

Financial Statements  
Vantaa Energy Group

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## Report of the Board of Directors for 2008

### General review

The Vantaa Energy Group consists of the parent company Vantaa Energy Ltd and its subsidiaries and associated companies.

The subsidiaries and associated companies of Vantaa Energy Ltd are (ownership shares in brackets): Vantaa Energy Electricity Networks Ltd (100%), Svartisen Holding A/S (49.6%), Suomen Energia-Urakointi Oy (25.9%), and Energiansäästöpalvelu Enespa Oy (24.8%).

Vantaa Energy Ltd produces energy services for its customers. The company's main products are electricity, district heating and natural gas. Vantaa Energy sells electricity to corporate customers throughout Finland and to households in Vantaa and its neighbouring areas. The company's market area for the district heating business is Vantaa. It also provides natural gas for industrial needs.

Its subsidiary Vantaa Energy Electricity Networks Ltd is responsible for electricity network operations in Vantaa.

Vantaa Energy Ltd is owned by the City of Vantaa (60%) and the City of Helsinki (40%).

The year 2008 was the company's 98th year of operation.

The market price of electricity at the annual level increased by 70% on the previous year. Reasons for this included the strong rise in fuel prices and emission allowances. Nordic hydropower production and water supplies remained close to the average values throughout the year. At the end of the year, the market price of fuels and electricity turned to a sharp fall.

Vantaa Energy Ltd increased its selling prices of electricity that are effective until further notice by about 3% for customers subscribing to general electricity and by some 7% for customers with electric heating. The price increases were effective from 1 April 2008. As of 1 November 2008, the company increased the selling prices of electricity by some 9% under contracts effective until further notice, based on the increase in electricity market prices.

District heat prices were raised by an average of 6.3% on 1 January 2008 and by about 5% on 1 July 2008.

Vantaa Energy Electricity Networks Ltd increased its electricity transmission tariffs by an average of 9% starting from 1 July 2008. Electricity taxes and fuel taxes in heat production increased by more than 10% at the beginning of the year.

### Financial performance

Consolidated turnover totalled EUR 203.5 million (EUR 178.5 million), with operating profit amounting to EUR 35.8 million (EUR 36.5 million). Profit before appropriations and taxes stood at EUR 37.7 million (EUR 38.4 million).

The turnover of the parent company Vantaa Energy Ltd amounted to EUR 174.5 million (EUR 152.2 million). Electricity sales accounted for EUR 105.3 million (EUR 89.1 million) and heat sales EUR 66.5 million (61.1 million) of the turnover. The parent company's operating profit stood at EUR 26.1 million (EUR 27.0 million), and profit before appropriations and taxes was EUR 41.5 million (EUR 40.8 million). Direct taxes amounted to EUR 10.9 million (EUR 10.6 million).

The Group's gross investments in fixed assets totalled EUR 29.2 million (EUR 21.7 million). The electrical power system was upgraded and expanded with EUR 7.4 million (EUR 7.4 million). A total of EUR 10.9 million (EUR 4.6 million) were invested in a new district heating plant and the construction of a district heating network. Other significant investments included the refurbishment of a power plant turbine, with EUR 3.7 million invested. A total of EUR 1.0 million (EUR 3.0 million) were invested in the development of remote metering, while EUR 3.7 million were invested in production shares and other stocks.

### Key financial figures:

Key figure	Group		Parent company		
	2008	2007	2008*)	2007*)	2006
Turnover, EUR mill.	203.5	178.5	174.5	152.2	167.3
Operating profit, EUR mill.	35.8	36.5	26.1	27.0	32.6
Return on equity (ROE) %	19.3	20.6	20.9	22.6	20.0
Equity ratio %	39.9	39.7	40.1	39.0	38.7
Gross investments, EUR mill.	29.2	21.7	20.9	11.7	19.2
% of turnover	14.4	12.1	12.0	7.7	11.5

\*) Due to the change in Group structure, the parent company's figures are not fully comparable with the year 2006.

## Development of business operations

As in previous years, the company's electricity generation was based on its own combined heat and power (CHP) generation, which accounted for 65% of total electricity generation. The company's own auxiliary cooling production totalled 1% and shares in various partly-owned power plants 34%. The annual output of the Martinlaakso power plant was 1,019 (1,021) GWh of electricity and 1,544 (1,535) GWh of district heat.

Vantaa Energy Ltd has a 49.63% share in Svartisen Holding A/S whose wholly-owned subsidiary, Eastern Norge Svartisen A/S, has leased the right to use 26% of the power of the Svartisen hydropower plant in Norway. Vantaa Energy Ltd signed a long-term electricity purchase agreement with ENS, which enables transmission of hydropower to Finland, corresponding to the share amount.

Vantaa Energy Ltd won a competitive bidding on a waste-fired power plant project of the Helsinki Metropolitan Area Council (YTV). YTV will purchase waste treatment on a service basis. The company is building a waste-fired power plant in the area of Långmossabergen north-east of the junction of Ring Road III and the Porvoo Motorway. The power plant is estimated to be commissioned in 2014.

As a shareholder of Voimaosakeyhtiö SF, the company took an active part in the preparation of the nuclear power plant project of Fennovoima Oy.

With respect to heating requirements, year 2008 was 18.7% (12.0%) warmer than the long-term average. District heating and steam energy sales to the Vantaa region amounted to 1.584 GWh (1.608 GWh). The total contracted capacity of district heating customers was 832 MW (808 MW).

Electricity sales to companies and private customers developed well, despite increasing competition. The total sales of electric energy amounted to 2,177 GWh (2,134GWh), showing an increase of 2%. Of the electricity sold, 47% was generated by Vantaa Energy, 24% was generated at a shared power plant, and 29% was purchased electricity.

Retail sales of natural gas to customers totalled 41 GWh (41 GWh).

## Risk management

The aim of Vantaa Energy's risk management measures is to support the achievement of business objectives and to prevent any negative effects. The Board of Directors of Vantaa Energy approves the Group's risk management policy. The policy specifies the key principles, responsibilities and processes of risk management.

Major risks and uncertainties have been identified and key risks are managed in a systematic way. Key risks include fluctuation in the market price of electricity, rise in fuel prices, public authority regulation that is difficult to forecast, extensive disturbances in the electricity or heating network or energy production, availability of skilled employees, and problems in information systems.

Of the financial risks, management of risks in the price of electricity and fuels is regarded as particularly significant. In the year under review, particular attention was paid to preparation for the price and availability risk with fossil fuels. Political and legislative risks are often related to poor predictability, and they also have a key impact on the operating preconditions in the sector. This requires active communication with decision-makers. In production, a new safety management system was introduced. With respect to operational risks, the risks involved in remote reading and metering operations were assessed at the subsidiary Vantaa Energy Electricity Networks Ltd. The Group's insurance needs were mapped, and a competitive bidding was arranged for its insurance policies.

## Employees

Vantaa Energy had an average of 335 (339) employees during the financial period. Salaries, wages and bonuses totalled EUR 15.8 million (EUR 15.1 million).

### Key employee figures:

Key figure	Group		Parent company		
	2008	2007	2008 *)	2007 *)	2006
Average number of employees during financial period	335	339	271	276	348
Permanent as of 31 Dec.	321	319	261	259	332
- monthly salary	247	246	207	206	253
- hourly wages	76	73	54	53	79
- men	228	222	178	173	233
- women	93	97	83	86	99
Fixed-term contracts as of 31 Dec.	12	15	8	10	14
Average age of employees, yrs	46.8	46.8	46.7	46.5	47.1
Paid salaries, wages and bonuses	15.8	15.1	12.9	12.4	14.9

\*) Due to the change in Group structure, the parent company's figures are not fully comparable with the year 2006

More key employee figures are available in Vantaa Energy's corporate social responsibility report for 2008.

## Environment

The management of Vantaa Energy's environmental issues is guided by an environmental management system complying with the ISO 14001 standard. The company's environmental work is based on the legislative and operational requirements for its own operating environment, its social responsibility policy, and the set environmental goals and targets.

The most significant environmental aspects of Vantaa Energy are related to the use and storage of fuels, as well as the origin of waste and emissions into the air. Most of the environmental impacts are created by energy generation. Vantaa Energy made no significant environmental investments in 2008.

The Martinlaakso power plant and six heating plants are covered by the emissions trading scheme. The carbon dioxide emissions for 2008 totalled approx. 770,000 tonnes. The company was granted 751,513 tonnes of free emission allowances for the first year of the Kyoto period of 2008–2012, and therefore it had to acquire more emission allowances and emission reductions from the market. Vantaa Energy Ltd meets some of its emission allowance obligations by acquiring emission reduction units.

The company management regularly monitors the development of its environmental key figures and the achievement of their targets. The key environmental indicators are related to energy production, atmospheric emissions and waste. Environmental costs are also monitored at the company level as relevant information.

Vantaa Energy provides more detailed environmental figures in its annual corporate social responsibility report.

## Social responsibility

Vantaa Energy's environmental policy was expanded into a Group social responsibility policy, creating guidelines for social responsibility management in the company. The policy also provides a good basis for further development of economic, environmental and social responsibility.

The social responsibility report for 2007 was published in April 2008. It was the sixth report by Vantaa Energy, describing operations in line with the environmental management system and the results of constant improvement of operations in a transparent way. Vantaa Energy's report for 2007 received a special commendation in the nationwide Social Responsibility 2008 review.

Vantaa Energy's social responsibility report has been verified by an independent outside body since 2006.

Reporting will continue and it will be developed further on the basis of the Global Reporting Initiative (GRI G3) Guidelines. The social responsibility report for 2008 will be published in spring 2009.

The Group has joined the Action Plans of the Energy Efficiency Agreements of the business and industrial sectors, which aim to promote the energy efficiency of companies and citizens in accordance with the EU energy and climate targets.

## Research and development

Vantaa Energy is a Group that focuses on the production of energy services and makes only minor investments in its own research and development. The Group participates in development projects mainly by providing financing to interesting R&D projects and by making the company's expertise available to the projects. In the research, we trust in the partnership networks in the industry and in good co-operation with leading energy research institutions.

Vantaa Energy Ltd is a founding member of the strategic centre for science, technology and innovation Cleen Oy, a cluster for energy and environment. The company co-ordinates, directs and administers research co-operation that serves companies in the energy and environmental sector, and the funding required by it. The company was established on the basis of the government decision-in-principle on the structural development of the public research system and the national strategy for internationally top-level centres of excellence in research.

The company is involved in the long-term ENETE project (Promoting energy efficiency by the actions of power companies), with the objective of developing business models and service concepts for the energy chain to create a revenue logic for business operations in more effective energy use and more extensive use of renewable energy sources.

The company is also collaborating in the Format project on modelling in sustainable development solutions, led by VTT and Fortum Corporation. The project aims to study the possibility of combusting biofuels in the current coal-fired boilers. Vantaa Energy is also taking part in a study by Pohjolan Voima on the future possibilities of coal-fired power plants.

The company wants to develop energy services to meet the challenges posed by environmental and energy efficiency requirements. The most significant new construction area in the next decade will be the Marja-Vantaa residential area. Its design is based on the minimisation of environmental impacts and on energy-efficient construction. The company commissioned a study by VTT on the possible implementation alternatives for energy supplies to Marja-Vantaa for the benefit of the comprehensive plan to be drawn up for the area.

Together with other network operators of major cities, Vantaa Energy Electricity Networks Ltd is a member of an electricity research pool for the development and funding of electrical power engineering, electricity transmission and distribution, and related service production and other research serving the energy sector.

#### **Administration**

The Annual General Meeting of Vantaa Energy was held on 31 March 2008. The issues discussed were those defined in the articles of association for the Annual General Meeting.

The members of the Supervisory Board were Kari Nikkinen, Chairman; Pentti Nurminen, first Vice Chairman; Per-Erik Sandell, second Vice Chairman; Riku Aalto; Kurt Eklund; Marja Heikkinen; Maija Hurri; Aulis Ignatius; Hannele Ikonen; Anna-Maria Kantola; Aarre Kilpinen; Minerva Krohn; Pauli Leppä-aho; Eija Loukoila; Miia Manninen; Urho Peltonen; Aive Pietilä; Ismo Tuormaa; Seija Uitto; and Raija Virta.

The Supervisory Board convened four times during the year.

The shareholders of Vantaa Energy decided to renounce the company's Supervisory Board at the end of 2008. Implementation of the decision requires an amendment to the Articles of Association, the preparation of which is carried out among the shareholders.

The members of the company's Board of Directors were Kalevi Helppolainen, Chairman; Risto Rautava, first Vice Chairman; Matti Virtanen, second Vice Chairman; Hannu Kokko; Tapio Korhonen; Paula Lehmuskallio; Hilikka Pokki; Mari Puoskari; and Leena Westlund.

The Board of Directors convened fourteen times during the year.

The ordinary auditors of the company were Ernst & Young Oy, Authorised Public Accountants, with Ari Lehto, APA, and Jarmo Lohi, APA, as auditors in charge and Marja Tikka, APA, as deputy auditor.

The company's Managing Director was Pertti Laukkanen, M.Sc. (Eng.).

#### **Significant legal affairs**

The Energy Market Authority (EMA) gave a regulatory decision on Vantaa Energy Electricity Networks Ltd in November. The decision concerned the reasonable and actual return on electricity network operations during the regulatory period of 2005–2007. Vantaa Energy Electricity Networks Ltd appealed against the decision to the Market Court. The appeal concerns the handling of group contribution for 2007 in the calculation of reasonable return.

On the last day of the year 2008, the Market Court gave a decision on the principles of calculating reasonable return for electricity network operators, concerning the principles of determining a reasonable level of return on electricity network operations during the regulatory period of 2008–2011.

The Market Court amended EMA's confirmation decisions in accordance with the network operators's demands, where applicable. However, the Market Court turned down the demand concerning risk premiums, which was essential in terms of the end result, as well as the demands on increasing operational efficiency.

#### **Events after the financial period**

Vantaa Energy Ltd increased its district heating energy charge by about 9.7% and the fixed charge by approx. 4.3% as from 1 January 2009. The total price for district heating increased by an average of 7.2%. The price rise of the energy charge was based on the increased coal and natural gas prices during 2008. The rise in the fixed charge was based on an increase in the construction and maintenance costs for the district heating network.

Eastern Finland Environmental Permit Authority gave two decisions on the Lahnasenkoski power plant on 29 January 2009. In one of the decisions, Vantaa Energy Ltd was obliged to launch a participation bidding procedure on water rights, and in the other decision to draw up a plan and an application for building a fish passage.

#### **Outlook**

Turnover is expected to increase to a certain degree. Profitability is anticipated to remain at the same level as in the previous year.

The services, electricity transmission, distribution and district heating related to the energy networks in Vantaa will continue to provide stability for the Group's finances. The expected population growth and increase in the number of jobs in Vantaa will provide a growing base for these services.

The company's electricity generation business operates in the Nordic market. The result for the year at hand is secured with a versatile production structure and successful risk management. The global economic crisis will result in a strong reduction in the market price of electricity over the next few years. If electricity prices remain at the current low level for a long time, it will diminish the lucrativeness of electricity generation and, consequently, the profitability of the entire company over the next decade. As a result of expanding competition in the electricity trade, instability of fuel prices, and increasing regulation and supervision of profit levels in the sector, it will be a challenging task to maintain the company's profit level. Intensification and continuous improvement of operations, as well as development of expertise will be inevitable.

We are developing electronic sales and service channels (e.g. website and online services) for a more efficient customer service. The company's customer information and telephone system will be upgraded in the next two years.

A waste-fired power plant project will be launched in early 2009. A 20-year service agreement on the utilisation of waste will be signed with the Helsinki Metropolitan Area Council (YTV). A groundwater survey will be carried out in the Långmossabergen area, and an environmental permit will be applied for the waste-fired power plant. The implementation of the project will probably be delayed by the appeal procedures related to the permit process.

The challenging targets set by the EU for the reduction of carbon dioxide emissions and increase in the share of renewable energy will require more and more significant investments in the development of production outside emissions trading (waste power, nuclear power) and production based on renewable energy (hydropower, wind power, biomass) in Finland. Although the extra cost of emission allowances needed for fossil fuels (peat, coal and natural gas) will improve the competitive position of renewable energy, the profitability of investments in these production methods will still depend on investment aid and certificate or feed-in tariff systems, which are under development. Special measures must also be focused on the reduction of energy consumption (energy-efficient construction, heating methods, consumption monitoring).

### The Board of Directors' proposal for the distribution of dividends

The distributable equity of the parent company according to the financial statements of 31 December 2008 is as follows:

profits from previous financial years	57,930,943.45
profits from the financial year	34,780,794.87
total	92,711,738.32

The Board of Directors proposes that the company should pay a dividend of EUR 14.60/share, totalling EUR 24,979,256.80, to external share capital, reserve EUR 31,000.00 for donations, and set aside a sum of EUR 25,000.00 for the Board of Directors to use for the public good. The rest of the distributable equity, EUR 67,676,481.52, is left in the retained earnings account.

Since the end of the financial year, there have been no essential changes in the company's financial position. The company's liquidity is good and, according to the Board of Directors, the proposed distribution of profits will not jeopardise the company's solvency.

### Company stock

The company's capital stock is divided as follows:

Owner	2008	
	pcs	€
City of Vantaa	1,026,545	2,053,090
City of Helsinki	684,363	1,368,726
Total	1,710,908	3,421,816

The nominal value of each share is EUR 2.00. All shares have an equal right to dividend and company assets.

## Profit and Loss Account

	Appendix	GROUP		PARENT COMPANY	
		1.1.-31.12.2008	1.1.-31.12.2007	1.1.-31.12.2008	1.1.-31.12.2007
<b>Turnover</b>	(2)	<b>203 451 507,99</b>	<b>178 547 515,56</b>	<b>174 513 124,86</b>	<b>152 222 438,64</b>
Manufacture for own use	(3)	4 244 645,70	3 202 586,31	2 978 726,44	1 123 535,48
Other operating income	(4)	3 739 109,38	2 340 741,55	7 943 174,55	6 612 306,10
Materials and services	(5)	127 834 556,22	104 137 379,67	123 219 669,79	98 841 408,09
Personnel expenses	(6)	20 352 228,07	19 676 981,09	16 748 339,46	16 231 332,31
Depreciation and value adjustments	(7)				
Depreciation according to plan		18 704 341,92	18 265 063,82	9 780 593,73	9 777 754,80
Other operating charges	(8)	9 964 859,61	8 421 715,16	9 570 181,56	8 100 501,37
Share of the profit of associated companies		1 246 264,82	2 956 677,71	-	-
<b>Operating profit</b>		<b>35 825 542,07</b>	<b>36 546 381,39</b>	<b>26 116 241,31</b>	<b>27 007 283,65</b>
Financial income and expenses	(9)	1 862 353,60	1 897 768,88	5 414 922,75	5 263 977,56
<b>Profit before extraordinary items</b>		<b>37 687 895,67</b>	<b>38 444 150,27</b>	<b>31 531 164,06</b>	<b>32 271 261,21</b>
Extraordinary items	(10)	-	-	10 000 000,00	8 500 000,00
<b>Profit before appropriations and taxes</b>		<b>37 687 895,67</b>	<b>38 444 150,27</b>	<b>41 531 164,06</b>	<b>40 771 261,21</b>
Appropriations					
Change in depreciation reserve		-	-	4 172 349,49	3 732 657,08
Income taxes	(11)	-9 472 045,75	-9 198 543,46	-10 922 718,68	-10 588 841,53
<b>Profit for the financial year</b>		<b>28 215 849,92</b>	<b>29 245 606,81</b>	<b>34 780 794,87</b>	<b>33 915 076,76</b>

## Consolidated Balance Sheet

	Appendix	GROUP		PARENT COMPANY	
		1.1.-31.12.2008	1.1.-31.12.2007	1.1.-31.12.2008	1.1.-31.12.2007
<b>ASSETS</b>					
<b>Fixed assets</b>	(12,13)				
Intangible assets		3 938 325,96	3 622 320,61	3 136 411,88	2 668 008,61
Tangible assets					
Land and water areas		8 695 216,66	8 681 623,30	7 582 192,96	7 272 269,88
Buildings		12 395 096,64	13 459 397,64	9 516 026,66	10 344 652,46
Electricity network		63 496 592,61	63 901 750,65	-	-
District heating network and equipment		23 240 946,78	21 359 974,68	23 240 946,78	21 359 974,68
Gas distribution network		983 719,95	1 033 567,42	983 719,95	1 033 567,42
Machinery and equipment		29 318 125,69	33 663 988,69	29 303 907,95	33 651 013,39
Acquisitions in progress		16 674 432,67	6 364 651,54	16 434 362,67	6 364 651,54
		154 804 131,00	148 464 953,92	87 061 156,97	80 026 129,37
Investments					
Shares in group companies		-	-	70 000,00	70 000,00
Holdings in associated companies		18 464 490,95	21 521 425,02	21 545 835,26	21 545 835,26
Other shares and participations		28 154 531,06	26 492 711,26	28 151 730,01	26 489 910,21
Other long-term investments		2 000 000,00	-	2 000 000,00	-
		48 619 022,01	48 014 136,28	51 767 565,27	48 105 745,47
<b>Total fixed assets and other long-term investments</b>		<b>207 361 478,97</b>	<b>200 101 410,81</b>	<b>141 965 134,12</b>	<b>130 799 883,45</b>
<b>Current assets</b>	(14)				
Inventories					
Oil reserve		11 340 614,47	12 022 199,40	11 340 614,47	12 022 199,40
Coal reserve		10 643 551,06	6 473 707,02	10 643 551,06	6 473 707,02
		21 984 165,53	18 495 906,42	21 984 165,53	18 495 906,42
Long-term receivables					
Loan receivables from group companies		-	-	5 000 000,00	5 000 000,00
Loan receivables from associated companies		67 299 312,50	68 841 562,50	67 299 312,50	68 841 562,50
Other receivables		1 000,00	1 000,00	1 000,00	1 000,00
Short-term receivables					
Trade receivables		19 253 900,69	19 986 859,54	14 861 998,48	14 423 371,94
Connection charge receivables		178 749,12	229 486,96	96 755,20	156 801,96
Receivables from group companies		-	-	396 562,29	384 011,10
Receivables from associated companies		2 512 342,35	2 420 624,34	2 512 342,35	2 420 624,34
Advances paid		3 388 850,40	2 168 192,40	3 388 850,40	2 168 192,40
Accrued income		7 132 627,77	4 464 150,41	4 320 586,26	2 246 736,94
Other receivables		18 630 502,36	3 845 082,87	18 530 329,69	3 845 082,87
Receivables, total		118 397 285,19	101 956 959,02	116 407 737,17	99 487 384,05
Financial asset securities		17 844 797,28	41 155 972,51	15 844 797,28	39 703 233,28
Cash in hand and at banks		2 518 806,82	1 699 029,97	2 518 806,82	1 699 029,97
<b>Total current assets</b>		<b>160 745 054,82</b>	<b>163 307 867,92</b>	<b>156 755 506,80</b>	<b>159 385 553,72</b>
<b>TOTAL ASSETS</b>		<b>368 106 533,79</b>	<b>363 409 278,73</b>	<b>298 720 640,92</b>	<b>290 185 437,17</b>

## Consolidated Balance Sheet

	Appendix	GROUP		PARENT COMPANY	
		31.12.2008	31.12.2007	31.12.2008	31.12.2007
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>	(15)				
Share capital		3 421 816,00	3 421 816,00	3 421 816,00	3 421 816,00
Retained earnings		115 173 800,00	111 542 641,24	57 930 943,45	49 043 973,49
Net profit for the period		28 215 849,92	29 245 606,81	34 780 794,87	33 915 076,76
<b>Total shareholders' equity</b>		<b>146 811 465,92</b>	<b>144 210 064,05</b>	<b>96 133 554,32</b>	<b>86 380 866,25</b>
<b>Accrued appropriations</b>					
Depreciation difference		-	-	32 006 606,42	36 178 955,91
<b>Liabilities</b>	(16)				
Long-term liabilities					
Connection charges		107 650 679,83	103 982 420,72	78 178 192,99	75 918 213,65
Loans from financial institutions		67 299 312,50	68 841 562,50	67 299 312,50	68 841 562,50
Deferred tax liability		18 764 181,81	20 302 857,68	-	-
		193 714 174,14	193 126 840,90	145 477 505,49	144 759 776,15
Short-term liabilities					
Loans from financial institutions		1 542 250,00	1 542 250,00	1 542 250,00	1 542 250,00
Advance payments received		2 463 750,00	768 600,00	2 463 750,00	768 600,00
Trade payables		11 044 747,54	10 433 911,69	10 128 167,24	9 707 800,08
Amounts owed to group companies			-	995 648,39	534 610,32
Accruals and deferred income		10 017 565,31	11 569 762,73	7 651 256,66	8 825 469,92
Other liabilities		2 512 580,89	1 757 849,36	2 321 902,40	1 487 108,54
		27 580 893,74	26 072 373,78	25 102 974,69	22 865 838,86
<b>Total liabilities</b>		<b>221 295 067,88</b>	<b>219 199 214,68</b>	<b>170 580 480,18</b>	<b>167 625 615,01</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>368 106 533,79</b>	<b>363 409 278,73</b>	<b>298 720 640,92</b>	<b>290 185 437,17</b>

## Cash Flow Statement

	GROUP		PARENT COMPANY	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
<b>Cash flow from operating activities</b>				
Profit before extraordinary items	37 687 895,67	38 444 150,27	31 531 164,06	32 271 261,21
Adjustments				
Depreciation according to plan	18 704 341,92	18 265 063,82	9 780 593,73	9 777 754,80
Other non-cash income and expenses	-1 044 893,11	-598 354,93	-1 048 479,29	-559 839,04
Financial income and expenses	-1 862 353,60	-1 897 768,88	-5 414 922,75	-5 263 977,56
Share of the profit of associated companies/other adjustments	-1 246 264,82	-2 956 677,71	1 021,50	5 984,11
Cash flow before change in working capital	52 238 726,06	51 256 412,57	34 849 377,25	36 231 183,52
Change in working capital				
Change in current assets	-3 488 259,11	-746 751,45	-3 488 259,11	-746 751,45
Change in short-term receivables	-18 456 165,43	2 661 932,67	-18 462 603,12	7 020 415,23
Change in short-term loans	1 982 109,22	-482 988,63	2 237 135,83	1 476 899,45
Cash flow from operating activities before financial items and taxes	32 276 410,74	52 688 605,16	15 135 650,85	43 981 746,75
Interest paid and decrease in operating receivables	-3 683 550,51	-3 167 336,35	-3 683 082,69	-3 167 336,35
Dividends received	3 840 460,58	3 725 779,92	3 840 460,58	3 725 779,92
Interest received	5 422 301,17	5 010 076,23	5 257 544,86	4 705 533,99
Direct taxes paid	-11 010 721,63	-10 613 517,16	-10 922 718,68	-10 588 841,53
<b>Cash flow from operating activities</b>	<b>26 844 900,35</b>	<b>47 643 607,80</b>	<b>9 627 854,92</b>	<b>38 656 882,78</b>
<b>Cash flow from investment</b>				
Investment in tangible and intangible assets	-25 875 393,86	-20 289 077,27	-17 494 643,20	-10 303 770,35
Proceeds from sale of tangible and intangible assets	1 560 762,62	268 026,44	1 258 076,39	221 026,44
Other investment	-3 661 819,80	-1 389 898,91	-3 661 819,80	-1 389 898,91
Proceeds from sale of other investments	-	365 400,00	-	365 400,00
<b>Cash flow from investments</b>	<b>-27 976 451,04</b>	<b>-21 045 549,74</b>	<b>-19 898 386,61</b>	<b>-11 107 242,82</b>
Cash flow before financing activities	-1 131 550,69	26 598 058,06	-10 270 531,69	27 549 639,96
Financing cash flow				
Payment of long-term loans	-1 542 250,00	-1 542 250,00	-1 542 250,00	-1 542 250,00
Loans receivable, increase (+) / decrease (-)	1 542 250,00	1 541 250,00	1 542 250,00	-3 458 750,00
Increase (+) or decrease (-) in connection charges	3 668 259,11	2 905 695,80	2 259 979,34	1 773 041,62
Dividends paid	-24 979 256,80	-24 979 256,80	-24 979 256,80	-24 979 256,80
Group contributions received and paid	-	-	10 000 000,00	8 500 000,00
Other	-48 850,00	-34 704,60	-48 850,00	-34 704,60
<b>Financing cash flow</b>	<b>-21 359 847,69</b>	<b>-22 109 265,60</b>	<b>-12 768 127,46</b>	<b>-19 741 919,78</b>
<b>Change in liquid assets</b>	<b>-22 491 398,38</b>	<b>4 488 792,46</b>	<b>-23 038 659,15</b>	<b>7 807 720,18</b>
<b>Liquid assets on 1 Jan.</b>	<b>42 855 002,48</b>	<b>38 366 210,02</b>	<b>41 402 263,25</b>	<b>38 361 494,56</b>
<b>Financial assets transferred in transfer of assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-4 766 951,49</b>
<b>Liquid assets on 31 Dec.</b>	<b>20 363 604,10</b>	<b>42 855 002,48</b>	<b>18 363 604,10</b>	<b>41 402 263,25</b>

## Key Figures

	Group		Vantaa Energy Ltd		
	2008	2007	2008	2007	2006*
<b>Turnover, EUR mill.</b>	<b>203,5</b>	<b>178,5</b>	<b>174,5</b>	<b>152,2</b>	<b>167,3</b>
<b>Operating profit, EUR mill.</b>	<b>35,8</b>	<b>36,5</b>	<b>26,1</b>	<b>27,0</b>	<b>32,6</b>
% of turnover	17,6	20,5	15,0	17,7	19,5
<b>Profit before extraordinary items, appropriations and taxes, EUR mill.</b>	<b>37,7</b>	<b>38,4</b>	<b>31,5</b>	<b>32,3</b>	<b>36,9</b>
% of turnover	18,5	21,5	18,1	21,2	22,1
<b>Profit before appropriations and taxes, EUR mill.</b>	<b>37,7</b>	<b>38,4</b>	<b>41,5</b>	<b>40,8</b>	<b>36,9</b>
% of turnover	18,5	21,5	23,8	26,8	22,1
<b>Return on investment (ROI), %</b>	<b>19,2</b>	<b>20,5</b>	<b>18,9</b>	<b>19,6</b>	<b>18,7</b>
<b>Return on equity (ROE), %</b>	<b>19,4</b>	<b>20,6</b>	<b>19,9</b>	<b>22,6</b>	<b>20,0</b>
<b>Equity ratio, %</b>	<b>39,9</b>	<b>39,7</b>	<b>40,1</b>	<b>39,0</b>	<b>38,7</b>
<b>Current ratio</b>	<b>3,4</b>	<b>3,6</b>	<b>3,4</b>	<b>3,7</b>	<b>3,4</b>
<b>Gross investment, EUR mill.</b>	<b>29,5</b>	<b>21,7</b>	<b>21,2</b>	<b>11,7</b>	<b>19,2</b>
% of turnover	14,5	12,1	12,1	7,7	11,5
<b>Personnel on average</b>	<b>335</b>	<b>339</b>	<b>271</b>	<b>276</b>	<b>348</b>

\* Vantaa Energy's network business operations were transferred to Vantaa Energy Electricity Networks Ltd at the beginning of 2007 and, as a result, the 2006 key figures are not comparable with subsequent years.

## Formulae of Key Figures

$$\text{Return on investment (ROI), \%} = \frac{(\text{Profit/loss before extraordinary items} + \text{interest and other financial expenses})}{(\text{Balance sheet total} - \text{interest-free liabilities} - \text{obligatory reserves} *)} \times 100$$

$$\text{Return on equity (ROE), \%} = \frac{(\text{Profit/loss before extraordinary items} - \text{taxes})}{(\text{Equity} *)} \times 100$$

$$\text{Equity ratio, \%} = \frac{(\text{Equity})}{\text{Balance sheet total}} \times 100$$

$$\text{Current ratio} = \frac{\text{Inventories} + \text{liquid assets}}{\text{Short-term liabilities}}$$

$$\text{Equity} = \text{Equity} + \text{depreciation reserve excluding deferred tax liabilities}$$

\*) Average between the beginning and end of the year