricity price for OAO FORTUM, RUB/MWh	525	469	12	534	475
Average regulated capacity price, RUB/MW/month	186,600	159,200	17	188,100	158,500
Average limit gas price in Urals region, RUB/1000 m^3	1,730	1,560	11	1,679	1,560

The segment booked a comparable operating loss of EUR -16 (-33) million in the second quarter of 2009. The improvement mainly stems from OAO Fortum's efficiency improvement programme and a higher electricity sales margin. In January–June 2009, the Russia segment's comparable operating result, EUR -11 million, was EUR 22 million better than in the previous year.

OAO Fortum's business is typically very seasonal: Its results usually are strongest during the first and last quarters of the year. OAO Fortum figures have been consolidated starting from the beginning of April 2008.

The Russian power sector reform is proceeding. Starting 1 January 2009, 30% of all produced power in Russia was sold on the competitive market. The share increased to 50% at the beginning of July 2009. The wholesale power market is expected to be fully liberalised by 2011.

Fortum is focusing on the integration of OAO Fortum. The integration process started in April 2008. The new organisational structure and Fortum's management model have been in place since the beginning of September 2008. The integration has proceeded well and several targets for efficiency improvements have been identified. Consequently, the annual efficiency improvements are expected to be approximately EUR 100 million by 2011.

OAO Fortum discontinued its operation and maintenance contract with the city of Tyumen for the operation of municipal heat networks as of 1 July 2009. This will reduce the number of OAO Fortum employees by approximately 750.

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares in January–June 2009 totalled EUR 412 (1,459) million. Investments, excluding acquisitions, were EUR 352 (408) million.

HEAT

A new CHP plant in Estonia (Tartu) was taken into commercial use in late March. The construction of the new CHP plants in Espoo, Finland, in Czestochowa, Poland, and in Pärnu, Estonia, proceeded.

Fortum and the city of Kokkola in Finland signed a letter of intent according to which Fortum will sell its CHP plant in Kokkola to the city. Fortum will sell the plant for approximately EUR 24 million. The final agreement is to be signed by the end of July and the transaction is to take effect as of 1 August 2009.

In May, Fortum sold its peat production in central Finland to Vapo Oy. At the same time, Fortum and Vapo made a long-term contract on delivering peat to Fortum's Joensuu power plant.

These divestments are part of the Heat segment's business development programme aiming to ensure long-term profitability of the segment.

DISTRIBUTION

In April, the EU Parliament voted in favour of the third energy market package. If the package enters into force in its current form, one of the consequences will be that Fortum will have to sell its 25% ownership in the Finnish electricity transmission system operator

Fingrid Oyj by early 2012. Consequently, Fortum has started preparations for the sale of the Fingrid shares.

RUSSIA

OAO Fortum's ongoing investment programme will increase its power capacity from the current ~3,000 MW to 5,300 MW. The value for the remaining part of the programme, calculated at year-end 2008 exchange rates, is estimated to be EUR 2.0 billion from January 2009 onwards.

The Russian Government is currently reviewing the investment programmes of the generating companies in light of the decreased power demand. Fortum has confirmed its commitment to fulfil OAO Fortum's investment programme. However, the potential postponement of some projects by 1-3 years is currently under review.

Financing

Net debt increased during the second quarter by EUR 370 million to EUR 6,004 million (year-end 2008: EUR 6,179 million). The increase in net debt is mainly due to the EUR 888 million dividend payment made in April. The liquidity position continued to be strong, and, at the end of June 2009, the Groups liquid funds totalled EUR 1,440 million (year-end 2008: EUR 1,321 million). The liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 753 million (year-end 2008: 1,020 million). In addition, Fortum had access to approximately EUR 2.9 billion of undrawn committed credit facilities.

In January-June 2009, the Group's net financial expenses were EUR 81 (119) million. The decrease is mainly attributable to lower average interest rates during the first half of 2009 compared to the corresponding period last year. Net financial expenses include fair value gains on financial instruments amounting to EUR 13 (-3) million.

During the second quarter Fortum Corporation completed three long-term financing transactions, raising a total of approximately EUR 600 million. The tenor of these new financings varies from 5 to 10 years.

Net debt to EBITDA for the last twelve months was 2.4 (2.5 at year-end 2008).

On 29 June 2009, Standard and Poor's placed Fortum's long-term credit rating A- (stable) on CreditWatch with positive implications following a change in their methodology for rating of "government-related entities".

Fortum Corporation's long-term credit rating from Moody's was A2 (stable).

Shares and share capital

In January–June 2009, a total of 344.1 (299.7) million Fortum Corporation shares, totalling EUR 5,195 million, were traded. Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 14,409 million. The highest quotation of Fortum Corporation shares on the NASDAQ OMX Helsinki in the first half of the year was EUR 18.01, the lowest EUR 12.60, and the volume-weighted average quotation EUR 15.11. The closing quotation on the last trading day of the period was EUR 16.22 (32.26).

A total of 200,878 shares subscribed on the basis of share option schemes were entered into the trade register in the second quarter of 2009. At the end of the quarter, Fortum Corporation did not own its own shares.

After registrations, Fortum Corporation’s share capital was EUR 3,046,185,953 and the total number of registered shares was 888,367,045 at the end of the quarter. The share capital of Fortum Corporation increased by a total of EUR 682,985.20.

The subscription period for the last remaining option scheme ended on 1 May 2009 and thus no further shares can be subscribed for and registered under the share option schemes.

At the end June 2009, the Finnish state's holding in Fortum was 50.8%. The proportion of nominee registrations and direct foreign shareholders was 33.6%.

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.

Group personnel

The number of employees at the end of the quarter was 13,586 (16,069). The average number of employees in the Group in January–June was 14,310 (12,603). The increase in the number of employees compared to the same period last year is due to the acquisition of OAO Fortum.

The outsourcing of certain infrastructure service functions to Infratek ASA reduced the number of people in the Power Generation and Distribution segments.

Outlook

KEY DRIVERS AND RISKS

The key factor influencing Fortum's business performance is the wholesale price of electricity. Key drivers behind wholesale price development are the supply-demand balance, fuel and CO_2 emissions allowance prices as well as the hydrological situation. The exchange rates of the Swedish krona and Russian rouble also affect Fortum's financials. The balance sheet translation effects from potential changes in currency exchange rates are booked in Fortum’s equity.

Fortum's financial results are exposed to a number of strategic, financial and operational risks. For further details on Fortum's risks and risk management, see Fortum's Operating and Financial Review and Financial Statements for 2008.

MARKET DEMAND

The recession impacts the markets in which Fortum operates. This may increase Fortum’s counterparty risk. The recession may continue to depress electricity consumption in the Nordic countries and Russia. Fortum expects the electricity consumption to return to a growth path after the recession.

RUSSIA

In Russia, one of the key assumptions in the OAO Fortum acquisition is the continuation of the Russian power sector reform. As planned, the share of power sold at a competitive price was increased from 30% to 50% on 1 July 2009. The share is planned to be increased from 50% to 60% at the beginning of January 2010. The rules for the long-term capacity market, taking place from 2011 onwards, are under preparation. The wholesale power market is expected to be fully liberalised in 2011.

The average limit gas price (regulated gas price) for the third and fourth quarter of 2009 will increase by 7% and 6.2%, respectively. The regulated electricity price is indexed to the regulated gas price and inflation on annual basis.

OAO Fortum is committed and contractually obligated to a significant investment programme, amounting to approximately EUR 2.0 billion for 2009 and onwards. However, the recession is likely to further affect the Russian power demand-supply balance. The Russian Government is currently reviewing the investment programmes of the generating companies in light of the decreased power demand. Fortum has confirmed its commitment to fulfil OAO Fortum's investment programme. However, the potential postponement of some projects by 1-3 years is currently under review.

The acquisition of OAO Fortum is expected to marginally dilute Fortum’s EPS during 2009. Annual efficiency improvements are expected to be approximately EUR 100 million by 2011.

CAPITAL EXPENDITURE

Fortum expects its annual capital expenditure in the next 4-5 years to be within a range of EUR 0.8-1.2 billion.

HEDGING

In mid-July, the electricity forward price in Nord Pool for the rest of 2009 was around EUR 37 per MWh. The electricity forward price for 2010 was around EUR 37-38 per MWh and for 2011 around EUR 38-39 per MWh. At the same time, the future quotations for coal (ICE Rotterdam) for the rest of 2009 were around USD 72 per tonne and the market price for emissions allowances (EUA) for 2009 was about EUR 14 per tonne CO_2.

In mid-July, Nordic water reservoirs were about 13 TWh below the long-term average and 17 TWh below the corresponding level of 2008.

Fortum Power Generation's achieved Nordic power price typically depends on e.g. the hedge ratio, hedge price, spot prices, availability and utilisation of Fortum's flexible production portfolio and currency fluctuations. Excluding the potential effects from the changes in the power generation mix, a 1 EUR/MWh change in Generation’s achieved Nordic sales price results in an approximately EUR 50 million change in Fortum's annual operating profit.

At the end of June 2009, Fortum had hedged approximately 80% of the Power Generation segment's estimated Nordic electricity sales volume for the rest of 2009 at approximately EUR 50 per MWh. For the calendar year 2010, approximately 65% of the segment's estimated Nordic electricity sales volume was hedged at approximately EUR 43 per MWh. For the calendar year 2011, approximately 30% of the Power Generation segment's estimated Nordic electricity sales volume was hedged at approximately EUR 42 per MWh.

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

Pool forwards or standardised futures, consisting of several types of products and maturities.

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

Fortum's results in the first half of the year were solid, despite the recession. A flexible, low-cost and climate-benign generation portfolio accompanied by a strong financial position and liquidity enable Fortum to meet current challenges and to be ready for new opportunities.

Espoo, 17 July 2009
Fortum Corporation
Board of Directors

Further information:
Tapio Kuula, President and CEO, tel. +358 10 452 4112
Juha Laaksonen, CFO, tel. +358 10 452 4519

Fortum's Investor Relations, tel. +358 10 452 4138 / investors@Fortum.com

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 interim financials have not been audited.

Publication of results in 2009:
Interim Report January-September will be published on 22 October 2009 at approx. 9:00 EET.

Distribution:
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Key media
www.Fortum.com

Information on the full-year report, including detailed quarterly information, is available on Fortum's website at www.Fortum.com/investors.

FORTUM GROUP
JANUARY-JUNE 2009
Interim Financial Statements are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT

MEUR	Note	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Sales	4	**1 194**	1 322	**2 826**	2 762	5 636	5 700
Other income		**4**	-42	**31**	19	230	242
Materials and services		**-411**	-465	**-1 067**	-986	-2 117	-2 198
Employee benefit costs		**-127**	-137	**-255**	-273	-587	-569
Depreciation, amortisation and impairment charges	4, 12	**-124**	-135	**-246**	-246	-515	-515
Other expenses		**-161**	-195	**-315**	-319	-684	-680
Operating profit		**375**	348	**974**	957	1 963	1 980
Share of profit/loss of associates and joint ventures	4, 13	**29**	36	**-4**	70	126	52
Interest expense		**-64**	-95	**-132**	-155	-351	-328
Interest income		**22**	27	**53**	44	143	152
Fair value gains and losses on financial instruments		**2**	-1	**13**	-3	-11	5
Other financial expenses - net		**-9**	-5	**-15**	-5	-20	-30
Finance costs - net		**-49**	-74	**-81**	-119	-239	-201
Profit before income tax		**355**	310	**889**	908	1 850	1 831
Income tax expense	9	**-61**	-65	**-172**	-187	-254	-239
Profit for the period		**294**	245	**717**	721	1 596	1 592
Attributable to:							
Owners of the parent company		**289**	243	**695**	695	1 542	1 542
Non-controlling interests		**5**	2	**22**	26	54	50
		294	245	**717**	721	1 596	1 592
Earnings per share (in € per share)	10						
Basic		**0.32**	0.27	**0.78**	0.78	1.74	1.74
Diluted		**0.32**	0.27	**0.78**	0.78	1.74	1.74

Condensed consolidated statement of comprehensive income

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	2007
Profit for the period	**294**	245	**717**	721	1 596	1 608
Other comprehensive income:						
Cash flow hedges						
Fair value gains/losses in the period	**-282**	-446	**-90**	-354	453	-167
Transfers to income statement	**-60**	20	**-83**	66	160	-69
Transfers to inventory/fixed assets	**-6**	1	**-1**	1	-4	-
Tax effect	**90**	114	**47**	76	-168	64
Net investment hedges						
Fair value gains/losses in the period	**-1**	-	**-2**	-	-	2
Available for sale financial assets						
Fair value losses in the period	**0**	-	**0**	-	-1	-
Exchange differences on translating foreign operations	**87**	6	**-127**	-56	-621	-36
Share of other comprehensive income of associates [1)]	**-36**	-18	**-39**	-429	-628	366
Other changes	**-3**	-	**-7**	-	1	6
Other comprehensive income for the period, net of tax	**-211**	-323	**-302**	-696	-808	166
Total comprehensive income for the year	**83**	-78	**415**	25	788	1 774
Total comprehensive income attributable to:						
Owners of the parent	**70**	-90	**412**	0	797	1 731
Non-controlling interests	**13**	12	**3**	25	-9	43
	83	-78	**415**	25	788	1 774
1) Of which fair value change in Hafslund ASAs shareholding in REC incl. translation differences	**-24**	-28	**-28**	-437	-667	353

CONDENSED CONSOLIDATED BALANCE SHEET

MEUR	Note	**June 30 2009**	June 30 2008	Dec 31 2008
ASSETS				
Non-current assets				
Intangible assets	12	**363**	426	395
Property, plant and equipment	12	**12 172**	13 118	12 138
Participations in associates and joint ventures	4, 13	**2 105**	2 461	2 112
Share in State Nuclear Waste Management Fund	16	**577**	528	566
Other non-current assets		**120**	86	117
Deferred tax assets		**4**	42	2
Derivative financial instruments	6	**275**	221	445
Long-term interest-bearing receivables		**809**	811	742
Total non-current assets		**16 425**	17 693	16 517
Current assets				
Inventories		**431**	316	444
Derivative financial instruments	6	**371**	260	761
Trade and other receivables		**806**	1 015	1 235
Bank deposits		**432**	-	588
Cash and cash equivalents		**1 008**	1 247	733
Liquid funds	15	**1 440**	1 247	1 321
Total current assets		**3 048**	2 838	3 761
Total assets		**19 473**	20 531	20 278
EQUITY				
Equity attributable to owners of the parent				
Share capital	14	**3 046**	3 042	3 044
Share premium		**73**	73	73
Retained earnings		**4 009**	3 970	4 312
Other equity components		**348**	82	525
Total		**7 476**	7 167	7 954
Non-controlling interests		**427**	925	457
Total equity		**7 903**	8 092	8 411
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	15	**7 061**	6 543	6 520
Derivative financial instruments	6	**174**	373	120
Deferred tax liabilities		**1 762**	1 808	1 851
Nuclear provisions	16	**577**	528	566
Pension and other provisions		**249**	270	250
Other non-current liabilities		**460**	464	470
Total non-current liabilities		**10 283**	9 986	9 777
Current liabilities				
Interest-bearing liabilities	15	**383**	958	980
Derivative financial instruments	6	**125**	509	126
Trade and other payables		**779**	986	984
Total current liabilities		**1 287**	2 453	2 090
Total liabilities		**11 570**	12 439	11 867
Total equity and liabilities		**19 473**	20 531	20 278

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Share premium	Retained earnings and other funds	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associated companies	Owners of the parent company	Non-controlling interests	Total equity
Total equity at 31.12.2008	**3 044**	**73**	**4 888**	**-576**	**321**	**36**	**168**	**7 954**	**457**	**8 411**
Net profit for the period			695					695	22	717
Translation differences				-120	-4		12	-112	-7	-119
Other comprehensive income			-2		-116	-2	-51	-171	-12	-183
Total comprehensive income for the period			693	-120	-120	-2	-39	412	3	415
Cash dividend 1)			-888					-888		-888
Dividends to non-controlling interests								0	-19	-19
Changes due to business combinations			-4					-4	-14	-18
Stock options exercised 2)	2		16			-16		2		2
Total equity at 30.6.2009	**3 046**	**73**	**4 705**	**-696**	**201**	**18**	**129**	**7 476**	**427**	**7 903**
Total equity at 31.12.2007	**3 040**	**73**	**4 552**	**-21**	**-120**	**35**	**800**	**8 359**	**292**	**8 651**
Net profit for the period			695					695	26	721
Translation differences				-58			-5	-63	2	-61
Other comprehensive income					-208		-424	-632	-3	-635
Total comprehensive income for the period			695	-58	-208		-429	0	25	25
Cash dividend 1)			-1 198					-1 198		-1 198
Dividends to non-controlling interests								0	-21	-21
Changes due to business combinations						4		4	629	633
Stock options exercised	2							2		2
Total equity at 30.6.2008	**3 042**	**73**	**4 049**	**-79**	**-328**	**39**	**371**	**7 167**	**925**	**8 092**
Total equity at 31.12.2007	**3 040**	**73**	**4 552**	**-21**	**-120**	**35**	**800**	**8 359**	**292**	**8 651**
Net profit for the period			1 542					1 542	54	1 596
Translation differences				-555			-148	-703	-66	-769
Other comprehensive income					441	1	-484	-42	3	-39
Total comprehensive income			1 542	-555	441	1	-632	797	-9	788
Cash dividend 1)			-1 198					-1 198		-1 198
Dividends to non-controlling interests								0	-18	-18
Changes due to business combinations			-8					-8	192	184
Stock options exercised	4							4		4
Total equity at 31.12.2008	**3 044**	**73**	**4 888**	**-576**	**321**	**36**	**168**	**7 954**	**457**	**8 411**

1) See Note 11 Dividends.

2) Accounting effect of the last stock option program (2002B) when the subscription period ended 1 May 2009.

Starting from Q1 2009 Fortum has implemented IAS 1 (revised) Presentation of financial statements, see Note 2 Accounting policies. The consolidated statement of changes in total equity has changed format. Comparison numbers have been reclassified to be in line with the new format.

Translation differences*)

Translation differences impacted equity attributable to owners of the parent company with EUR -112 million in Q1-Q2 2009, mainly due to the weakening RUB. Part of the translation differences is arising from the NOK effect in fair valuation of Hafslund's REC shares, EUR +10 million, which is shown together with the change in fair value in OCI items associated companies.

Cash flow hedges

The impact on equity attributable to owners of the parent company from fair valuation of cash flow hedges, EUR -120 million in Q1-Q2 2009, mainly relates to cash flow hedges hedging electricity price for future transactions. When electricity price is higher than the hedging price, the impact on equity is negative.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	Note	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Cash flow from operating activities							
Operating profit before depreciations (EBITDA)		**499**	483	**1 220**	1 203	2 478	2 495
Non-cash flow items and divesting activities		**18**	55	**19**	18	-275	-274
Financial items and realised foreign exchange gains and losses		**160**	-35	**299**	-80	233	612
Taxes		**-117**	-123	**-131**	-200	-332	-263
Funds from operations		**560**	380	**1 407**	941	2 104	2 570
Change in working capital		**144**	117	**119**	98	-102	-81
Total net cash from operating activities		**704**	497	**1 526**	1 039	2 002	2 489
Cash flow from investing activities							
Capital expenditures [1]	4, 12	**-171**	-215	**-351**	-379	-1 018	-990
Acquisition of subsidiaries, net of cash acquired	7	**-3**	0	**-22**	-764	-1 210	-468
Acquisition of associates [2]	13	**0**	0	**-31**	-8	-32	-55
Acquisition of other long-term investments		**-1**	-1	**-1**	-1	-1	-1
Proceeds from sales of fixed assets		**10**	1	**11**	5	37	43
Proceeds from sales of subsidiaries, net of cash disposed	7	**0**	0	**11**	0	44	55
Proceeds from sales of associates	13	**0**	0	**0**	0	34	34
Proceeds from sales of other non-current assets		**1**	0	**1**	0	0	1
Change in interest-bearing receivables		**-13**	-20	**-32**	-50	-136	-118
Total net cash used in investing activities		**-177**	-235	**-414**	-1 197	-2 282	-1 499
Cash flow before financing activities		**527**	262	**1 112**	-158	-280	990
Cash flow from financing activities							
Net change in loans		**-1 242**	64	**-35**	2 321	2 621	265
Dividends paid to the Company's equity holders		**-888**	-1 198	**-888**	-1 198	-1 198	-888
Other financing items		**-21**	-125	**-8**	-124	-103	13
Total net cash used in financing activities		**-2 151**	-1 259	**-931**	999	1 320	-610
Total net increase (+)/decrease (-) in liquid funds		**-1 624**	-997	**181**	841	1 040	380
Liquid funds at the beginning of the period		**3 041**	2 237	**1 321**	427	427	1 247
Foreign exchange differences in liquid funds		**23**	7	**-62**	-21	-146	-187
Liquid funds at the end of the period		**1 440**	1 247	**1 440**	1 247	1 321	1 440

[1] Capital expenditures in cash-flow do not include not yet paid investments. Capitalised borrowing costs are included in interest costs paid.

[2] Acquisition of associates include share issues.

Change in net debt	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Net debt beginning of the period	**5 634**	5 228	**6 179**	4 466	4 466	6 254
Foreign exchange rate differences	**7**	-40	**44**	-2	-203	-157
EBITDA	**499**	483	**1 220**	1 203	2 478	2 495
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**61**	-103	**187**	-262	-374	75
Change in working capital	**144**	117	**119**	98	-102	-81
Capital expenditures	**-171**	-215	**-351**	-379	-1 018	-990
Acquisitions	**-4**	-1	**-54**	-773	-1 243	-524
Divestments	**11**	1	**23**	5	115	133
Change in interest-bearing receivables	**-13**	-20	**-32**	-50	-136	-118
Dividends	**-888**	-1 198	**-888**	-1 198	-1 198	-888
Other financing activities	**-21**	-125	**-8**	-124	-103	13
Net cash flow (- increase in net debt)	**-382**	-1 061	**216**	-1 480	-1 581	115
Loans in acquired companies	**-**	-4	**-**	272	272	0
Fair value change of bonds and amortised cost valuation	**-19**	9	**-3**	38	63	22
Net debt end of period	**6 004**	6 254	**6 004**	6 254	6 179	6 004

KEY RATIOS

MEUR	**June 30 2009**	March 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008	Last twelve months
EBITDA, MEUR	**1 220**	721	2 478	1 735	1 203	720	2 495
Earnings per share (basic), EUR	**0.78**	0.46	1.74	1.10	0.78	0.51	1.74
Capital employed, MEUR	**15 347**	17 404	15 911	15 756	15 593	16 868	15 347
Interest-bearing net debt, MEUR	**6 004**	5 634	6 179	6 520	6 254	5 228	N/A
Capital expenditure and gross investments in shares, MEUR	**412**	181	2 624	2 210	1 459	1 227	1 577
Capital expenditure, MEUR	**352**	150	1 108	716	408	175	1 052
Return on capital employed, % [1]	**13.1**	14.5	15.0	13.7	14.6	17.3	14.1
Return on shareholders' equity, % [1]	**17.4**	19.6	18.7	15.7	17.2	21.0	19.9
Net debt / EBITDA [1]	**2.5**	2.0	2.5	2.8	2.6	1.8	2.4
Interest coverage	**12.3**	16.0	9.4	7.6	8.6	14.1	11.2
Interest coverage including capitalised borrowing costs	**10.5**	12.9	8.6	7.1	8.1	13.8	9.7
Funds from operations/interest-bearing net debt, % [1]	**38.9**	45.1	34.1	27.1	30.1	42.9	42.8
Gearing, %	**76**	65	73	81	77	56	N/A
Equity per share, EUR	**8.42**	9.34	8.96	8.49	8.08	9.53	N/A
Equity-to-assets ratio, %	**41**	40	41	39	39	44	N/A
Average number of employees	**14 310**	14 644	14 077	13 585	12 603	8 356	N/A
Number of employees	**13 586**	14 267	15 579	15 785	16 069	15 689	N/A
Average number of shares, 1 000 shares	**888 230**	888 095	887 256	887 241	887 131	887 085	887 760
Diluted adjusted average number of shares, 1 000 shares	**888 230**	888 250	887 839	887 986	888 165	888 177	887 760
Number of registered shares, 1 000 shares	**888 367**	888 166	887 638	887 517	887 191	887 123	N/A

[1] Quarterly figures are annualised.
For definitions, see Note 24.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

2. ACCOUNTING POLICIES

The same accounting policies and presentation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the effects of the adoption of the standards described below:

• IAS 23 (amendment) Borrowing costs
The revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The adoption of the revised IAS 23 changed slightly Fortum's accounting policy for capitalising borrowing costs as previously only borrowings costs meeting determined criteria were capitalised. Fortum has applied the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after 1 January 2009. The change did not have a material effect on Q1-Q2 2009 reported results or financial position.

• IAS 1 (revised) Presentation of financial statements
IAS 1 (revised) changed the terminology and presentation of the income statement and the statement of changes in equity. The standard requires to separate changes in equity of an entity arising from transactions with owners from other changes in equity. The adoption of the standard had no impact on Fortum's reported results or financial position.

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 2008.

4. SEGMENT INFORMATION

SALES

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Power sales excluding indirect taxes	**711**	809	**1 598**	1 568	3 291	3 321
Heating sales	**239**	267	**727**	662	1 298	1 363
Network transmissions	**170**	169	**390**	391	746	745
Other sales	**74**	77	**111**	141	301	271
Total	**1 194**	1 322	**2 826**	2 762	5 636	5 700

SALES BY SEGMENT

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Power Generation	**625**	721	**1 330**	1 438	2 892	2 784
- of which internal	***64***	*21*	***143***	*74*	*0*	*69*
Heat	**248**	284	**761**	777	1 466	1 450
- of which internal	***3***	*0*	***12***	*7*	*0*	*5*
Distribution	**176**	180	**405**	412	789	782
- of which internal	***3***	*2*	***4***	*5*	*10*	*9*
Markets	**298**	411	**767**	930	1 922	1 759
- of which internal	***8***	*34*	***30***	*66*	*177*	*141*
Russia	**136**	152	**320**	152	489	657
- of which internal	***0***	-	***0***	-	*0*	*0*
Other	**19**	21	**37**	41	83	79
- of which internal	***18***	*21*	***35***	*41*	*82*	*76*
Netting of Nord Pool transactions [1)]	**-212**	-369	**-570**	-795	-1 736	-1 511
Eliminations	***-96***	*-78*	***-224***	*-193*	*-269*	*-300*
Total	**1 194**	1 322	**2 826**	2 762	5 636	5 700

[1)] Sales and purchases with Nord Pool 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 SEGMENT

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Power Generation	**304**	260	**727**	691	1 599	1 635
Heat	**39**	37	**152**	167	307	292
Distribution	**54**	51	**135**	137	248	246
Markets	**7**	31	**-4**	11	-35	-50
Russia	**-16**	-33	**-11**	-33	-91	-69
Other	**-13**	2	**-25**	-16	-65	-74
Total	**375**	348	**974**	957	1 963	1 980

COMPARABLE OPERATING PROFIT BY SEGMENT

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Power Generation	**346**	384	**765**	779	1 528	1 514
Heat	**26**	27	**138**	148	250	240
Distribution	**54**	49	**135**	136	248	247
Markets	**6**	-15	**4**	-25	-33	-4
Russia	**-16**	-33	**-11**	-33	-92	-70
Other	**-16**	-9	**-29**	-21	-56	-64
Comparable operating profit	**400**	403	**1 002**	984	1 845	1 863
Non-recurring items	**10**	0	**14**	2	85	97
Other items effecting comparability	**-35**	-55	**-42**	-29	33	20
Operating profit	**375**	348	**974**	957	1 963	1 980

NON-RECURRING ITEMS BY SEGMENT

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Power Generation	**1**	0	**5**	0	18	23
Heat	**9**	0	**9**	2	64	71
Distribution	**0**	0	**0**	0	2	2
Markets	**0**	0	**0**	0	0	0
Russia	**0**	0	**0**	0	1	1
Other	**0**	0	**0**	0	0	0
Total	**10**	0	**14**	2	85	97

Non-recurring items mainly include capital gains and losses.

OTHER ITEMS EFFECTING COMPARABILITY BY SEGMENT

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Power Generation [1]	**-43**	-124	**-43**	-88	53	98
Heat	**4**	10	**5**	17	-7	-19
Distribution	**0**	2	**0**	1	-2	-3
Markets	**1**	46	**-8**	36	-2	-46
Russia	**0**	0	**0**	0	0	0
Other	**3**	11	**4**	5	-9	-10
Total	**-35**	-55	**-42**	-29	33	20
[1] Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	**-10**	-8	**-21**	-17	-19	-23

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

DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES BY SEGMENT

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Power Generation	**22**	25	**45**	49	97	93
Heat	**38**	41	**76**	83	169	162
Distribution	**41**	42	**80**	83	165	162
Markets	**2**	2	**3**	4	7	6
Russia	**18**	22	**37**	22	67	82
Other	**3**	3	**5**	5	10	10
Total	**124**	135	**246**	246	515	515

SHARE OF PROFIT/LOSS IN ASSOCIATES AND JOINT VENTURES BY SEGMENT

MEUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008	2008	Last twelve months
Power Generation [1), 2)]	**-5**	1	**-11**	-7	26	22
Heat	**7**	1	**12**	8	12	16
Distribution	**5**	1	**9**	11	16	14
Markets	**1**	1	**1**	1	5	5
Russia	**5**	18	**5**	18	19	6
Other	**16**	14	**-20**	39	48	-11
Total	**29**	36	**-4**	70	126	52
[1] Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):	**-3**	-4	**-6**	-7	9	10

[2] 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.

PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES BY SEGMENT

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
Power Generation	**864**	802	818
Heat	**166**	157	160
Distribution	**218**	242	210
Markets	**12**	8	12
Russia	**405**	481	429
Other	**440**	771	483
Total	**2 105**	2 461	2 112

CAPITAL EXPENDITURE BY SEGMENT

MEUR	**Q2 2009**	Q2 2008	**Q1-Q2 2009**	Q1-Q2 2008	2008	Last twelve months
Power Generation	**23**	32	**44**	50	134	128
Heat	**97**	78	**167**	169	408	406
Distribution [1)]	**43**	72	**79**	133	296	242
Markets	**0**	2	**1**	3	3	1
Russia	**38**	45	**59**	45	256	270
Other	**1**	4	**2**	8	11	5
Total	**202**	233	**352**	408	1 108	1 052
Of which capitalised borrowing costs	**5**	6	**14**	7	21	28

1) Decrease is mainly due to the finalisation of installation of new meters in Fortum's network areas in Sweden (Automatic Meter Management, AMM).

GROSS INVESTMENTS IN SHARES BY SEGMENT

MEUR	**Q2 2009**	Q2 2008	**Q1-Q2 2009**	Q1-Q2 2008	2008	Last twelve months
Power Generation	**25**	0	**56**	0	0	56
Heat	**0**	1	**0**	22	23	1
Distribution	**0**	0	**0**	0	0	0
Markets	**0**	0	**0**	0	0	0
Russia	**3**	-2	**3**	1 029	1 492	466
Other	**1**	0	**1**	0	1	2
Total	**29**	-1	**60**	1 051	1 516	525

Gross investments in shares in Q1-Q2 2009 comprise mainly of Hafslund Infratek ASA shares acquired in January 2009 and additional share capital to be paid to Teollisuuden Voima Oy
See Note 13.

NET ASSETS BY SEGMENT

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
Power Generation	**5 384**	5 524	5 331
Heat	**3 503**	3 599	3 468
Distribution	**3 106**	3 330	3 032
Markets	**106**	236	188
Russia	**2 049**	2 329	2 205
Other	**433**	825	796
Total	**14 581**	15 843	15 020

RETURN ON NET ASSETS BY SEGMENT

%	**Last twelve months**	Dec 31 2008
Power Generation	**30.7**	29.6
Heat	**8.7**	8.9
Distribution	**8.2**	8.1
Markets	**-25.4**	-14.0
Russia	**-2.8**	-3.7
Other	**-12.0**	-1.8

COMPARABLE RETURN ON NET ASSETS BY SEGMENT

%	**Last twelve months**	Dec 31 2008
Power Generation	**28.3**	28.0
Heat	**7.3**	7.3
Distribution	**8.2**	8.2
Markets	**0.7**	-15.3
Russia	**-2.9**	-3.8
Other	**-19.5**	-1.7

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 2009	June 30 2008	Dec 31 2008
Power Generation	**5 927**	6 026	5 732
Heat	**3 838**	3 976	3 923
Distribution	**3 553**	3 815	3 546
Markets	**474**	794	663
Russia	**2 313**	2 589	2 476
Other	**602**	920	997
Assets included in Net assets	**16 707**	18 120	17 337
Interest-bearing receivables	**837**	823	799
Deferred taxes	**4**	42	2
Other assets	**485**	299	819
Liquid funds	**1 440**	1 247	1 321
Total assets	**19 473**	20 531	20 278

LIABILITIES BY SEGMENTS

MEUR	June 30 2009	June 30 2008	Dec 31 2008
Power Generation	**543**	502	401
Heat	**335**	377	455
Distribution	**447**	485	514
Markets	**368**	558	475
Russia	**264**	260	271
Other	**169**	95	201
Liabilities included in Net assets	**2 126**	2 277	2 317
Deferred tax liabilities	**1 762**	1 808	1 851
Other liabilities	**238**	853	199
Total liabilities included in Capital employed	**4 126**	4 938	4 367
Interest-bearing liabilities	**7 444**	7 501	7 500
Total equity	**7 903**	8 092	8 411
Total equity and liabilities	**19 473**	20 531	20 278

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

NUMBER OF EMPLOYEES	June 30 2009	June 30 2008	Dec 31 2008
Power Generation	**3 435**	3 790	3 520
Heat	**2 197**	2 517	2 318
Distribution	**1 169**	1 221	1 336
Markets	**637**	817	635
Russia	**5 619**	7 188	7 262
Other	**529**	536	508
Total	**13 586**	16 069	15 579

Number of employees in Fortum decreased during the first half of 2009 mainly due to outsourcing of certain infrastructure functions from Power Generation's Service Business unit and Distribution segment to Hafslund Infratek ASA in Q1 2009 as well as restructuring in Russia segment. Within the Group, a number of people working in OAO Fortum were transferred to Power Generation's Service Business unit in Q1 2009.

AVERAGE NUMBER OF EMPLOYEES	Q1-Q2 2009	Q1-Q2 2008	2008
Power Generation	**3 488**	3 585	3 591
Heat	**2 232**	2 390	2 422
Distribution	**1 202**	1 166	1 222
Markets	**632**	831	766
Russia	**6 232**	4 110	5 566
Other	**524**	521	510
Total	**14 310**	12 603	14 077

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

5. QUARTERLY SEGMENT INFORMATION

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

QUARTERLY SALES BY SEGMENTS

MEUR	**Q2 2009**	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	**625**	705	736	718	721	717
- of which internal	***64***	*79*	*5*	*-79*	*21*	*53*
Heat	**248**	513	463	226	284	493
- of which internal	***3***	*9*	*-3*	*-4*	*-*	*7*
Distribution	**176**	229	206	171	180	232
- of which internal	***3***	*1*	*3*	*2*	*2*	*3*
Markets	**298**	469	531	461	411	519
- of which internal	***8***	*22*	*50*	*61*	*34*	*32*
Russia	**136**	184	197	140	152	-
- of which internal	**0**	0	-	-	-	-
Other	**19**	18	21	21	21	20
- of which internal	***18***	*17*	*21*	*20*	*21*	*20*
Netting of Nord Pool transactions	**-212**	-358	-476	-465	-369	-426
Eliminations	***-96***	*-128*	*-76*	*0*	*-78*	*-115*
Total	**1 194**	1 632	1 602	1 272	1 322	1 440

QUARTERLY OPERATING PROFIT BY SEGMENTS

MEUR	**Q2 2009**	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	**304**	423	470	438	260	431
Heat	**39**	113	155	-15	37	130
Distribution	**54**	81	61	50	51	86
Markets	**7**	-11	-29	-17	31	-20
Russia	**-16**	5	-19	-39	-33	-
Other	**-13**	-12	-27	-22	2	-18
Total	**375**	599	611	395	348	609

QUARTERLY COMPARABLE OPERATING PROFIT BY SEGMENTS

MEUR	**Q2 2009**	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	**346**	419	378	371	384	395
Heat	**26**	112	109	-7	27	121
Distribution	**54**	81	63	49	49	87
Markets	**6**	-2	0	-8	-15	-10
Russia	**-16**	5	-20	-39	-33	-
Other	**-16**	-13	-22	-13	-9	-12
Total	**400**	602	508	353	403	581

QUARTERLY NON-RECURRING ITEMS BY SEGMENT

MEUR	**Q2 2009**	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation	**1**	4	7	11	0	0
Heat	**9**	0	60	2	0	2
Distribution	**0**	0	0	2	0	0
Markets	**0**	0	-	0	0	-
Russia	**0**	0	1	0	-	-
Other	**0**	0	0	0	0	0
Total	**10**	4	68	15	0	2

QUARTERLY OTHER ITEMS EFFECTING COMPARABILITY

MEUR	**Q2 2009**	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Power Generation 1)	**-43**	0	85	56	-124	36
Heat	**4**	1	-14	-10	10	7
Distribution	**0**	0	-2	-1	2	-1
Markets	**1**	-9	-29	-9	46	-10
Russia	**0**	-	-	-	-	-
Other	**3**	1	-5	-9	11	-6
Total	**-35**	-7	35	27	-55	26

1) Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	**-10**	-11	-12	10	-8	-9

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 those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

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 2009**		June 30 2008		Dec 31 2008
Interest and currency derivatives	**Notional value**	**Net fair value**	Notional value	Net fair value	Notional value	Net fair value
Interest rate swaps	**3 406**	**-15**	2 726	-11	2 993	-12
Forward foreign exchange contracts	**5 111**	**23**	4 509	20	4 521	370
Forward rate agreements	**139**	**0**	686	0	230	0
Interest rate and currency swaps	**1 669**	**164**	2 898	69	2 240	218

Electricity derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	TWh	**MEUR**	TWh	MEUR	TWh	MEUR
Sales swaps	**176**	**1 107**	138	-2 270	165	2 102
Purchase swaps	**118**	**-911**	107	1 782	123	-1 692
Purchased options	**11**	**-12**	2	13	2	0
Written options	**13**	**2**	6	-30	4	-14

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	**1 274**	**-5**	657	-21	1 047	-14
Purchase swaps and futures	**1 437**	**0**	857	28	1 230	11

Coal derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	kt	**MEUR**	kt	MEUR	kt	MEUR
Sold	**795**	**2**	330	-16	276	7
Bought	**1 108**	**-10**	635	33	641	-16

CO2 emission allowance derivatives	**Volume**	**Net fair value**	Volume	Net fair value	Volume	Net fair value
	ktCO2	**MEUR**	ktCO2	MEUR	ktCO2	MEUR
Sold	**1 620**	**5**	4 507	-40	592	4
Bought	**1 886**	**-5**	4 502	41	592	-4

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)]	**24**	**16**	35	53	37	24

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

7. ACQUISITIONS AND DISPOSALS

Gross investments in subsidiary shares during January to June 2009 amounted to EUR 4 million (2008: 1,051). During June 2009 OAO Fortum (former TGC-10) has redeemed additional shares, approximately 0.2 %. At the end of June 2009, Fortum's ownership in OAO Fortum was 94.4% including treasury shares and shares held by OAO Fortum's 100% owned subsidiary.

Final purchase price allocation for the acquisition of OAO Fortum
The initial purchase price allocation as of 31 March 2008 has been finalised during Q1 2009 as permitted by International Financial Reporting Standards. No material changes have been made compared to the information disclosed in the Consolidated Financial statements for 2008. The initial purchase price allocation calculated in roubles have been translated into euros by using the exchange rate from the acquisition date. The redeemed shares in 2009 are not included in the purchase consideration disclosed in the table below.

MEUR	**OAO Fortum**
Purchase consideration	
Cash paid	2 533
Direct costs relating to the acquisition	8
Total purchase consideration	2 541
Fair value of the acquired assets	2 211
Translation differences	-9
Goodwill	339

Fair value of the acquired net identifiable assets:	Acquired Book Values	Allocated Fair Values	Total Value
Cash and cash equivalents	1 321		1 321
Property, plant and equipment	625	1 005	1 630
Other assets	182		182
Non-interest-bearing liabilities	-107	-388	-495
Interest-bearing liabilities	-272		-272
Net identifiable assets	1 749	617	2 366
Minority interests	-117	-38	-155
Total	1 632	579	2 211

Gross investment in OAO Fortum:	
Purchase consideration settled in cash	2 541
Cash and cash equivalents in subsidiaries acquired	1 321
Cash outflow on acquisition	1 220
Interest-bearing debt in subsidiaries acquired	272
Total	1 492

Disposals
In January 2009 Fortum and (Norwegian) Hafslund Infratek ASA combined their businesses of construction and operating of infrastructure in Sweden, Finland and Norway. In the transaction Fortum received 33% ownership in the new combined company. For more information see Note 13.

8. EXCHANGE RATES

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

Key exchange rates for Fortum Group applied in the accounts:

Average rate	**Jan-June 2009**	Jan-March 2009	Jan-Dec 2008	Jan-Sept 2008	Jan-June 2008	Jan-March 2008
Sweden (SEK)	10.8633	10.9679	9.6647	9.4559	9.4088	9.4265
Norway (NOK)	9.0049	9.1034	8.2605	8.0187	7.9843	7.9998
Poland (PLN)	4.4764	4.5018	3.5328	3.4402	3.4926	3.5676
Russia (RUB)	44.1087	44.3928	36.6905	36.5670	36.6348	36.4660

Balance sheet date rate	**June 30 2009**	March 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	March 31 2008
Sweden (SEK)	10.8125	10.9400	10.8700	9.7943	9.4703	9.3970
Norway (NOK)	9.0180	8.8900	9.7500	8.3330	8.0090	8.0510
Poland (PLN)	4.4520	4.6885	4.1535	3.3967	3.3513	3.5220
Russia (RUB)	43.8810	45.0320	41.2830	36.4095	36.9477	37.1130

9. INCOME TAX EXPENSE

Tax rate according to the income statement for the period January to June 2009 was 19.3% (20.6%). The tax rate for the period is lower than in the comparable period 2008 mainly due to the impact of the lower tax rates in Sweden and Russia.

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 Fortums share of profits after tax. The tax rate for the period calculated excluding the share of profits from associates and joint ventures was 19.3% (22.3%). The tax rate is impacted by the lowering of corporate tax rates in Sweden and Russia.

The tax rate for the full year 2008, excluding the impact of tax rate changes, non taxable capital gains and share of profits of associated companies was 22.1%.

10. EARNINGS PER SHARE

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

	Q1-Q2 2009	Q1-Q2 2008	2008
Earnings (MEUR):			
Profit attributable to the owners of the parent	**695**	695	1 542
Number of shares (thousands):			
Weighted average number of shares for the purpose of basic earnings per share	**888 230**	887 131	887 256
Effect of dilutive share options	**-**	1 034	583
Weighted average number of shares for the purpose of diluted earnings per share	**888 230**	888 165	887 839

11. DIVIDEND PER SHARE

A dividend in respect of 2008 of EUR 1.00 per share, amounting to EUR 888 million based on the number of shares registered as of 14 April 2009, was decided at the Annual General Meeting on 7 April 2009. The dividend was paid on 21 April 2009.

The Annual General Meeting on 1 April 2008 decided to distribute a dividend in respect of 2007 of EUR 1.35 per share to the shareholders of which EUR 0.77 per share was paid from Fortum's recurring earnings and EUR 0.58 per share as additional dividend in order to steer the company's capital structure towards the target. The total dividend was EUR 1,198 million based on the amount of shares registered as of 4 April 2008. The dividend was paid out 11 April 2008.

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

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
Opening balance	**12 533**	11 428	11 428
Increase through acquisition of subsidiary companies	**-**	1 999	1 980
Capital expenditures	**352**	408	1 108
Changes of nuclear asset retirement cost	**-1**	-	22
Changes of emission rights	**-13**	-	14
Disposals	**-3**	-3	-14
Depreciation, amortisation and impairment	**-246**	-246	-515
Sale of subsidiary companies	**-5**	-	-31
Translation differences and other adjustments	**-82**	-42	-1 459
Closing balance	**12 535**	13 544	12 533
Goodwill included in Closing balance	280	333	298
Change in goodwill during the period due to translation differences	-18	-9	-43

13. CHANGES IN PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
Opening balance	**2 112**	2 853	2 853
Share of profits of associates and joint ventures	**-4**	70	126
Investments	**31**	7	7
Share issues and shareholders' contributions	**25**	1	1
Increase through acquisition of subsidiary companies	**-**	35	36
Reclassifications	**-5**	-1	-3
Divestments	**-**	-	-13
Dividend income received	**-22**	-46	-51
OCI items associated companies	**-39**	-429	-628
Translation differences	**7**	-29	-216
Closing balance	**2 105**	2 461	2 112

Share of profits from associates and joint ventures
Share of profits from associates in Q2 2009 was EUR 29 million (2008: 36) of which Fortum's share of profits in Hafslund ASA was EUR 18 million (2008: 14). For the period from January to June 2009 Fortum's share of profits from associates was -4 million (2008: 70). Fortum's share of profits for the full year 2008 amounted to EUR 126 million, of which Hafslund represented EUR 48 million. 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 updated interim information is not normally available. Hafslund published their interim report for Q2 2009 on 16 July 2009. The effect of Hafslund's Q2 is not included in Fortum's Q2 results.

Share of profits in Q2 includes EUR 5 million (2008: 18) regarding TGC-1. Fortum accounts for the share of profits once a year in Q2 based on the published IFRS Financial Statements for the previous year.

Investments and share issues
Fortum and (Norwegian) Hafslund Infratek ASA combined their businesses of construction and operating of infrastructure in Sweden, Finland and Norway at the beginning of 2009. Fortum received newly issued shares in Hafslund Infratek ASA and 33% ownership in the new combined company.

Teollisuuden Voima Oyj's (TVO) Annual General meeting decided to raise company's share capital by EUR 100 million of which Fortum's share is EUR 25 million. Increase in Fortum's participation in TVO was booked in Q2 2009.

Dividends received
During Q2 2009 Fortum has received EUR 20 million (2008: 40) in dividends from associates of which EUR 17 million (2008: 25) was received from Hafslund.

OCI items in associated companies
OCI items in associated companies mainly represents the fair value change in Hafslund's shareholding in REC. In Q2 the fair value change of the REC shares was EUR -24 million (2008: -28) and the fair value change since year-end was EUR -28 million (2008: -437). The cumulative fair value change in Fortum's equity, based on the remaining number of shares reported by Hafslund, was EUR 98 million at 30 June 2009 which represents a decrease with EUR 24 million during Q2 2009.

14. SHARE CAPITAL

MEUR	**Number of shares June 30 2009**	**Share capital June 30 2009**	Number of shares June 30 2008	Share capital June 30 2008	Number of shares Dec 31 2008	Share capital Dec 31 2008
Registered shares at 1 January	**887 638 080**	**3 044**	886 683 058	3 040	886 683 058	3 040
Shares subscribed with options and registered at the end of the period	**728 965**	**2**	508 385	2	955 022	4
Registered shares at the end of the period	**888 367 045**	**3 046**	887 191 443	3 042	887 638 080	3 044
Unregistered shares	**-**		-		56 000	

There are no unexercised stock options remaining on June 30 2009.

15. INTEREST-BEARING LIABILITIES

During the first quarter Fortum Oyj issued a dual-tranche Euro Bond of EUR 750 million due 2014 and EUR 750 million due 2019 under Fortum's Euro Medium-Term Note Program. The amount of re-borrowing from the Finnish nuclear waste fund was increased by EUR 66 million to EUR 774 million. During the first quarter EUR 300 million under the EUR 1.5 billion 5 year revolving Credit Facility and a OAO Fortum (former TGC-10) RUB 5,000 million bond (EUR 112 million) were repaid.

During the second quarter Fortum completed three major long term financing transactions, a dual-tranche Private Placement of NOK 500 million due 2014 and NOK 500 million due 2017 (totally EUR 110 million) as well as two bilateral loan transactions; a 10 year loan of EUR 240 million from Varma Mutual Insurance Company and a 10 year loan of EUR 250 million from the European Investment Bank. The proceeds for these new financing arrangements will be used for financing of Fortum's investment program as well as for general corporate purposes.

During the quarter Fortum Oyj repaid maturing bonds issued in 2006 of SEK 2,500 million (EUR 231 million) as well as amortized EUR 1,000 million of a 3 year EUR 2,000 million Term-loan and all drawn amounts (EUR 300 million) under the EUR 1,500 million 5 year Revolving Credit Facility. Both facilities raised in March 2008 in connection with the acquisition of OAO Fortum (TGC-10). In June OAO Fortum repaid RUB 2,937 million (EUR 67 million) of local bond financing.

Fortum Oyj also uses short term financing by issuing Commercial Papers (CPs) in the Finnish and Swedish markets. Per quarter end the amount of short term CPs outstanding was EUR 314 million.

Fortum is a shareholder in Teollisuuden Voima Oyj (TVO), a nuclear generation company operating two reactors in Olkiluoto, Finland. TVO is in the process of building a third reactor, Olkiluoto 3, which is planned to start operating in 2012. In late March, TVO's shareholders signed a EUR 300 million subordinated shareholder's loan commitment to TVO. The facility will be available until the end of 2013. Fortum's share of this commitment is maximum EUR 75 million.

The reported interest-bearing debt decreased during the quarter by EUR 1,231 million from EUR 8,675 million to EUR 7,444 million. Total liquid funds decreased by EUR 1,601 million from EUR 3,041 million to EUR 1,440 million. Liquid funds included deposits and cash held by OAO Fortum amounting to EUR 753 million.

Dividends both in 2009, EUR 888 million, and in 2008, EUR 1,198 million, were paid in Q2 the respective year.

16. NUCLEAR RELATED ASSETS AND LIABILITIES

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
Carrying values in the balance sheet:			
Nuclear provisions	**577**	528	566
Share in the State Nuclear Waste Management Fund	**577**	528	566
Legal liability and actual share of the State Nuclear Waste Management Fund:			
Liability for nuclear waste management according to the Nuclear Energy Act	**895**	816	895
Funding obligation target	**767**	698	767
Fortum's share of the State Nuclear Waste Management Fund	**767**	698	728

Nuclear related provisions

The liability regarding the Loviisa nuclear power plant is calculated according to the Nuclear Energy Act and was decided by Ministry of Employment and the Economy in January 2009. The liability is based on an updated cost estimate, which is done every year, and on a technical plan, which is made every third year and was updated last time in 2007. The legal liability at 30 June 2009, based on the decision by the Ministry of Employment and the Economy and calculated according to the Nuclear Energy Act, amounted to EUR 895 million.

The provision in the balance sheet related to nuclear waste management is based on cash flows for future costs which uses the same basis as the legal liability. The carrying value of the nuclear provision, calculated according to IAS37, have increased by EUR 11 million compared to 31 December 2008, totaling EUR 577 million as of 30 June 2009. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

Fortum's share in the State Nuclear Waste Management Fund

Fortum contributes funds to the State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in January each year in connection with the decision of size of the legal liability. The funding obligation target based on the decided legal liability and approved periodising of the payments to the Fund is EUR 767 million. The Fund is from an IFRS perspective overfunded with EUR 190 million, since Fortum's share of the Fund as of 30 June 2009 is EUR 767 million and the carrying value in the balance sheet is EUR 577 million.

Effects to comparable operating profit and operating profit

Operating profit in Power Generation segment is affected by the accounting principle for Fortum's share of the Finnish Nuclear Waste Management Fund, since the carrying value of the Fund in Fortum's balance sheet can in maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the effects to operating profit from this adjustment will be positive if the provisions increase more than the Fund and negative if actual value of the fund increases more than the provisions. This accounting effect is not included in Comparable operating profit in Fortum financial reporting, see Other items effecting comparability in Note 4. Fortum had an effect from this adjustment in Q2 2009 of EUR -10 million, compared to EUR -9 million in Q2 2008 . The cumulative effect 2009 was EUR -21 million compared to EUR -17 million in 2008.

Associated companies

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

17. PLEDGED ASSETS

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
On own behalf			
For debt			
Pledges	**292**	228	229
Real estate mortgages	**137**	138	137
For other commitments			
Real estate mortgages	**220**	206	206
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	**2**	3	2

Pledged assets for debt

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund. During Q1 2009 Fortum increased its borrowing from the Fund (see Note 15) and has therefore pledged additional Kemijoki shares as security. The carrying value of the pledged shares amount to EUR 263 million (208 million) as of 30 June 2009 (and 31 December 2008 respectively).

Pledged assets for other commitments

Fortum has given real estate mortgages in Naantali and Inkoo power plants in Finland, total value of EUR 219 million, as a security to the State Nuclear Waste Management Fund for the uncovered part of the legal liability and unexpected events relating to future costs.

18. OPERATING LEASE COMMITMENTS

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
Due within a year	**22**	25	28
Due after one year and within five years	**40**	39	47
Due after five years	**81**	93	86
Total	**143**	157	161

The decrease in operating lease commitments from the end of 2008 is mainly due to the sale of infrastructure companies and exchange rate differences.

19. CAPITAL COMMITMENTS

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
Property, plant and equipment	**1 120**	483	1 321
Intangible assets	**7**	9	7
Total	**1 127**	492	1 328

The decrease in capital commitments from 31 December 2008 is mainly due to the finalisation of the automatic meter reading investment in Distribution Sweden, the decline of the Russian rouble and that the investments regarding the CHP plants being built in the Heat business in Finland, Estonia and Poland are proceeding.

20. CONTINGENT LIABILITIES

MEUR	**June 30 2009**	June 30 2008	Dec 31 2008
On own behalf			
Other contingent liabilities	**340**	849	362
On behalf of associated companies and joint ventures			
Guarantees	**565**	638	565
Other contingent liabilities	**125**	125	125
On behalf of others			
Guarantees	**13**	10	10
Other contingent liabilities	**1**	1	1

Guarantees on own behalf
Other contingent liabilities on own behalf amounts to EUR 340 million. The decrease of EUR 22 million from 31 December 2008 refers mainly to changes in contractual obligations relating to Fortum's Service business in the UK and exchange rate changes.

Guarantees on behalf of associated companies
According to law, nuclear companies operating in Finland and Sweden shall give securities to the Finnish State Nuclear Waste Management Fund and the Swedish Nuclear Waste Fund respectively, to guarantee that sufficient funds exist to cover future expenses of decommissioning of power plant and disposal of spent fuel.

The guarantee given on behalf of Teollisuuden Voima Oyj (TVO) to the Finnish fund has decreased from EUR 70 million at year-end 2008 to EUR 67 million during Q2 2009. The size of the guarantee is updated yearly in Q2, based on the decisions regarding legal liability and the funding target which takes place around year-end.

21. LEGAL ACTIONS AND OFFICIAL PROCEEDINGS

Group companies
No material changes in legal actions and official proceedings has occurred during the reporting period.

Associated companies
In Finland, Fortum is participating in the country's fifth nuclear power plant unit, Olkiluoto 3, through the shareholding in Teollisuuden Voima Oyj (TVO) with an approximately 25% share representing some 400 MW in capacity. In January 2009 the constructor TVO disclosed information, confirmed by the plant supplier, consortium AREVA-Siemens, that the construction of the unit is delayed and the unit is estimated to start up in summer 2012. In June 2009, TVO informed that the arbitration filed in December by AREVA-Siemens, concerning Olkiluoto 3 delay and related costs amounted to EUR 1.0 billion. In response, TVO has filed in April 2009 a counter-claim for costs and losses that TVO is incurring due to the delay and other defaults on the part of the supplier. The value of TVO's counterclaim is currently approximately EUR 1.4 billion.

22. RELATED PARTY TRANSACTIONS

Related party transactions are described in the annual financial statements as of the year ended 31 December 2008 . No material changes have occurred during the period.

The Finnish State owned 50.80% of the shares in Fortum 31 December 2008. After the changes in amount of shares during 2009 due to the share subscriptions under the last option scheme 2002B, the Finnish state owned 50.76% of the Company's shares at 30 June 2009.

ASSOCIATED COMPANY TRANSACTIONS

MEUR	**Q2 2009**	Q2 2008	2008
Sales to associated companies	**48**	65	113
Interest on associated company loan receivables	**17**	17	34
Purchases from associated companies	**275**	272	563

ASSOCIATED COMPANY BALANCES

MEUR	**Q2 2009**	Q2 2008	Dec 31 2008
Long-term interest-bearing loan receivables	**736**	682	659
Trade receivables	**6**	15	24
Other receivables	**6**	7	5
Long-term loan payables	**199**	184	184
Trade payables	**31**	10	26
Other payables	**4**	38	18

TRANSACTIONS AND BALANCES WITH JOINT VENTURES
Transactions and balances with joint ventures as at and for the period ended 30 June 2009 are not material for the Group.

23. EVENTS AFTER THE BALANCE SHEET DATE

OAO Fortum discontinued its operation and maintenance contract with the city of Tyumen for operation of municipal heat networks as of 1 July 2009. This will reduce the number of OAO Fortum employees by approximately 750.

24. 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
Capital expenditure	=	Capitalised investments in property, plant and equipment and intangible assets including maintenance, productivity, growth and investments required by legislation including borrowing costs capitalised during construction period. Maintenance investments expand lifetime of an existing asset, maintain useage/availability and/or maintains reliability. Productivity improves productivity in an existing asset. Growth investments' purpose is to build new assets and/or to increase customer base within existing businesses. Legislation investments are done at certain point of time due to legal requirements.
Gross investments in shares	=	Investments in subsidiary shares, shares in associated companies and other shares in available for sale financial assets. Investments in subsidiary shares are net of cash and grossed with interest-bearing liabilities in the acquired company.
Return on shareholders' equity, %	=	$\frac{\text{Profit for the year}}{\text{Total equity average}} \times 100$
Return on capital employed, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}} \times 100$
Return on net assets, %	=	$\frac{\text{Operating profit + Share of profit (loss) in associated companies and joint ventures}}{\text{Net assets average}} \times 100$
Comparable return on net assets, %	=	$\frac{\text{Comparable operating profit + Share of profit (loss) in associated companies and joint ventures (adjusted for IAS 39 effects and major sales gains or losses)}}{\text{Comparable net assets average}} \times 100$
Capital employed	=	Total assets - non-interest bearing liabilities - deferred tax liabilities - provisions
Net assets	=	Non-interest bearing assets + interest-bearing assets related to the Nuclear Waste Fund - non-interest bearing liabilities - provisions (non-interest bearing assets and liabilities do not include finance related items, tax and deferred tax and assets and liabilities from fair valuations of derivatives where hedge accounting is applied)
Comparable net assets	=	Net assets adjusted for non-interest bearing assets and liabilities arising from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39
Interest-bearing net debt	=	Interest-bearing liabilities - liquid funds
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} \times 100$
Equity-to-assets ratio, %	=	$\frac{\text{Total equity including minority interest}}{\text{Total assets}} \times 100$
Net debt / EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{Operating profit + Depreciation, amortisation and impairment charges}}$
Interest coverage	=	$\frac{\text{Operating profit}}{\text{Net interest expenses}}$
Interest coverage including capitalised borrowing costs	=	$\frac{\text{Operating profit}}{\text{Net interest expenses-capitalised borrowing costs}}$
Earnings per share (EPS)	=	$\frac{\text{Profit for the period - minority interest}}{\text{Average number of shares during the period}}$
Equity per share	=	$\frac{\text{Shareholder's equity}}{\text{Number of shares excluding treasury shares at the end of the period}}$
Last twelve months	=	Twelve months preceding the reporting date