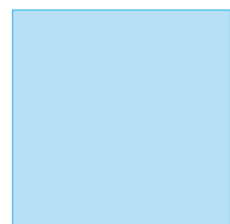




ANNUAL REPORT 2007



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Layout: OSG Communications/Elina Tähtinen and Mikko Koistinen

Translation: Käännös-Aazet Oy

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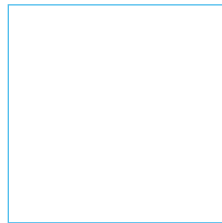
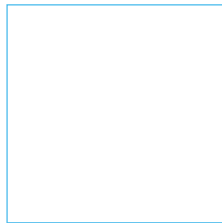
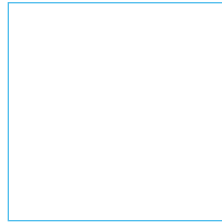
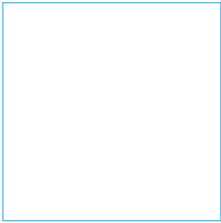
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GASUM IN BRIEF

GASUM GROUP TODAY

- We import, market and sell natural gas in Finland.
- We deliver natural gas to our customers via our own transmission pipelines; we are actively involved in developing local distribution and building a network of filling stations for vehicles running on natural gas.
- We provide our customers with planning, building, maintenance, installation and other services relating to natural gas as well as natural gas-based energy solutions for purposes including heat generation.
- We explore opportunities for biogas recovery and utilisation.
- We diversify our business by drawing on our core expertise for the benefit of our customers.
- We develop all our operations to sustain outstanding customer satisfaction.
- We act responsibly towards our employees and want to be a good corporate citizen.

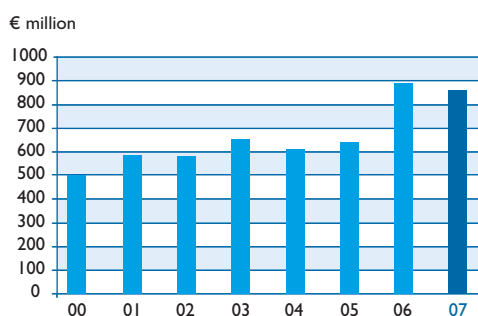
FINANCIAL INDICATORS FOR 2007

- Sales of natural gas: 43.4 TWh
- Employees: 189 (average of permanent staff)
- Revenue: €852.1 million
- Operating profit 10.8%
- RONA: 15.9%
- Equity ratio: 61.2%
- Investments: €24.8 million
- Balance sheet total: €643.3 million

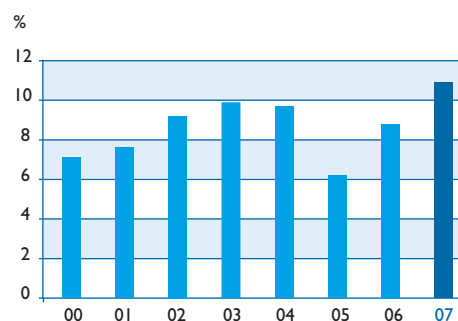
OUR PROMISE

To deliver the superior advantages of natural gas for our customers' benefit.

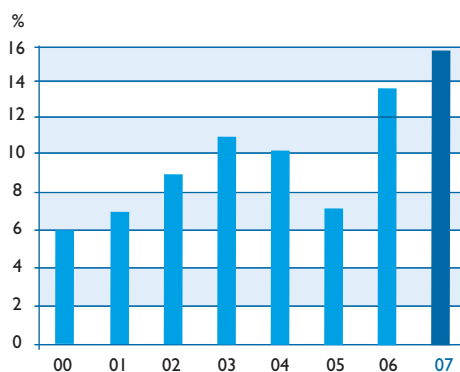
REVENUE (€ MILLION)



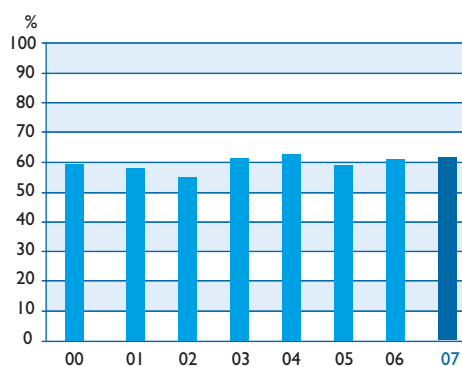
OPERATING PROFIT (%)



RONA AFTER TAXES



EQUITY RATIO (%)



THE YEAR FOR GASUM

WINTER

- January–March natural gas sales were 13.1 TWh. Sales were down 9.4% on the corresponding period in 2006. Sales were particularly affected by warmer-than-average weather in March, although a cold week in February saw the year's highest peak in consumption.
- A one-hour balance period was adopted in natural gas trading at the beginning of the year, with Gasum renewing its short-term product offering in the same context.
- Early January saw the opening of Gasum's filling station for natural gas vehicles (NGVs) in Tampere.
- Gasum signed a contract for the supply of a heating system for Voikkaa Business Park.
- The annual Great Place to Work® Institute list of the Best Workplaces in Finland was published in early February, with Gasum ranked as seventh in the general category.



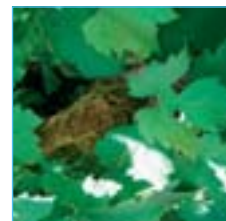
SPRING

- April–June natural gas sales were 8.98 TWh. Warm weather affected the consumption of district heat.
- Fortum announced its decision to build a new natural gas-fuelled power plant in Suomenoja, Espoo.
- Gasum decided on several investments in natural gas network development, including a new pipeline between Mäntsälä and Siuntio.
- Gasum published the results of the seabed survey related to the Balticconnector project for a natural gas pipeline across the Gulf of Finland. Survey results do not show any major technical obstacles to the construction of the pipeline.
- Gasum's subsidiaries moved from the old Sörnäinen gas factory to the Herttoniemi district of Helsinki. Plans are underway to dedicate the Sörnäinen premises to cultural activity.



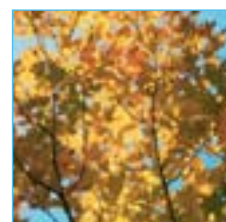
SUMMER

- July–September natural gas sales were 8.7 TWh.
- In July a pipeline incident near St Petersburg affected gas supply to Finland.
- To develop the use of natural gas in transport, Gasum began imports of refuelling appliances intended for home and business use.
- August saw hearings regarding the purchase of land to enable the construction of the Mäntsälä-Siuntio pipeline.
- Gasum took a stand on the feed-in tariff regarding the use of biogas for power generation and reminded that biogas is a good option as a transport fuel.



AUTUMN

- October–December natural gas sales were 12.6 TWh. The biggest monthly year-on-year increase in sales was seen in December.
- New filling stations were completed in Vermo, Espoo, and Lappeenranta.
- Gasum adopted a new pipeline management system which features a web-based map application and mobile technologies for field use.
- Gasum signed a multiple-year cooperation agreement with the Central Association for Recreational Sports and Outdoor Activities (Suomen Latu).
- Gaasienergia, Gasum's subsidiary in Estonia, celebrated its fifth anniversary.



USE OF NATURAL GAS BACK ON THE GROWTH TRACK



In 2007 the use of natural gas decreased compared to the year before. This was due to warmer-than-usual temperatures as well as a cut in the use of natural gas in electricity production owing to record avail-

ability of nuclear electricity from Finland, hydroelectricity from Sweden and imported electricity from Russia. Prices of emission rights were low in the European Union Emission Trading Scheme in 2007, and there was no major increase in electricity consumption on the year 2006.

I believe the use of natural gas will get back on the growth track this year. This will be facilitated by the use of natural gas as raw material becoming stabilised at the planned level at the Neste Oil refinery, a foreseeable increase in market electricity prices and a rise in emission rights price levels now the Phase II of the Emission Trading Scheme has begun.

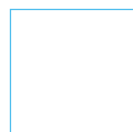
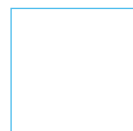
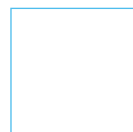
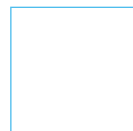
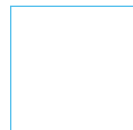
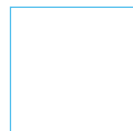
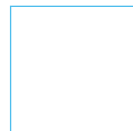
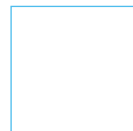
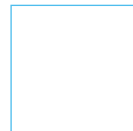
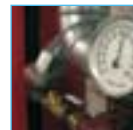
Growth prospects for the use of natural gas remain good for the decade ahead. By the year 2020 we aim to increase our sales of natural gas by half to 65 TWh, which would mean that natural gas will account for 13% of Finland's primary energy consumption. An increase in the use of natural gas will also call for major investments in the development of Gasum's transmission network.

EUROPEAN DEBATE CREATING UNCERTAINTY IN FINLAND

Natural gas has an important and widely recognised role in efforts to combat adverse climate effects.

European growth prospects are based on increased use of natural gas, particularly in electricity production. Uncertainties in growth forecasts for natural gas use are created by concerns about natural gas price development, doubts about producer and transit countries outside Europe, stricter demands for cuts in carbon dioxide emissions, renewable energy consumption targets and the emergence of nuclear power as a possible alternative.

The supply of natural gas to Finland has been very smooth.



Our country's geographical location and the structure of our natural gas market have been taken into consideration in the terms of our natural gas supply contract. This has guaranteed us price development on the basis of which natural gas has become the most important district heating fuel and the number one fuel purchased by the industry. Our supply contract is valid until the end of 2025, and cooperation with the Russian party to the agreement is open and efficient.

Despite our positive experiences, European debate and problems with Russia experienced by other sectors are eroding confidence in the Russian gas supplier, the reliability of gas supply and gas price development. This is also the case in Finland. We are not able to steer this debate.

Participants to the debate should remember the indisputable environmental and climate benefits of natural gas, particularly in combined heat and power production (CHP). A change-over from coal to natural gas offers a quick and inexpensive way to increase the efficiency of energy consumption and to considerably reduce emissions from the heating of large cities in Southern Finland. Thanks to extra electricity generated by natural gas power plants, the adverse effects currently created by condensate electricity production can be cut considerably. In our view the other alternatives available for heat production for large cities are more expensive and in some cases poorer in terms of local air quality improvement targets.

Over the coming decades stricter climate requirements will also necessitate the equipping of natural gas power plants with carbon dioxide recovery and disposal. We aim to participate in projects seeking solutions to these challenges.

BIOGAS IS WORTH UTILISING AS A TRANSPORT FUEL

The opportunities presented by natural gas in reducing traffic emissions should also be borne in mind. The construction of filling stations has – due to shortage of suitable locations – proven slower than expected, but we are determined to stick to our objective of having 30 filling stations for natural gas vehicles (NGVs) in Finland by 2010.

In addition to road transport, natural gas also offers opportunities for the reduction of flue gas emissions by coastal ferries and even large vessels. The solution is based on the liquification of pipe gas, the transport of liquified natural gas (LNG) to filling points located at ports, and the speedy refuelling of vessels. We have found examples of this concept from overseas and presented them to Finnish players. We hope to see positive decisions in the coming years.

Alongside natural gas, we also wish to promote the use of biogas. The technologically and economically feasible biogas capacity within the natural gas network corresponds to more than 0.8% of Finland's transport fuel balance. A rate such as this is of great importance when exploring solutions aimed at reaching transport biofuels targets set recently by the European Commission.

CLOSER TO THE CUSTOMERS

The year 2007 was a second consecutive good year for Gasum. The company's good financial results were largely due to favourable developments in the oil and coal indices used for price determination in natural gas trading. We are also set to continuously develop our operations and increase their efficiency. Major changes were made in 2007 to Gasum Group's organisation, and new competence was recruited. We are determined to increase our presence in the customer interface and offer solutions to our customers' energy needs.

I would like to thank our customers, partners and other stakeholders for excellent cooperation over the past year. My thanks are also due to our employees for their commitment and efforts to attain our goals.

Espoo 7 March 2008

Antero Jännes
President and CEO

INCREASING PRICE COMPETITIVENESS AND FLEXIBILITY



"The year saw many positive events as well as new challenges for the future of natural gas trading. We are constantly actively exploring opportunities to develop trading to meet the needs of the energy market."

Aleksei Novitsky, Vice President, Gas Supply and Sales

- Natural gas sales: 43.4 TWh
- Share of short-term products of total sales: 3.1%
- Share of secondary market gas of total sales: 0.5%
- Volume of hedging products: 1964 GWh
- Balancing gas: 5.1%



From the 1974 introduction of natural gas as a fuel until the end of 2007, Finland used a total of 82.3 billion cubic metres of natural gas. This equals our country's total energy consumption for two years.

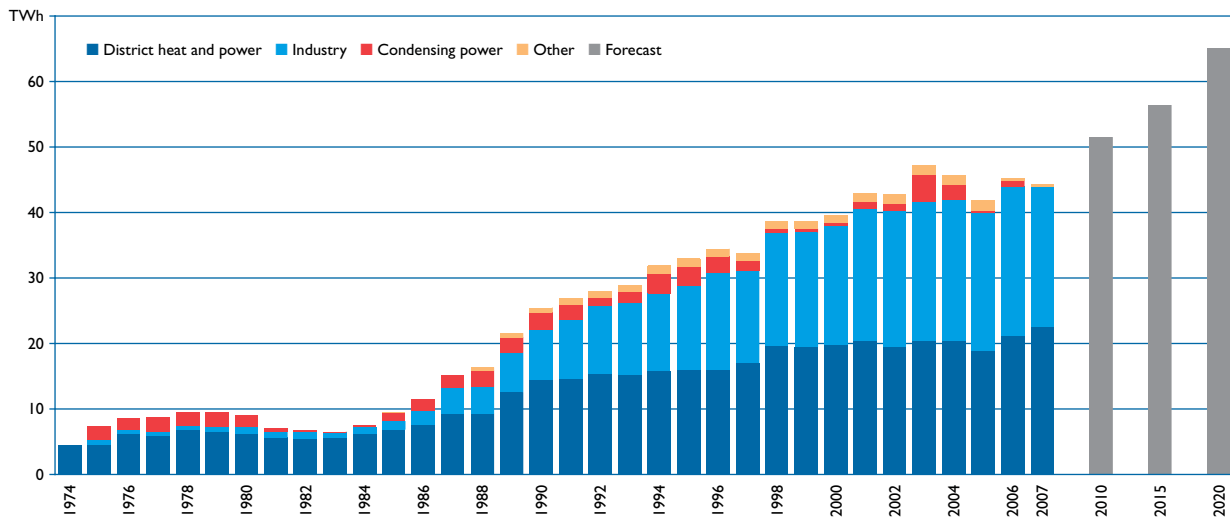
Despite a 4% fall in natural gas sales experienced in 2007 on the year before, at Gasum we believe the share of natural gas in Finland's energy balance must be increased to be able to meet our national and global climate commitments. It is Gasum's task as an importer and wholesaler to ensure sufficient access to natural gas at a competitive price.

SALES ORGANISATION REFORMED

Gasum's sales organisation was reformed at the beginning of 2007, with three focal areas created: energy trading, energy services and new ventures.

We brought the acquisition and wholesales of natural gas together under energy trading, and the year also saw us formulate a new operating model for the new organisation and increase our human resources in energy trading.

NATURAL GAS CONSUMPTION IN FINLAND 1974–2007



New natural gas trading products

We base our natural gas pricing on our supply contract, which takes into consideration the fact that power plants are a key area in the use of natural gas in Finland. The contract and the price development of its comparison fuels place constraints on pricing.

The market for short-term products launched in 2006 developed extremely well in 2007, with sales of Gasum Plussa up 40% on the year before.

MANAGING PRICE RISKS

Gasum offers two products to facilitate the management of risks caused by comparison fuels. In 2007 a total of 320 GWh of Gasum Fixed and 1 644 GWh of Gasum Oil Hedging were sold. Although sales of hedging products in 2008 have gone down compared to 2007 levels, mainly due to oil price increases, we believe our customers will remain interested in this product segment. We are currently looking into introducing coal hedging alongside oil hedging.

In 2008 we will start a review of our current tariff and pricing system. It will be a major challenge to implement the development proposals arising from the vast variety and differing needs of our customers as well as the demands of public authorities.

MAJOR DECISIONS REGARDING NATURAL GAS

Higher fuel prices, the volatility of the electricity market, uncertainty about EU objectives regarding cuts in emissions and increases in the use of renewable fuels affected all players in the energy market. In Finland the structural change of the forest industry and plans for energy production based on locally-available raw materials may have a major impact on the future volumes of natural gas use.

Community need for electricity and district heating as well as use of natural gas as a raw material are likely to increase. Fortum's decision to build the Suomenoja power plant, the letter of intent for a natural gas network in the Turku economic zone, and the Neste Porvoo refinery's hydrogen plant are all examples of this.



"All natural gas arriving in Finland from Russia goes via the Imatra reception station. It's here that it's filtered, measured and analysed. We're renewing our natural gas measurement and analysis systems and processes."

Ari Seppänen, Customer Service Manager, Imatra reception station

Ari Seppänen's unit is located in Räikkölä, Imatra, but he is kept busy by customer relationship management duties all over the natural gas network and clocked up more than 50,000 km on the milometer of his natural gas car in 2007. He says his guiding principle is not to deliver just natural gas but comprehensive solutions to his customers.

GASUM'S ENERGY SERVICES – GETTING MORE POWER OUT OF NATURAL GAS



"It's a good idea to ask us about natural gas applications for industrial processes, because in many cases there actually isn't any competitive alternative to natural gas. Natural gas is very well suited for applications such as drying, pre-heating, firing or the heat treatment of materials."

Jarko Alanko, Vice President, Energy Services

GASUM PAIKALLISJAKELU OY

- Sales of natural gas: 44.5 million m³
- Total length of distribution pipeline: 467 km
- Distribution areas: Helsinki, Kotka, Lohja, Porvoo, Siuntio, Riihimäki, Tuusula

GASUM ENERGIAPALVELUT OY

- Net sales: €6.9 million
- Heating services: 17%
- Installation services: 53%
- Equipment sales: 30%



Natural gas offers a highly competitive price-to-quality ratio. Reliable combustion technology and dependability combined with high efficiency make energy solutions based on natural gas inexpensive to use.

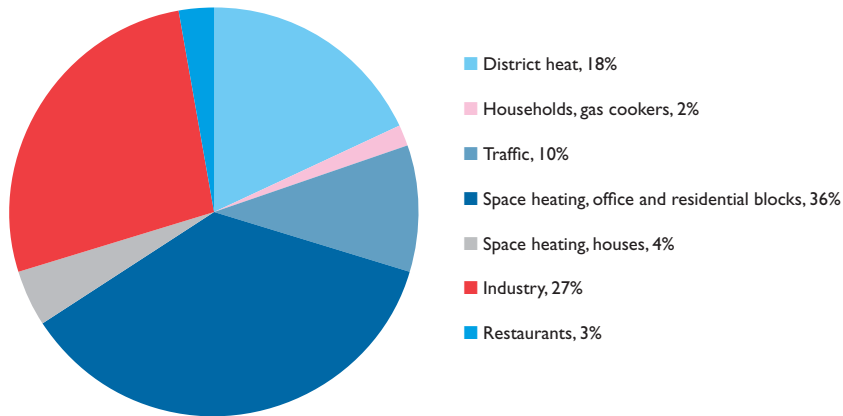
Compared with many other energy forms, the price of natural gas is stable and predictable. The investment costs related to natural gas are also competitive against alternative solutions. This has been noticed by customers such as the construction industry and municipalities.

READY SOLUTIONS TO HEATING NEEDS

Gasum designs energy solutions for companies of all sizes but also for homes.

Established after structural changes in large-scale industry, Voikkaa Business Park has a natural gas-based heating system that will grow flexibly when new sections of the former factory are taken for new uses. Another fine example of natural gas use is the Sundsberg residential area in Kirkkonummi where natural gas has been used ever since the construction stage. Once the area is completed, residents will enjoy a heating system that meets environmental requirements and provides high levels of comfort.

GASUM'S LOCAL DISTRIBUTION SALES OF NATURAL GAS (Gasum Paikallisjakelu Oy)



Energy services expanded with network growth

A detached house is a home favoured by Finns – and this is where the many opportunities offered by natural gas come into their own. Houses are heated with natural gas, with kitchens equipped with gas cookers, sauna stoves heated with natural gas and the natural gas barbeque season extended by the warmth created by a natural gas patio heater. Those with a NGV can fill up their car using their home refuelling appliance at a price that makes other motorists jealous.



Natural gas burns cleanly.

EQUIPMENT DEVELOPING

Gasum Energiapalvelut enters into energy supply agreements, installs equipment and plans and constructs local natural gas distribution networks.

We are also representatives for the most advanced natural gas equipment manufacturers and in charge of their servicing. A good example of equipment development is a condensing boiler that has reached new levels of efficiency compared with last decade's technologies.

NEW SERVICE POINTS

The expanding natural gas network brings more and more Finns access to clean, hassle-free and inexpensive natural gas.

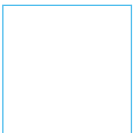
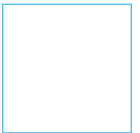
Our current challenge is to expand our service network. We are increasing numbers of retailers and training our employees. New service points will be created within the area covered by the current main pipeline. With the pipeline reaching Western Uusimaa and the Turku region, we will welcome new customers to the growing Finnish natural gas network



“One of the highlights of 2007 was that we built around eight kilometres of new plastic pipelines in Helsinki.”

Vesa-Matti Luoma, Network Manager, Gasum Paikallisjakelu Oy, Helsinki

Natural gas is used by around 300 restaurants in Helsinki. Vesa-Matti Luoma is kept busy by the increased need for power by customers such as restaurants, with more and more of them directly connected to Gasum Paikallisjakelu's 4-bar network. Every effort is made to coincide pipeline renewal with other municipal pipeline construction work to minimise street disturbance. According to Luoma, network construction reached record levels in 2007.



TOWARDS CO-USE OF BIO- AND NATURAL GAS IN TRANSPORT



"The combined use of natural gas and biogas is a safe and flexible way to increase the share of biofuels in transport and achieve climate objectives. The adoption of biogas calls for a balanced decision by the Finnish Government on biogas feed-in tariffs in both power generation and transport use."

Björn Ahlnäs, Vice President, New Ventures

ANNUAL OPPORTUNITIES FOR BIOGAS RECOVERY WITHIN THE AREA COVERED BY THE NATURAL GAS NETWORK:

- Wastewater purification facilities: 85 GWh
- Landfills: 347 GWh
- Share of Ämmässuo landfill, Espoo, of the above: 244 GWh



The term biogas refers to a gas produced by the biological breakdown of organic matter in the absence of oxygen. Biogas is produced either freely, such as in landfills, or in closed, controlled processes. Once cleaned and pressurised, biogas recovered

from landfills and wastewater purification facilities is suitable for transmission in the natural gas network.

Gasum is exploring opportunities to utilise biogas as a transport fuel in particular. We are strongly expanding our natural gas filling station network, so the launch of biogas will be easy.

IDEAL FOR PUBLIC TRANSPORT

In 2007 Gasum made preparations for the feeding of biogas into the natural gas network. Market surveys were conducted on issues including where biogas is produced, the quantities available and how biogas can be utilised economically.

It was discovered that, for example, all bus depots in the Helsinki Metropolitan Area could be equipped with filling stations. At the moment there are around 100 natural gas-fuelled buses used in public transport in the Metropolitan Area. With biogas, increases in the number of buses and the expansion of the filling station network would make gas-fuelled vehicles even more competitive in urban traffic. In 2008 a renewed depot filling station will be completed in Ruskeasuo, Helsinki, also featuring the fourth public natural gas filling station in the Helsinki Metropolitan Area.

BIOGAS AND TRANSPORT:

- Annual transport fuel consumption: 50 TWh
- Gaseous fuels (natural gas and biogas) could make up 3%* of Finland's total transport fuel consumption.

- Target set for the share of renewable fuels: 10% or 5 000 GWh
- Biogas that could be utilised in transport: 432 GWh **

* VTT, ** Pöyry Energy



Experience gained is very positive

Gas-fuelled vehicles have considerably lower particulate and nitric oxide emissions than diesel vehicles. In addition to buses, gas is also suitable for use in delivery vehicles and taxis. Helsinki waste management operators already employ six natural gas fuelled refuse collection vehicles, and experience gained with them is very positive.

Further examples of future prospects include the fact that the biogas produced at the Espoo Ämmässuo landfill could cover half of the urban bus fuel needs in the Helsinki Metropolitan Area. The technological and economical potential of biogas from the landfill could enable a fivefold increase in current transport use gas.

NO PROBLEMS WITH INTEGRATION

Gasum is prepared to introduce biogas into its network at a rapid pace if necessary. Many European countries are already feeding biogas into the natural gas network. The integration of biogas into the existing network is technologically easy to achieve.

To combat climate change as well as meet ever-tightening emissions regulations and increase the use of biofuels in transport, biogas should rapidly become more widely used. In addition to energy, another important issue related to biogas production is more efficient waste treatment and the recyclability of biowaste for fertilising.



Natural gas and biogas are excellent fuels for public transport.

From the financial perspective the feeding of biogas into the natural gas network for transport use calls for pricing corresponding to that applied in the energy programme to other energy uses of biogas. With so many unresolved issues remaining, many biogas projects are at a standstill and investment decisions have not been possible.

STANDARDS FOR BIOGAS BEING SET

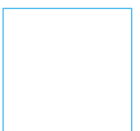
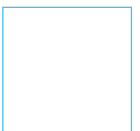
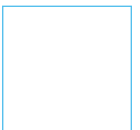
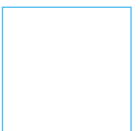
Inquiries into the increased use of biogas are also underway elsewhere in Europe, including future standards for biogases. Before pressurisation, biogas is purified of carbon dioxide, hydrogen sulphide, water and other impurities. Raw gas contains 40–90% of methane by volume. After purification, the methane level of biogas is almost as high as that of natural gas. For transmission, a compressor is used to pressurise biogas to 54 bar.



“People are interested in filling their cars up with natural gas. We get calls about this every day. Many are also interested in conversion kits and home refuelling.”

Jani Pinola, Production Engineer, Gasum Espoo

In Espoo the Vermo filling station was ready for use in late 2007, with the inauguration ceremony held in January 2008. As anticipated, usage levels at Vermo are high, with the station used to refuel vehicles such as Gasum's own NGVs, refuse collection vehicles and taxis. Jani Pinola says it is important for the future to recover landfill biogas and purify it for use as transport fuel. After all, the filling station network is expanding all the time.



AIMING AT SAFETY IN DELIVERY RELIABILITY AND AT WORK



"The 2007 launch of the one-hour balance period was a major improvement to the management of the natural gas network transmission capacity and balance. In the next few years we'll be expanding into new geographical areas. At the same time we must take care of existing network maintenance and make sure we have enough competent employees to perform these tasks."

Juha Vainikka, Vice President, Transmission

- Total length of transmission pipeline: 1,136 km
- Volume of transmission pipeline: 262,846 m³
- Connections from transmission pipes: 200



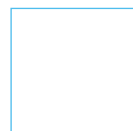
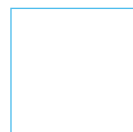
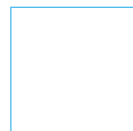
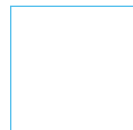
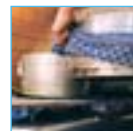
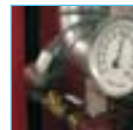
Gasum is the national gas transmission system operator in Finland and is responsible for the transmission system and gas supply as well as network maintenance and development. Gasum was rated as the most cost efficient company in performance benchmarking of ten European gas transmission companies.

NETWORK EXPANDING, SERVICES DEVELOPING

In 2007 Gasum launched an extensive set of investment projects, entitled Expansion 2010. The project covers basic repairs of the current network and pipeline construction in new areas. The expansion will help achieve transmission network capacity that meets the demands set by increasing consumption.

There is great variation in the usage situations in the natural gas market, with peak periods becoming shorter and occurring at a very short notice. The introduction of the one-hour balance period and investments in the development of short-term products have enabled Gasum to improve network capacity and balance management as well as customer service. Our customers are now able to trade in energy around the clock up to two hours before delivery time.

- Maximum 24-hour use: 19.8 million m³ (on 7 February)
- Undelivered energy compared to energy transmitted via the network: 0.005%
- Planned service interruptions: 2
- No unplanned service interruptions within the Finnish transmission network
- Interruption in gas supply to the transmission pipeline on 27 July: 6 hours
- New pipeline sections opened: 23 km
- Decisions made to construct new pipeline between Mäntsälä and Siuntio and to extend the parallel pipeline between Tampere and Hämeenlinna.



Balticconnector would connect Finnish and Baltic grids

Gasum has investigated the technical requirements necessary for the use of biogas. Recovered at landfills or produced in reactors, biogas needs to be cleaned and its quality and amount measured before being fed into the network.

If the Balticconnector project developed by Gasum and Baltic gas companies becomes a reality, the Finnish network will be connected to the Baltic States' network and gas will move between the networks in accordance with the usage level. Further reliability to gas deliveries would be brought by new developments such as the Latvian gas storage facility or the liquefied natural gas (LNG) reception terminal built for joint use with Baltic operators.



Gasum is responsible for network maintenance.

EFFICIENT EXCHANGE OF INFORMATION

The importance of efficient communications between Gasum and the gas supplier became apparent in July 2007 when major pipeline damage took place near St Petersburg. This had a

momentary impact on gas deliveries to Finland, but because we were well informed of progress made in repairs throughout the incident, we were able to manage our own network in a way that resulted in minimal disturbance in gas supply to customers.



"It's been highly educational to see how the central control facility of our natural gas supplier operates in St Petersburg. Their control room people have also visited our control room in Valkeala."

Hilikka Iisakkala, Control Technician, Valkeala natural gas centre

Floor-level employee exchange and development of shared procedures between the central control facilities in St Petersburg and Valkeala has been very useful. Hilikka Iisakkala is also pleased with the fact that the construction of the new parallel pipeline has already progressed from Imatra past Valkeala. Ultrasonic measurement and network expansion bring highly welcome extra capacity for natural gas transmission.

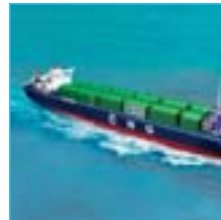
GASUM INTERESTED IN LIQUEFIED NATURAL GAS



"A liquefaction plant would offer us the opportunity to increase the natural gas sales area in Finland. Natural gas could be transported with road tankers to areas not covered by our pipeline network. If the Balticconnector project is realised, Finland and the Baltic States could begin imports of liquefied natural gas as a joint venture."

Christer Paltschik, Vice President, Business Planning

- Liquefied natural gas (LNG) production capacity worldwide: 260 billion m³ per year (900 TWh)
- Share of international natural gas trade: 22.5%
- Once liquefied, the volume of 600 m³ of natural gas goes down to 1 m³.
- Gasum's sales of LNG in 2007: 2,121 tonnes



One of the most important trends in the international natural gas market in the past few years has been the growth in the proportion of liquefied natural gas (LNG) trading. Technological developments have increased the price competitiveness of

LNG and enabled shorter transport distances. The diversification of gas supply channels attracts many players. LNG production is anticipated to reach 16% of the world's total natural gas production by 2015.

The number of LNG vessels has multiplied in ten years and their size has increased. The carrying capacity of vessels currently under construction – 270,000 m³ of LNG – corresponds to one week's natural gas consumption in Finland during the cold winter season.

MARKET AREA DIVIDED INTO OCEAN REGIONS

The LNG market is divided into the Atlantic and Pacific markets. LNG is produced and exported by countries including Qatar, Indonesia, Malaysia, Algeria and Australia. Major consumers include Japan, South Korea, Spain, the USA and France. Japan imports all the natural gas it consumes in liquefied form. China and India are also anticipated to grow into major importers. In the EU there are LNG import terminals in France, Spain, Italy, Greece, Belgium, Portugal and the UK.



LNG vessels to enter the Baltic Sea

Opportunities for the utilisation of LNG in the Baltic region are being explored by Germany, Poland, Sweden, and Finland in cooperation with the Baltic States. Swedish operators are planning to construct a smallish LNG reception terminal at Nynäshamn on the east coast of Sweden. Gas would be shipped in on small LNG vessels either from Norway or another European terminal.

MANY PROJECTS BEING DEVELOPED

Gazprom looked into the construction of an LNG liquefaction plant near St Petersburg on the Gulf of Finland but decided to suspend the project because of other major investment targets, including the Baltic Sea gas pipeline, Nord Stream. Plans regarding the launch of Gazprom's Stockman gas field involve the employment of LNG technologies.

In cooperation with Baltic gas operators in the Balticconnector project, Gasum has explored opportunities to construct a natural gas pipeline across the Gulf of Finland. If the

pipeline becomes a reality, Finland could build an LNG import terminal as a joint venture with the Baltic States and utilise Latvian underground gas storage facilities.

GASUM AND LNG TODAY

Gasum sells LNG produced by AGA in Porvoo for research purposes and for trial runs of natural gas engines to areas in Finland not covered by the natural gas network. LNG has also been exported to Sweden and Norway on road tankers.

Gasum is exploring the opportunity to build a new natural gas liquefaction plant in Finland. Manufacturing industry in particular would have many uses for natural gas. LNG would also allow the expansion of the natural gas vessel filling station network beyond the current natural gas network.

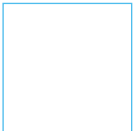
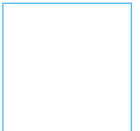
Gasum has also looked into the possibility of offering LNG for use as fuel for coastal ferries. Such ferries are already in service in Norway. By selecting LNG as ferry fuel Finland would be prepared for forthcoming maritime emission reduction targets.



"We won many big customers in 2007 despite the challenging Estonian natural gas market situation. In the autumn we concluded our negotiations with the Estonian Energy Market Inspectorate about natural gas transmission prices in the Gaasienergia network."

Simo Lahesalu, Managing Director, Gaasienergia AS, Tallinn

Gaasienergia has signed natural gas contracts with companies such as the Rapla milk powder production plant and the poultry farm Tabasalu AS Tallegg Laab. The planning of new projects such as the Tamsalu and Kehtna pipelines has also commenced. The year 2007 also saw the publication of Gaasienergia's own postage stamp to celebrate the company's fifth anniversary.



IMPLEMENTING A CHALLENGING INVESTMENT PROGRAMME

"It's essential for Gasum to maintain the general outline of the current price monitoring model and related structures throughout our big investment programme."

Paula Lähde, Vice President, Finance

- Revenue: €852.1 million
- Operating profit: 10.9%
- RONA: 15.9%
- Equity ratio: 61%
- Balance sheet total: €636.8 million
- Investments: €24.8 million



As Gasum has a dominant market position, our pricing and revenue generation are closely monitored by authorities. Areas monitored include the fairness of pricing, rate of return and the business areas from which return is generated.

The natural gas pricing system, or tariff, specifies the grounds for the price of network activity (transmission) and that of energy sold. In the financial statements network activities, energy sales and other activities are unbundled because different monitoring models are applied to supervise different activities. Reports are given to the Energy Market Authority on the previous year's unbundled financial statements and the replacement value of the network.

NEW CONSTRAINTS

A particular network business challenge is the financing of the major investment projects we have planned. If the natural gas network expansion into the Turku economic zone is realised, we expect our network maintenance and expansion investments to total around €450 million by 2011.

The investment programme will be implemented in conditions that are entirely new when compared with previous expansion projects. The Energy Market Authority supervises that earnings from transmission activity are at a reasonable level for each regulatory period, with the first period commencing in 2006 and ending in 2009.

The Authority published the methodology applied to the definition of earnings level deemed reasonable in summer 2005. These definitions apply to capital invested in network operations and the capital structure as well as the structure of the reasonable rate of return.

Network replacement value calculated every year

To define the capital invested in network operations, the replacement value of the network is calculated every year, as specified by an external body. This is used to further calculate the net present value of the network. The Weighted Average Cost of Capital (WACC) model is used to assess the reasonable rate of return.

FORESIGHT IS A CHALLENGE

Gasum monitors the rate of return on a monthly basis. It is a challenge to predict the rate over the entire period because pricing is affected by many different factors. Investments are also monitored as specifically as possible, with daily updates performed on cost, consumption and price estimates and investment prerequisites taken care of, including after decisions have been made.

SOUND FINANCIAL STATUS

Gasum's objective is to finance around half of all investments from loans. Our sound financial status enables us to select from a variety of solutions.



Leena Tikkanen and Mauno Noukka take care of invoicing.

The first regulatory period is taking some getting used to by both the Energy Market Authority and Gasum. Continuity is important because natural gas investments have effects that span a very long period of time. The average network depreciation period is 65 years. Ultimately it is Gasum's owners who decide what kind of investment programme we implement.

FORMULAE FOR THE KEY FINANCIAL INDICATORS:

$$\text{Operating profit (\%)} = \frac{\text{Operating profit}}{\text{Net sales}} \times 100$$

$$\text{Return on Net Assets (\%)} = \frac{\text{Operating Profit} - \text{Adjusted Taxes}}{\text{Fixed Assets} + \text{Net Working Capital}} \times 100$$

$$\text{Equity to assets ratio (\%)} = \frac{\text{Shareholders' equity} + \text{minority interests}}{\text{Total asset} - \text{advances received}} \times 100$$

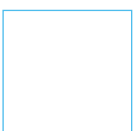
$$\text{Capital employed} = \text{Total assets} - \text{interest-free liabilities} - \text{deferred tax liabilities} - \text{provision for liabilities and charges}$$



"It's been great to observe steady increases in the operating profit of Gasum Paikallisjakelu and Gasum Energiapalvelut."

Sari Varis, Chief Controller, Gasum Paikallisjakelu Oy, Gasum Energiapalvelut Oy and Helsingin Kaupunkikaasu Oy

Sari Varis got a new partner, Taina Nyholm, in 2007 when Henna Böhlström started her maternity leave. The success of Gasum's subsidiaries has increased the financial department's workload. More and more reports and information are needed before decisions are made to ensure the activities of the different Gasum Group companies fit together seamlessly.



NATURAL GAS HAS PLENTY OF POTENTIAL

"Society's guidance and support is needed so that all the opportunities provided by natural gas and biogas for cuts in emissions and increases in the share of renewable energy sources will be fully utilised."

Tuomo Saarni, Vice President, Public Affairs



SHARE OF NATURAL GAS IN FINLAND'S

- total energy consumption: 11%
- district heat production: 35%
- electricity generation: 13%



There is no single way to achieve the cuts in emissions that are necessary to curb and combat climate change. In energy production – in addition to increased efficiency and savings – tools that can be employed without new subsidies include changing

over from coal to natural gas and promoting combined heat and power production (CHP).

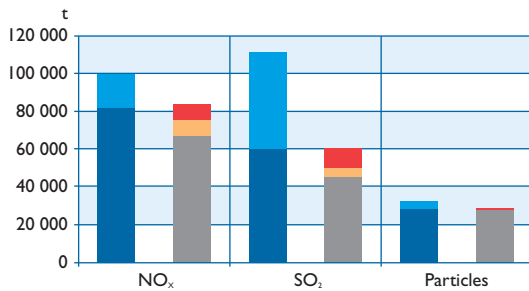
Extending carbon dioxide recovery and storage to natural gas plants should be adopted as an objective. Support from the European Union and Finnish Government will be needed in this. Transport emissions can be decreased by replacing liquid vehicle fuels with natural gas and biogas in particular. This calls for decisions at the national level.

CURBING EMISSIONS

Natural gas is by far the cleanest fossil fuel. Its production, transmission and use does not result in levels of greenhouse gases as high as with other fuels. With local and regional environmental impacts caused by production and transport taken into consideration, natural gas even further outperforms other fuels.

The use of natural gas cuts to harmful emissions such as sulphur dioxides, nitric oxides and particulates. According to a study conducted by Pöyry Energy, in 2007 sulphur dioxide emissions from Finland's energy production would have been around 49,200 tonnes greater; nitric oxide emissions 17,000 tonnes greater and particulate emissions 3,800 tonnes greater if natural gas had not been used.

IMPACT OF COAL REPLACEMENT ON NO_x, SO₂ AND PARTICLE EMISSIONS FROM ENERGY PRODUCTION



- Emissions made
- Emission reduction achieved through natural gas use
- Calculated emissions (2020)
- Achievable emission reduction in condensation
- Achievable emission reduction in CHP

Source: Pöyry Energy

More clean electricity

The replacement of the largest coal-fuelled district heating plants with efficient natural gas power plants would result in annual cuts in carbon dioxide emissions totalling almost two million tonnes in large cities in Southern Finland.

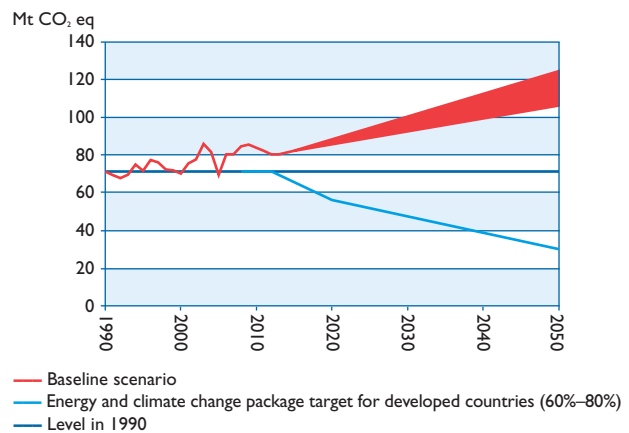
Natural gas would enable the doubling of the plants' power generation capacity, increasing Finland's annual electricity production by more than 4 TWh. This would replace coal-based condensate electricity production and cut carbon dioxide emissions by a further 3.8 million tonnes per year. The overall drop in carbon dioxide emissions achieved by a natural gas power plant replacing one ageing coal-fuelled district heating plant is more than one million tonnes a year.

INCREASING THE USE OF BIOFUELS IN TRANSPORT

In Finland the use of biogas as a vehicle fuel could see an upturn

GREENHOUSE GAS EMISSIONS IN 1990–2050

Gasum estimates that the replacement of coal by natural gas enables a reduction of around 6 million tonnes in carbon dioxide emissions.



Source: Finnish Ministry of Employment and the Economy



Combined district heat and power production is a major use for natural gas.

if the prerequisites for feeding in purified biogas to the transmission pipelines and from there for delivery to customers at natural gas filling stations were ensured.



"Gasum is the main sponsor of Hyvinkään Tahko's under-17-year-old boys' Finnish baseball team, and the company's support is vital for us. It's us parents who are mainly responsible for fundraising. For Gasum such sponsorship is a good way of seeing to public relations at a local level."

Jukka Pöllänen, Electrician, Hyvinkää maintenance centre, electrical maintenance

For the Hyvinkää maintenance centre 2007 was a year of busy construction. Despite a thundery summer, deadlines were met and holidays were taken at times best suited for everyone. Jukka Pöllänen says the centre's excellent team spirit also contributes to the employees' general wellbeing.



GASUM IS ONE OF THE BEST WORKPLACES IN FINLAND

"Gasum is a small workplace community – in all we only total a little over 200. We participated in the Best Workplaces in Finland study for the first time in 2007 and received an excellent ranking of the seventh. This is a unique achievement for a production industry company. Our organisational culture is open and non-hierarchical, and this could also be seen in the results."

Kristiina Vuori, Vice President, HR and Legal Matters

- Number of permanent employees, 2007 average:
 - Gasum Oy 147
 - Gasum Paikallisjakelu Oy 17
 - Gasum Energiapalvelut Oy 25
- Rate of sick leaves of total working hours: 2.8 %
- Number of accidents at work: 0



Gasum is a workplace much akin to a family business where almost everybody knows each other. Employee turnover is low, and people are committed. Our employees respect their own work and workplace community. They find their work in a unique and pioneering

company worthwhile.

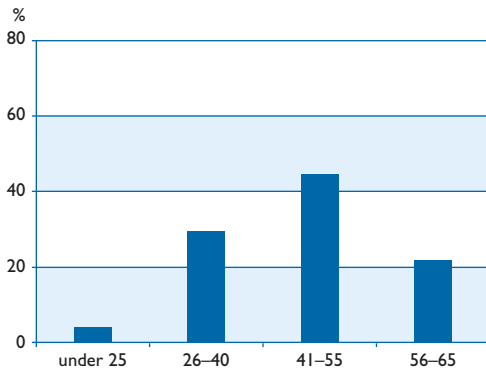
The year 2007 was the first one in which Gasum participated in the Best Workplaces in Finland study conducted by Great Place to Work® Institute Finland – and Gasum was rated seventh in the general category. According to the definition, a great place to work is where employees trust the people they work for, have pride in what they do, and enjoy the people they work with. All this is characteristic of Gasum as a workplace.

HIGH AVERAGE AGE

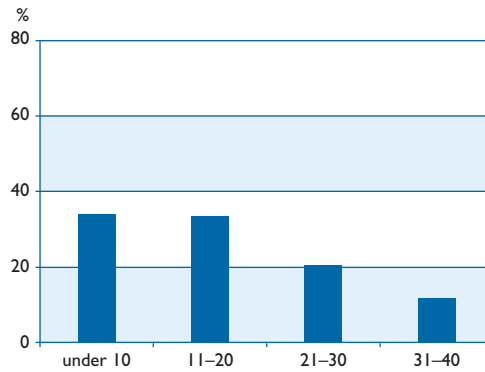
Many of our employees have been with us since the 1970s. The average age of a Gasum Oy employee is 46, Gasum Paikallisjakelu employee 38.5 and Gasum Energiapalvelut employee 43. Retirement of current employees as well as access to and training of new employees will be among our challenges in the coming years. In 2007 we recruited around 11 people, and 3 left us for retirement.

The natural gas business requires special competence. Our employees have solid basic occupational skills. As before, the year 2007 saw us organise workplace-specific training. Gasum is also involved in apprenticeship schemes. As an employer, Gasum encourages and supports further training of employees.

EMPLOYEE AGE PROFILE



EMPLOYEES BY YEARS OF SERVICE



New duties, new employees

A large organisational reform took place in 2007. The sales activities in Gasum were divided to three main business areas: energy trading, energy services new ventures. The organisational reform supports our strategic objectives: diversifying our business and developing service activities.

FROM THE GAS FACTORY TO NEW PREMISES IN HERTTONIEMI

In 2007 Gasum's subsidiaries were integrated more closely into the parent company. The change of name had already taken place a year earlier, but the year 2007 saw all our companies placed under the same brand.

In the summer Gasum Energiapalvelut Oy and Gasum Paikallisjakelu Oy moved from the old Sörnäinen gas factory to the Herttoniemi district of Helsinki.

STRONG TEAM SPIRIT

Gasum can be characterised as a fair employer that takes care



Our employee wellbeing event is organised every year.

of its employees in a comprehensive manner. Our human resources policies are respectful and employees are trusted with responsibility at all employee, expert and management levels.

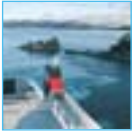
Every year sees an event with a special focus on employee wellbeing. Team spirit is also created in an outdoor activity event for the entire family organised every winter in Messilä.



"Things are far from stagnating at Gasum. We're always up for a challenge. The atmosphere at work is excellent, and my work's independent and rewarding and involves a lot of responsibility."

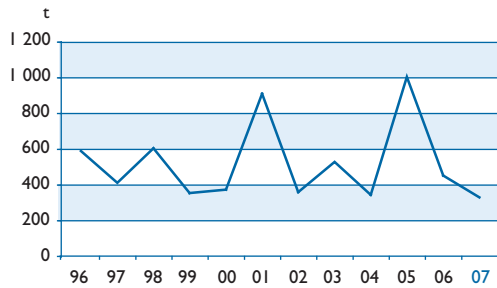
Mikko Lahti, Regional Manager, Tampere maintenance centre

There is an active five-strong team working at the Tampere maintenance centre who are keen to participate in employee club activity. Gasum Employee of the Year 2007 and clerk of the Gasum employee motorists' club Mikko Lahti insists they never mess about in traffic and always take others into consideration, watching out for any dangers on the road. Those voting for Mikko as Employee of the Year commented that he is a determined man with a great sense of humour who gets along with everyone.

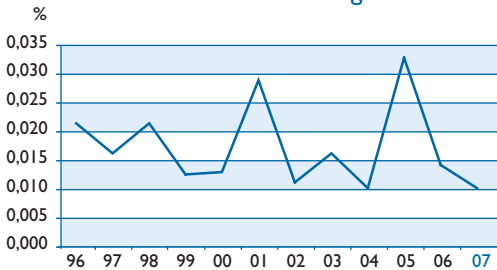


ENVIRONMENTAL RESPONSIBILITY

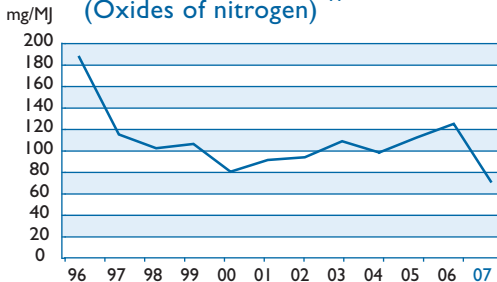
METHANE EMISSIONS



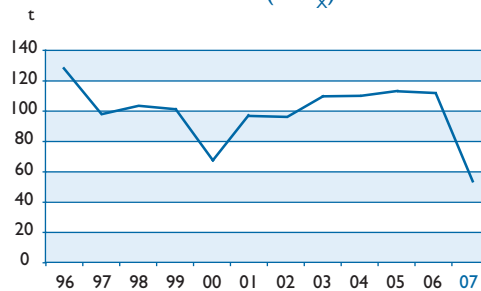
METHANE EMISSIONS/as % of gas transmitted



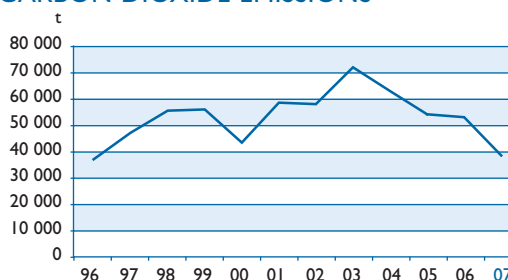
SPECIFIC EMISSIONS OF NO_x (Oxides of nitrogen)



OXIDES OF NITROGEN (NO_x)



CARBON DIOXIDE EMISSIONS



Gasum's integrated management system is certified in accordance with the ISO 9001:2000 and ISO 14001:2004 standards. We are a signatory to the Finnish Chemical Industry's Responsible Care initiative and the Finnish industrial energy savings agreement.



Natural gas imported to Finland contains 98% of methane. Methane is one of the greenhouse gases that are contributory to global warming. Methane is released into the atmosphere when, for example, pipes are emptied or in connection with blow-downs. Blowdowns are necessary when the natural gas in a pipeline has to be depressurised in an emergency situation or due to servicing or connection works.

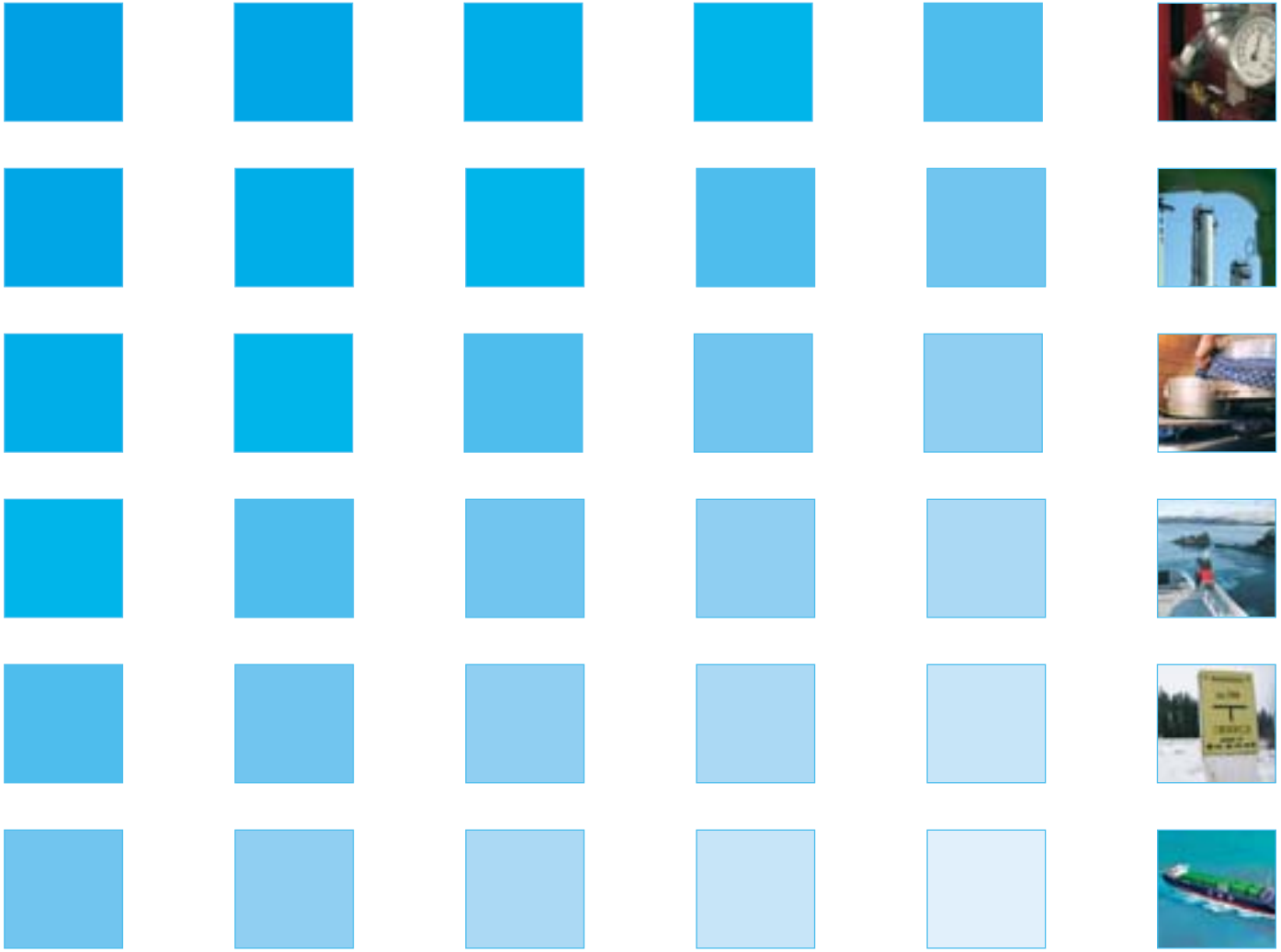
In 2007 methane emissions totalled 328 tonnes. During utilisation periods, emissions accounted for 0.010% of transmitted gas volumes.

The pressure of natural gas is raised at compressor stations located along the pipeline at approximately 100-kilometre intervals. The compressors' operational power is obtained from gas turbines using natural gas as their fuel. The combustion of natural gas creates carbon dioxide, water vapour and nitric oxides.

In 2007 the quantity of carbon dioxide emissions totalled 39,800 tonnes. Nitric oxide emissions totalled 57 tonnes and the compressor stations' average NO_x-specific emission was 73 mg/MJ.

The combined power of the compressors belonging to the natural gas transmission system is 63 MW. Compressor stations fall within the sphere of emissions trading and have been granted national emissions rights. Compressor stations accounted for approximately 26,984 tonnes of Gasum's carbon dioxide emissions. Gasum also uses natural gas to heat the pressure regulating stations. This accounts for 12,834 tonnes.

Gasum has decided to replace vehicles used by the Group with natural gas vehicles (NGVs) as the fleet is replaced. At year-end 2007 Gasum used 109 vehicles, of which 64 were NGVs, with the share of NGVs doubling during the year. Natural gas accounted for 47%, petrol 21% and diesel 32% of total transport fuel consumption.



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GASUM GROUP'S BOARD OF DIRECTORS REPORT FOR 2007

The Gasum Group's revenue for 2007 was €852.1 million (€888.3 million in 2006). Operating profit was €92.6 million (€77.9 million) or 10.9% (8.8%) of total revenue.

The decrease in revenue was due to a drop in natural gas sales resulting from weather conditions and electricity price development. The price development of comparative fuels used in natural gas trading had a positive impact on Gasum's annual result.

ENERGY SALES

Gasum Oy sold a total of 43.4 TWh of natural gas in 2007. The use of natural gas was down approximately 4% on the year 2006. The drop in consumption was a result of above-average temperatures and low prices in the electricity exchange. A considerable proportion of natural gas is still used for combined heat and power (CHP) production by communities and industry. The expansion of Neste Oil's Porvoo refinery, which became operational in 2007, enhanced the use of natural gas as raw material.

Pricing of the energy sales of natural gas is based on the natural gas supply contract between Gasum and Gazprom's subsidiary Gazprom export. The supply contract, valid until the end of 2025, is based on the special structure of Finland's natural gas market, which is reflected in the fact that the price of natural gas follows not just changes in oil prices, but also fluctuations in the price of coal and domestic market energy prices.

A one-hour balance period was adopted in natural gas trading, with Gasum renewing its short-term product offering in the same context. Trading is now possible 24 hours a day 7 days a week. Short-term trading and secondary market trading accounted for 3.6% of total natural gas sales.

Gasum's risk management products accounted for 4.5% of basic gas sales. Major increases in oil price had an adverse effect on sales in this product segment.

Gasum has local distribution in eight areas around Finland. The distribution network is 467 km long, and a total of 21 km of newly constructed pipelines were added to it in 2007. Local distribution sales volume was 44.6 million m³ in 2007.

The Finnish Energy Market Authority has examined the legality of Gasum's natural gas pricing at the request of certain customers. In early 2006, the alleged abuse of a dominant market position was referred to the Finnish Competition Authority, where the matter is currently under review. Results of the investigation are not expected to have a considerable effect on Gasum's financial results.

TRANSMISSION ACTIVITIES

Gasum Oy owns the natural gas transmission network and is in charge of its use, maintenance and development. Gasum's activities are regulated by the Finnish Energy Market Authority, which has appointed Gasum as national gas grid system operator. The Energy Market Authority approves the terms and conditions imposed by the system operator to implement system responsibility. The Authority also supervises Gasum's transmission pricing with a view to ensuring reasonable levels.

The one-hour balance period in natural gas market trading was adopted partly to develop transmission network usage management. The launch was smooth and improved the management of network transmission capacity and balance.

The quality targets set for transmission activities were met. The amount of undelivered energy totalled 200,880 m³ or 0.005% of the energy transmitted via the grid. Most of the undelivered energy resulted from pipeline damage that took place near St Petersburg in July and affected gas deliveries to Finland. Gasum did not have to discontinue or restrict gas deliveries to its customers, but some customers lowered their gas consumption as a precautionary measure. Exchange of information with OOO Lentransgas, the Russian

gas transmission company involved, was smooth throughout the incident.

A transmission pipeline survey performed in 2007 revealed the need to repair some of the oldest sections. Repairs on the parallel pipeline dating back to the 1970s between Pajari and Valkeala commenced in spring 2007.

Gasum also decided on several major network extension projects: a new natural gas pipeline will be constructed between Mäntsälä and Siuntio in Western Uusimaa, and a new parallel pipeline will be built from Iittala, north of Hämeenlinna, to Tampere. At the Imatra reception station, quantity measurement technology and the section of pipeline from the national border to the station will be replaced. These investments will total €100 million in 2007–2010.

Gasum and the natural gas supplier Gazprom reviewed their contract on the functions related to the assessment of the amount and quality of natural gas and operational procedures agreed with the gas supplier.

OTHER BUSINESS ACTIVITIES

Gasum performed an organisational reform in 2007 to develop its product and service business as well as some entirely new business activities. The company explored areas such as the construction of a liquefied natural gas (LNG) production plant and the feeding of biogas into the natural gas network and its further transmission to users. In 2007 Gasum made tanker lorry deliveries of LNG produced by the AGA Porvoo plant to Finland and Sweden for testing and research purposes. The volume totalled 2,121 tonnes.

The use of natural gas in traffic is an important developing market segment. During the year under review, natural gas filling stations were opened in Lappeenranta, Tampere and Vervo, Espoo. Sales of natural gas for use in traffic were up around 5% on the year before.

INVESTMENTS AND FINANCE

Gasum Oy invested €24,8 million in 2007. These were mostly investments in the construction of the parallel pipeline network. A total of 23 km of new pipeline was opened between Luumäki and Anjalankoski. Around a half of the investments were financed on loans from external sources.

ENVIRONMENT, HEALTH AND SAFETY

Gasum's integrated management system is certified in accordance with the ISO 9001:2000 and ISO 14001:2004 standards. The company became a signatory to the Chemical Industry of Finland's Responsible Care Initiative in 1996, the industrial energy savings agreement in 2002 and, since the beginning of 2005, the Zero Accident Forum, which comes under the national industrial accident programme. In late 2007 the industrial energy savings agreement was replaced by the industrial energy efficiency agreement.

The most significant environmental impacts of Gasum's operations result from the use of compressors and the construction of pipelines. The compressor stations required in natural gas transmission come under emissions trading, which was launched in early 2005.

Nitric oxide emissions are reduced by selecting compressor units that utilise low-emissions fuel technologies. Carbon dioxide emissions are minimised by using less fuel gases at compressor stations. Environmental effects of construction are reduced through approaches including new construction technologies and in-depth preliminary assessments of environmental impacts.

Gasum for the most part met its environment and health targets.

PERSONNEL

Gasum Oy employed an average of 164 people during 2007.



Of the largest subsidiaries in terms of personnel, Gasum Paikallisjakelu Oy employed 15 persons and Gasum Energiapalvelut Oy 27 persons.

Salaries and emoluments paid by Gasum Oy during the year under review was €9,053,939.81, with the corresponding figure for Gasum Paikallisjakelu totalling €769,861.72 and for Gasum Energiapalvelut Oy €1,098,430.40.

RESEARCH AND DEVELOPMENT

In May 2007, Gasum Oy's Annual General Meeting decided to donate €2 million to the Natural Gas Fund administered by the Finnish Foundation for Technology Promotion. The donation does not impact the revenue for 2007. The purpose of the donation is to secure the Fund's future ability to issue grants. In 2007, three grants were issued.

In 2007 Gasum explored the opportunity to recover biogas and transmit it via natural gas pipelines, with use as vehicle fuel as particular objective. Gasum also studied the feasibility of producing and marketing liquefied natural gas (LNG) for use as fuel in applications such as ferry traffic.

Gasum has decided to replace all vehicles used by the Group with natural gas-powered vehicles as the fleet is being replaced. In 2007 around 60% of the Group's vehicles were powered by natural gas and natural gas accounted for 70% of total vehicle fuel consumption.

GROUP STRUCTURE AND PERFORMANCE OF SUBSIDIARIES

The Gasum Group consists of the parent company Gasum Oy and the subsidiaries Gasum Paikallisjakelu Oy, Gasum Energiapalvelut Oy, Helsingin Kaupunkikaasu Oy, Gas Exchange Ltd and Gaasienergia AS. Gasum Oy imports natural gas to Finland, acts as a wholesaler to large customers and owns and maintains the gas transmission network. Gasum Paikallisjakelu Oy offers natu-

ral gas to homes and smaller companies. The company has its own distribution network in eight areas around Finland. Gasum Energiapalvelut Oy is Finland's leading provider of energy gas equipment and services. Gas Exchange Ltd maintains a natural gas and emission rights trading place on the Internet.

Sales of natural gas by Gasum Paikallisjakelu Oy totalled 44.6 million m³. The company's revenue totalled €17.6 million (€16.8 million in 2006).

The revenue of Gasum Energiapalvelut Oy totalled €6.9 million (€5.3 million).

Helsingin Kaupunkikaasu Oy owns the local distribution network in Helsinki and has it leased to Gasum Paikallisjakelu Oy for distribution activities. Helsingin Kaupunkikaasu Oy is responsible for investments in the local distribution network, new connections and the network's operational condition. The company's revenue totalled €1.2 million.

Gas Exchange Ltd has a total of 28 natural gas members. The Gas Exchange's total trading in 2007 was 15353 GWh and revenue €0.4 million (€0.3 million).

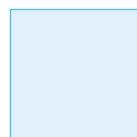
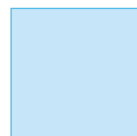
All of the Gasum Group's subsidiaries are fully owned by the parent company.

Gasum Paikallisjakelu Oy's Estonian subsidiary Gaasienergia AS distributes natural gas in the Tallinn area. Gaasienergia's sales of natural gas totalled 8.3 million m³ in a network totalling 56.7 km in length. The company's revenue totalled €1.1 million in 2007.

OWNERSHIP STRUCTURE AND SHARES

The year 2007 marked Gasum Oy's 14th year of business. Gasum is owned by:

Fortum Heat and Gas Oy	31%
ОАО Gazprom	25%
Finnish State	24%
E.ON Ruhrgas International AG	20%



The company's share capital is divided into Series A and Series K shares. There are 53,000,000 Series A shares and 1 Series K share. The Series K share is owned by the Finnish State.

Each share entitles its owner to one vote when voting in shareholders' meetings. The rendering of decisions in shareholders' meetings regarding amendments to the company's Articles of Association, as well as the selection of the Supervisory Board's Chairperson, Deputy Chairperson and Members as well as the discharge of responsibilities required by the Companies Act requires, besides a general majority, the majority of the votes given by the A shares as well as the votes given by the K share.

All Series A shares and the Series K share have the same right to dividends and the company's assets.

Conveyance for the acquisition of the Series K share requires the consent of Gasum Oy's Board of Directors. If this consent is not forthcoming, the holder of the K share has the right to demand that the share be converted to an A share.

There were no changes to the ownership structure during the year.

ANNUAL GENERAL MEETING, SUPERVISORY BOARD AND BOARD OF DIRECTORS

Gasum Oy's Annual General Meeting was held on 23 May 2007. The shareholders adopted the financial statements for 2006, approved the payment of dividend and the bonuses to be paid to employees as recommended by the Board of Directors and released the members of the Supervisory Board, the Board of Directors and the CEO from liability for the 2006 financial year.

Members of Gasum Oy's Supervisory Board retiring by rotation were Taisto Turunen of the Ministry of Employment and the Economy and Seppo Aho of Fortum were reappointed

for a further term. Continuing as members are Timo Karttinen of Fortum, Director Stephan Kamphues and Director Marcus Söhrich of E.ON Ruhrgas and Director Stanislav Tsygankov and Director Sergey Emeljanov of Gazprom. Counsellor of Mining Mikko Kivimäki LLM continued as the Chairman of the Supervisory Board.

Appointed by the Annual General Meeting, authorised public accountants PricewaterhouseCoopers Oy acted as the Gasum Group's auditors, with Eero Suomela APA as the principal auditor.

CEO Antero Jännes served as Chairman of Gasum Oy's Board of Directors. The Deputy Chairman was Senior Vice President Juha Vainikka. Other members were Senior Vice Presidents Björn Ahlnäs, Paula Lähde, Aleksei Novitsky, Christer Paltschik and Kristiina Vuori.

During the year under review, the Supervisory Board met three times and the Board of Directors 13 times.

REVENUE, BALANCE SHEET AND RESULT

The Gasum Group's revenue for 1 January to 31 December 2007 was €852,149,475.67 (€888,323,818.57 in 2006). Operating profit was €92,552,388.86 or 10.9% of total revenue (77,863,207.24 or 8.8% in 2006).

During the financial year the Gasum Group's return on equity was 17.7% (16.1%). Gasum Oy's balance sheet total at 31 December 2007 was €612.2 million (€582.6 million). The Group's balance sheet total at 31 December 2007 was €634.3 million (€602.4 million). Gasum Oy's equity ratio was 61.4% (60.9%), while the Group's equity ratio was 61.2% (60.8%).

The decrease in revenue was due to a drop in natural gas sales resulting from weather conditions and low market price of electricity. The price development of comparative fuels applied in natural gas trading had a positive impact on Gasum's annual result. The expansion of Neste Oil Plc's refinery had been antic-

ipated to enhance the use of natural gas in industry, but the delay of its start-up resulted in the sales of natural gas at levels lower than anticipated.

The financial targets set for Gasum Oy's business operations were achieved.

FUTURE PROSPECTS

Gasum anticipates that the annual use of natural gas in Finland could rise from the present-day 46 TWh to around 60 TWh by 2015, with industry accounting for half of this increase and community use for the other half. Combined heat and power (CHP) production is expected to generate most of this growth. Growth is dependent on back-pressure electricity produced by natural gas retaining its competitiveness compared to the market price of electricity. The natural gas consumption potential in Southern Finland is 100 TWh annually. A new natural gas-fuelled power station is under construction in Espoo, with construction carried out by Fortum due for completion in 2009.

On 7 January 2008 Gasum signed a letter of intent with Neste Oil Plc regarding the supply of natural gas to its Naantali refinery, and with Turun Seudun Maakaasu ja Energiantuotanto Oy (TSME) to its planned power station generating electricity and district heat. The letter of intent covers the supply of around 450 million m³ of natural gas to the Turku economic zone. The envisaged pipeline constructed by Gasum will be 195 km long.

The seabed survey for Balticconnector, a pipeline planned between Finland and Estonia, was completed in spring 2007. Gasum will continue the assessments required before construction can commence in cooperation with Eesti Gaas. The environmental impact assessment (EIA) process regarding the project will begin in 2008. The decision to build the pipeline can be made in 2009 at the earliest. If constructed, the connection will offer opportunities to develop transmission systems

between Finland and the Baltic States and diversify natural gas procurement by building a shared LNG reception terminal.

Gasum is assessing its opportunities to participate in biogas production and distribution via the natural gas network. Small-scale production and distribution of LNG is also under development.

In 2007 the European Union (EU) issued a proposal regarding the reform of the energy market. Objectives of the EU include separating the ownership of transmission businesses and energy producers more clearly from each other. The year 2007 did not see any decision at the European or national level on the issue. Gasum anticipates its operations will continue in their current form without its network and energy sales functions becoming subject to unbundling. For quite some while Finland will probably lack a connection to the gas network employed elsewhere in Europe and therefore the opportunity to decentralise its gas procurement.

Strategic climate and energy policies adopted by the European Union and Finland will have a major impact on the development of the natural gas market. Uncertainty about final policies is slowing down investment decisions.

PROPOSAL FOR THE DISTRIBUTION OF PROFIT

Gasum Oy's distributable assets total €51,034,696.46 of which the profit for the financial year is €47,705,295.28.

Regarding the use of distributable assets, the Board of Directors recommend the payment of a dividend of €0.90 per share, in other words a total of €47,700,000.90 and that the remaining shareholders' equity of €3,334,695.56 be retained.

Following the conclusion of the period under review, no essential changes in the company's financial position have taken place. The company's liquidity is high and the proposed distribution of profit will not, according to the Board's view, endanger the company's solvency.

INCOME STATEMENT

€ million	GROUP		PARENT COMPANY		
		2007	2006	2007	2006
Net sales	(1)	852	888	842	880
Other operating income	(2)	0	0	0	0
Materials and services	(3)				
Raw materials and consumables					
Purchases during the financial year		-707	-758	-706	-758
Staff costs					
Wages and salaries	(4)	10	10	9	8
Social security costs					
Pension costs		2	2	1	1
Other social security costs		1	1	1	1
		-13	-13	-11	-10
Depreciation and value adjustments	(6)				
Depreciation according to plan		-30	-28	-28	-27
Other operating charges		-10	-11	-8	-10
Operating profit		93	78	89	75
Financial income and charges	(7)				
Other interest receivable and similar income					
From others		2	1	3	1
Interest payable and similar charges					
To others		-2	-2	-2	-2
		0	-1	1	-1
Profit before extraordinary items		93	77	90	74
Extraordinary items	(7)				
Group contribution				1	1
Profit before appropriations and taxes		93	77	91	75
Appropriations					
Increase in depreciation difference (-)	(8)			-24	-15
Income taxes	(9)	-26	-21	-20	-16
Profit for the financial year		67	56	48	45

BALANCE SHEET

€ million	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
ASSETS				
FIXED ASSETS				
Intangible rights and assets	(10)			
Other long-term expenditure	6	5	5	4
Goodwill on consolidation	2	2		
	8	7	5	4
Tangible assets	(10)			
Land and water	2	2	2	2
Buildings and structures	368	365	340	341
Machinery and equipment	42	48	40	47
Other tangible assets	7	6	7	6
Tangible assets in the course of construction	21	20	21	20
	441	442	411	416
Financial assets	(11)			
Shares in Group companies			7	7
Amounts owed by Group companies			7	5
			14	11
CURRENT ASSETS				
Stocks	(12)			
	8	6	8	6
Debtors	(13)			
Short-term				
Trade debtors	119	91	115	89
Amounts owed by Group companies	0	0	3	3
Other debtors	8	0	8	0
Prepayments and accrued income	1	1	0	0
	127	92	127	92
Cash and cash equivalents	49	54	47	5
	634	602	612	583

BALANCE SHEET

€ million	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY	(14)			
Share capital	178	178	178	178
Retained earnings	143	132	3	3
Profit for the financial year	67	56	48	45
	388	366	229	226
ACCUMULATED APPROPRIATIONS				
Accumulated depreciation difference			198	174
DEFERRED TAX LIABILITY	(16)	57	50	
CREDITORS				
Long-term	(17)			
Loans from financial institutions	24	20	24	20
Other non-current liabilities	1	1	0	0
	26	21	24	20
Short-term	(18)			
Loans from financial institutions	12	35	12	35
Trade creditors	90	68	90	67
Other creditors	56	54	54	53
Accruals and deferred income	5	8	5	7
	163	165	161	163
	634	602	612	583

CASH FLOW STATEMENT

€ million	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
Cash inflow from operating activities				
+ Payments received from sales	826	902	817	894
+ Payments received from other operating activities	0	0	0	0
– Payments of other operating charges	–713	–792	–708	–789
Cash inflow from operating activities before financial items and taxes	113	110	108	105
– Interest paid and payments of other financial charges for operating activities	–2	–2	–2	–2
+ Interest received from operating activities	3	1	3	2
+ Dividends received from operating activities	0	0	0	0
– Taxes paid	–29	–9	–29	–9
Cash inflow from operating activities before extraordinary items	85	100	80	95
+/- Net cash inflow from extraordinary financing items	0	0	0	0
Cash inflow from operating activities (A)	85	100	80	95
Cash inflow/outflow from investing activities				
– Investments in tangible and intangible assets	–27	–41	–22	–37
+ Gains on the divestment of tangible and intangible assets	1	1	1	1
– Investments in other financial assets	–1	0	0	0
+ Gains on the divestment of other financial assets	0	0	0	0
– Loans granted	0	0	0	0
+ Repayment of loan receivables	0	0	0	0
+ Interest received from investments	0	0	0	0
+ Dividends received from investments	0	0	0	0
Cash inflow/outflow from investing activities (B)	–26	–40	–20	–37
Cash inflow/outflow from financing activities				
+ Increase in short-term loans	0	0	0	0
– Repayments of short-term loans	0	0	0	0
+ Increase in long-term loans	4	14	5	15
– Repayments of long-term loans	–23	–17	–23	–17
–/+ Increase/decrease in long-term debtors	0	0	–3	–1
–/+ Net cash flow from extraordinary financial items	0	0	1	2
– Dividends paid and other distribution of profit	–45	–22	–45	–22
Cash inflow/outflow from financing activities (C)	–64	–25	–65	–24
Change in liquid assets (A+B+C)	–6	35	–5	35
Liquid assets at 1 January	54	19	53	18
Liquid assets at 31 December	48	54	47	53
	–6	35	–5	35

NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATION

Gasum Oy is part of the Gasum Group. Gasum Oy is the parent company of the Gasum Group and has its registered office in Espoo, Finland. Copies of the consolidated financial statements are available from Gasum Oy's head office at Miestentie 1, FI-02150 Espoo, Finland. The consolidated financial statements include the accounts of the parent company Gasum Oy and of the subsidiaries Gasum Energiapalvelut Oy, Helsingin Kaupunkikaasu Oy, Gas Exchange Ltd, Gasum Paikallisjakelu Oy and Gaasienergia AS. Gasum Paikallisjakelu Oy and Gaasienergia AS together form a subgroup within the Gasum Group. Gaasienergia AS is fully owned by Gasum Paikallisjakelu Oy. No separate consolidated accounts have been prepared for the subgroup. The difference between the acquisition cost and equity at the time of acquisition, arising from the elimination of mutual shareholdings, has been treated as goodwill on consolidation and is depreciated over its estimated lifetime subject to a maximum of 20 years. Internal transactions in the Gasum Group have been eliminated in the income statement and balance sheet.

FOREIGN CURRENCY ITEMS

Debtors and creditors denominated in foreign currency have been valued at the middle rates quoted by the European Central Bank at the balance sheet date.

VALUATION OF FIXED ASSETS

Fixed assets are recognised in the balance sheet at acquisition cost less depreciation according to plan. Planned depreciation is booked as straight-line depreciation based on the economic life of tangible and intangible assets. Grants received are recognised as decrease in acquisition cost. The economic lifetime expectancies used are:

	Group		Parent company	
	2007	2006	2007	2006
Buildings and structures	15-40 yrs	15-40 yrs	15-40 yrs	15-40 yrs
Other tangible assets	20-40 yrs	20-40 yrs	20-40 yrs	20-40 yrs
Machinery and equipment	4-25 yrs	4-25 yrs	4-15 yrs	4-15 yrs
Other long-term expenditure	5-40 yrs	5-40 yrs	5-10 yrs	5-10 yrs
Intangible rights and assets	1-10 yrs	2-5 yrs	1-5 yrs	2-5 yrs
Goodwill on consolidation	20 yrs	20 yrs		

A total of €213,138.00 of project wages and related labour costs have been recognised under acquisition cost of tangible and intangible assets during the accounting period. Investment support totalling €22,590.00 was received from the Employment and Economic Development Centre for Southeastern Finland for energy savings agreements during the period.

STOCKS

Stocks have been valued in accordance with the FIFO-principle at the direct acquisition cost, or replacement cost or the probable recoverable amount, whichever is the lowest.

PENSION COSTS

Pension cover for Group employees has been arranged through external pension insurance companies. Pension costs are recognised in the year of accrual. No costs resulted from Henki-Sampo supplementary pensions during the accounting period. Pension contributions paid during the period were covered by accrued funds.

MANDATORY PROVISIONS

The emission rights granted were not exceeded during the financial year, so no provision is necessary. The actual emission amounts of the year were below the granted and bought amounts by 20,775 tonnes. Due to the low market price level of emission rights, this makes an off-balance-sheet asset of €416.

DEFERRED TAX LIABILITY

The depreciation difference in the consolidated financial statements has been divided into distributable equity and deferred tax liability.

➤ FINANCIAL STATEMENTS

€ thousand	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
I. NET SALES				
By geographical area				
Finland	851 317	887 332	840 798	878 841
Rest of Europe	684	848	684	845
Other	149	144	149	144
Total	852 149	888 324	841 630	879 830
2. OTHER OPERATING INCOME				
Gains on the divestment of fixed assets	36	64	29	57
Rents	133	86	222	198
Other	42	141	1	1
Total	212	291	252	256
3. MATERIALS AND SERVICES				
Raw materials and consumables				
Purchases during the financial year	708 612	758 600	707 138	758 082
Change in stocks	-1 558	-180	-1 525	-177
	707 055	758 419	705 613	757 904
4. STAFF COSTS				
Staff costs and benefits				
Wages and salaries	10 466	9 967	8 615	8 133
Pension costs	1 669	1 776	1 346	1 479
Statutory social security costs	1 024	1 052	867	868
Total	13 159	12 795	10 828	10 481
Benefits	545	380	439	307
Total	13 704	13 176	11 267	10 788
Staff costs in the income statement exclude the cash value of the benefits				
Management salaries and remuneration				
Managing directors	673	602		
Members of the Board of Directors and Supervisory Board	1 063	794		
Average number of employees in the Group and parent company during the year				
Salaried employees	138	129	111	103
Waged employees	71	72	53	55
Total	209	201	164	158

5. MANAGEMENT PENSION COMMITMENTS

Senior management within the Gasum Group may retire at the age of 60 and receive pension benefits in accordance with the regulations of Henki-Sampo.

€ thousand	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
6. DEPRECIATION				
Depreciation according to plan				
Depreciation on tangible and intangible assets	29 678	28 358	28 164	27 080
7. FINANCIAL INCOME AND CHARGES				
Interest receivable from non-current financial assets				
From Group companies	0	0	311	133
Other interest receivable and similar income				
From Group companies	0	0	31	32
From others	2 586	1 421	2 547	1 406
	2 586	1 421	2 579	1 438
Interest receivable from non-current financial assets and other interest receivable and similar income, total				
	2 586	1 421	2 889	1 571
Interest payable and similar charges				
To Group companies	0	0	21	15
To others	2 168	2 358	2 168	2 355
	2 168	2 358	2 189	2 370
Financial income and charges, total	-418	936	-700	799
Extraordinary items				
Group contribution	0	0	1 203	1 402
8. APPROPRIATIONS				
Difference between depreciation according to plan and depreciation carried out in taxation	0	0	-23 980	-14 505
9. DIRECT TAXES				
Taxes from previous years	2 055	0	2 055	0
Income tax on ordinary business operations	17 538	16 396	17 529	16 394
Change in deferred tax liability	6 778	4 247	0	0
	26 372	20 643	19 584	16 394
10. FIXED ASSETS				
Intangible rights and assets				
Intangible rights				
Acquisition cost at 1 January	408	290	116	1
Increase	32	118	27	115
Decrease	-172	0	0	0
Acquisition cost at 31 December	613	408	143	116
Accumulated depreciation at 1 January	302	261	24	0
Accumulated depreciation on decrease	-172	0	0	0
Depreciation according to plan	104	41	94	24
Accumulated depreciation at 31 December	579	302	118	24
Book value at 31 December	34	106	24	91

➤ FINANCIAL STATEMENTS

	GROUP		PARENT COMPANY	
€ thousand	2007	2006	2007	2006
Intangible assets				
Other long-term expenditure				
Acquisition cost at 1 January	11 463	9 658	9 846	8 051
Increase	1 672	1 805	1 225	1 795
Sales and scrapping	0	0	0	0
Decrease	-3	0	-3	0
Acquisition cost at 31 December	13 132	11 463	11 067	9 846
Accumulated depreciation at 1 January	6 320	5 715	5 599	5 025
Depreciation according to plan	675	605	606	574
Accumulated depreciation at 31 December	6 995	6 320	6 205	5 599
Book value at 31 December	6 137	5 143	4 861	4 246
Goodwill on consolidation				
Acquisition cost at 1 January	5 147	5 147	0	0
Acquisition cost at 31 December	5 147	5 147	0	0
Accumulated depreciation at 1 January	2 821	2 562	0	0
Depreciation according to plan	258	259	0	0
Accumulated depreciation at 31 December	3 079	2 821	0	0
Book value at 31 December	2 069	2 327	0	0
Book value of intangible assets, total	8 206	7 470	4 861	4 246
Tangible assets				
Land and water				
Acquisition cost at 1 January	2 327	2 377	2 327	2 377
Increase	165	0	165	0
Decrease	0	-50	0	-50
Acquisition cost at 31 December	2 492	2 327	2 492	2 327
Book value at 31 December	2 492	2 327	2 492	2 327
Buildings and structures				
Acquisition cost at 1 January	562 135	516 332	531 839	488 945
Increase	25 611	45 803	21 425	42 894
Decrease	-141	0	-131	0
Acquisition cost at 31 December	587 605	562 135	553 133	531 839
Accumulated depreciation at 1 January	197 105	175 707	191 167	170 513
Depreciation on divestments	-1	0	0	0
Depreciation according to plan	22 457	21 398	21 631	20 655
Accumulated depreciation at 31 December	219 561	197 105	212 798	191 167
Book value at 31 December	368 044	365 031	340 335	340 672

€ thousand	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
Machinery and equipment				
Acquisition cost at 1 January	96 751	93 982	93 460	91 049
Increase	4 292	3 260	2 750	2 776
Decrease	-4 366	491	-3 939	365
Acquisition cost at 31 December	96 677	96 751	92 271	93 460
Accumulated depreciation at 1 January	48 670	42 916	46 688	41 074
Depreciation on divestments	-382	-134	2	-43
Depreciation according to plan	5 978	5 888	5 628	5 657
Accumulated depreciation at 31 December	54 266	48 670	52 318	46 688
Book value at 31 December	42 412	48 081	39 953	46 772
Other tangible assets				
Acquisition cost at 1 January	7 568	5 992	7 532	5 956
Increase	630	1 750	630	1 750
Decrease	0	-174	0	-174
Acquisition cost at 31 December	8 198	7 568	8 162	7 532
Accumulated depreciation at 1 January	1 280	1 112	1 243	1 075
Depreciation according to plan	205	168	205	168
Accumulated depreciation at 31 December	1 485	1 280	1 448	1 243
Book value at 31 December	6 714	6 290	6 714	6 290
Payments on account and tangible assets in the course of construction				
Acquisition cost at 1 January	20 148	32 046	19 972	31 926
Increase	18 078	16 023	16 714	15 928
Decrease	-16 820	-27 920	-15 458	-27 882
Acquisition cost at 31 December	21 407	20 148	21 228	19 972
Book value at 31 December	21 407	20 148	21 228	19 972
Book value of tangible assets at 31 December	441 069	441 876	410 725	416 033
Book values, total	449 309	449 453	415 611	420 369

The acquisition cost of fixed assets includes assets that have yet to be booked in full as planned depreciation.

11. FINANCIAL ASSETS

Shares in Group companies, %

Gasum Paikallisjakelu Oy, Kotka	100%	100%	100%	100%
Helsingin Kaupunkikaasu Oy, Helsinki	100%	100%	100%	100%
Gasum Energiapalvelut, Helsinki	100%	100%	100%	100%
Gas Exchange Ltd, Espoo	100%	100%	100%	100%
Gaasienergia AS, Tallinn	100%	100%	0%	0%

➤ FINANCIAL STATEMENTS

€ thousand	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
Group companies				
Acquisition cost at 1 January	0	0	6 637	6 637
Acquisition cost at 31 December	0	0	6 637	6 637
Book value at 31 December	0	0	6 637	6 637
Other shares and holdings				
Acquisition cost at 1 January	378	344	372	339
Increase	20	33	20	33
Acquisition cost at 31 December	398	378	392	372
Book value at 31 December	398	378	392	372
Amounts owed by Group companies				
Acquisition cost at 1 January	0	0	4 505	3 723
Increase	0	0	3 150	950
Decrease	0	0	268	168
Acquisition cost at 31 December	0	0	7 387	4 505
Book value at 31 December	0	0	7 387	4 505
Book value of financial assets at 31 December	398	378	14 415	11 513
12. STOCKS				
Goods	8 053	6 495	7 609	6 084
Repurchase price	15 663	10 944	15 219	10 532
Book value	8 053	6 495	7 609	6 084
Difference	7 610	4 448	7 610	4 448
13. DEBTORS				
Long-term				
By others	94	129	10	10
Long-term debtors, total	94	129	10	10
Short-term				
Amounts owed by Group companies				
Trade debtors	0	0	1 561	1 375
Loan receivables	0	0	268	218
Other debtors	0	0	1 203	1 427
Total	0	0	3 032	3 021
From others				
Trade debtors	118 516	91 287	115 352	88 525
Other debtors	8 357	166	8 357	158
Prepayments and accrued income	542	384	419	339
Total	127 415	91 837	124 128	89 022

€ thousand	GROUP		PARENT COMPANY		
	2007	2006	2007	2006	
Short-term debtors, total	127 415	91 837	127 159	92 042	
Debtors, total	127 509	91 965	127 169	92 052	
Significant items included in other receivables 2007					
Participation fees	60	158	60	158	
Prepayments	1 000	0	1 000	0	
Other debtors	7 297	0	7 297	0	
Significant items included in prepayments and accrued income 2007					
Interest rate cap premiums	160	0	160	0	
Purchase invoice accrual	96	0	96	0	
14. SHAREHOLDERS' EQUITY					
Share capital at 1 January	178 279	178 279	178 279	178 279	
Share capital at 31 December	178 279	178 279	178 279	178 279	
Retained earnings at 1 January	187 898	153 898	47 849	25 608	
Payment of dividend	-44 520	-22 285	-44 520	-22 285	
Retained earnings at 31 December	143 378	131 614	3 329	3 324	
Profit for the financial year	66 599	56 283	47 705	44 526	
Total shareholders' equity, of which	388 255	366 176	229 314	226 128	
restricted equity	178 279	178 279	178 279	178 279	
unrestricted equity	209 976	187 897	51 035	47 849	
Statement of distributable funds at 31 December					
Retained earnings			3 329	3 324	
Profit for the financial year			47 705	44 526	
Total			51 035	47 849	
The parent company's share capital is distributed as follows:			No. of shares	No. of shares	
Series A			53 000 000	53 000 000	
Series K			1	1	
All Series A shares and the Series K share have the same right to dividends and the company's assets.					
15. ACCUMULATED APPROPRIATIONS					
In the parent company, accumulated appropriations consist of the accumulated depreciation difference.					
16. DEFERRED TAX LIABILITIES					
Deferred tax liabilities arising from appropriations	56 906	50 129	0	0	39

➤ FINANCIAL STATEMENTS

€ thousand	GROUP		PARENT COMPANY	
	2007	2006	2007	2006
17. LONG-TERM CREDITORS				
Loans from financial institutions	24 357	19 857	24 357	19 857
Other long-term creditors	1 300	921	0	0
Total	25 657	20 778	24 357	19 857
18. SHORT-TERM CREDITORS				
Amounts owed to Group companies				
Trade creditors	0	0	37	20
Accruals and deferred income	0	0	29	30
	0	0	66	50
To others				
Loans from financial institutions	12 000	35 357	12 000	35 357
Trade creditors	90 072	67 648	89 676	67 066
Other creditors	56 116	54 495	54 318	53 112
Accruals and deferred income	5 251	7 865	4 678	7 256
	163 438	165 365	160 672	162 791
Short-term creditors, total	163 438	165 365	160 738	162 841
Significant items included in accruals and deferred income				
Annual holiday provision and social security costs	1 285	1 289	1 152	1 164
Unpaid wages and social security costs	1 264	1 235	1 100	1 085
Income billed in following year	596	479	596	479
Interest	517	568	517	568
Taxes	128	3 885	128	3 885
19. SECURITIES				
Securities pledged	1 300	1 300	1 300	1 300
Cash pledged	178	15	136	15
Total	1 478	1 315	1 436	1 315
20. LIABILITIES				
Leasing liabilities				
To be paid during next accounting period	131	206	121	194
To be paid later on	142	376	134	354
	273	582	254	548
Rental liabilities				
To be paid during next accounting period	643	492	643	492
To be paid later on	4 606	1 106	4 606	1 106
	5 249	1 598	5 249	1 598
Counter-obligation for a bank guarantee	379	379	379	379
Bank guarantee for a security deposit (for premises leased at Miestentie 1 and Asentajankatu 5)	163	0	121	0

UNBUNDLED INCOME STATEMENT

€ thousand	TRANSMISSION ACTIVITIES		SALES ACTIVITIES		OTHER ACTIVITIES	
	2007	2006	2007	2006	2007	2006
NET SALES	171 639	167 195	599 468	638 591	70 730	74 422
Other income	17	31	50 881	60 049	220	196
Materials and services						
Raw materials and consumables						
Purchases during the financial year	-17 987	-20 139	-629 989	-675 211	-57 843	-62 932
Staff costs	-8 333	-8 446	-2 142	-1 910	-354	-126
Depreciation and value adjustments						
Depreciation according to plan	-27 298	-26 580	-317	0	-549	-501
Other operating charges	-56 641	-65 842	-1 939	-3 533	-197	-444
OPERATING PROFIT	61 398	46 220	15 963	17 986	12 007	10 616
Financial income and charges	-415	-631	806	-167	309	0
PROFIT BEFORE EXTRAORDINARY ITEMS	60 983	45 589	16 769	17 819	12 315	10 616
Incidental capital gains						
Group contribution	0	0	1 203	1 402	0	0
PROFIT BEFORE APPROPRIATIONS AND TAXES	60 983	45 589	17 972	19 221	12 315	10 616
Appropriations						
Increase in depreciation difference (-)	-21 377	-14 323	0	0	-2 603	-183
Income taxes	-13 085	-9 909	-3 856	-4 178	-2 643	-2 307
PROFIT FOR THE FINANCIAL YEAR	26 520	21 357	14 115	15 043	7 070	8 126

UNBUNDLING OF NATURAL GAS OPERATIONS

Chapter 5 of the Finnish Natural Gas Market Act (508/2000) requires natural gas operations and other activities to be accounted for separately.

Since 2003, natural gas activities include the share of the energy charges in sales tariffs in Gasum Oy's basic gas business.

Gasum Oy's transmission activities includes the transmission charges in the selling price of natural gas as well as most of the business in respect of old contracts outside the tariff agreement.

Other business activities include the energy portion of daily

gas, the sale of liquefied natural gas for testing and research purposes, and the sales of maintenance services. Use of natural gas for transport is also included in other business activities.

Charges and income are allocated in accordance with the matching principle using management accounting. Depreciation is calculated in accordance with the valid depreciation plan.

Balance sheet items are divided in accordance with the matching principle. Financial assets and short-term creditors have been divided mathematically according to the matching principle. Share capital and long-term creditors have been divided in relation to assets.

UNBUNDLED BALANCE SHEET

€ thousand	TRANSMISSION ACTIVITIES		SALES ACTIVITIES		OTHER ACTIVITIES	
	2007	2006	2007	2006	2007	2006
ASSETS						
FIXED ASSETS						
Intangible rights and assets						
Intangible rights	24	91	0	0	0	0
Fixed assets in natural gas network	4 195	3 731	0	0	0	0
Other intangible assets	0	0	512	400	154	115
Tangible assets						
Tangible assets in natural gas network	384 171	391 147	0	0	0	0
Other tangible assets	348	328	801	737	4 522	4 176
Prepayments/Tangible assets in the course of construction	20 397	19 972	75	0	755	0
Financial assets	0	0	14 026	11 144	41	41
CURRENT ASSETS						
Stocks	3 963	3 072	3 647	3 012	0	0
Debtors	28 313	9 340	92 138	77 927	6 718	4 785
Cash and cash equivalents	32 689	32 610	8 528	12 623	6 159	7 363
	474 102	460 291	119 726	105 844	18 349	16 480
SHAREHOLDERS' EQUITY AND LIABILITIES						
SHAREHOLDERS' EQUITY	192 754	201 454	29 289	15 173	7 271	9 502
ACCUMULATED APPROPRIATIONS						
Accumulated depreciation difference	194 982	173 605	0	0	2 785	183
CREDITORS						
Long-term	22 652	18 467	1 218	993	487	397
Short-term	63 713	66 765	89 220	89 678	7 805	6 398
	474 102	460 291	119 726	105 844	18 349	16 480

Gasum Oy's Board of Directors
18 February 2008

Antero Jännes
Juha Vainikka
Björn Ahlnäs
Paula Lähde
Aleksei Novitsky
Christer Paltschik
Kristiina Vuori

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GASUM OY

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Gasum Oy for the period 1.1.–31.12.2007. The Board of Directors and the Managing Director have prepared the report of the Board of Directors and the financial statements, which include the consolidated and parent company balance sheets, income statements, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements, as well as on the report of the Board of Directors and on administration of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies' Act.

In our opinion the report of the Board of Directors and the financial statements have been prepared in accordance with

the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The report of the Board of Directors and the financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The report of the Board of Directors is consistent with the financial statements. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable funds is in compliance with the Companies Act.

We have reviewed the income statements, balance sheets and supplementary information for the separated operations in the notes to the financial statements. In our opinion, they have been prepared in accordance with the Natural Gas Market Act and the regulations and stipulations required by it.

Helsinki, 18 February 2008

PricewaterhouseCoopers Oy
Authorised Public Accountants

Eero Suomela
Authorised Public Accountant

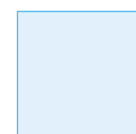
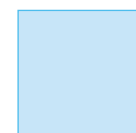
STATEMENT BY THE SUPERVISORY BOARD

Meeting today, Gasum Oy's Supervisory Board considered the company's financial statement for 2007, which includes the consolidated and parent company income statements, balance sheets, the annual report and the Board of Directors' proposal contained in the latter for the disposal of profits, and the auditors' report provided by the Company's auditors. The Supervisory Board has decided to recommend to the Annual General Meeting that the financial statement be approved.

The Supervisory Board is satisfied that its decisions and instructions have been followed, and that it has received adequate information from the Board of Directors and the Company's management.

Espoo, 26 February 2008

Mikko Kivimäki
Taisto Turunen
Seppo Aho
Sergey Emel'yanov
Stephan Kamphues
Timo Karttinen
Marcus Söhrich
Stanislav Tsygankov



➤ CORPORATE GOVERNANCE

GENERAL MEETING OF SHAREHOLDERS

Ultimate decision-making power in Gasum Oy is vested in the general meeting of shareholders, which convenes at least once a year. The general meeting of shareholders receives the financial statements and auditors' report, resolves the adoption of the income statement and balance sheet and decides on the discharge of liability for members of the Supervisory Board, members of the Board of Directors and the CEO. The general meeting of shareholders elects members to the Supervisory Board, new members to replace those retiring by rotation and the chairman and deputy chairman of the Supervisory Board.

SUPERVISORY BOARD

Gasum Oy's Supervisory Board comprises the chairman, vice chairman and six other members. Members of the Supervisory Board and its chairman are appointed for a term of office lasting three years at a time. The Supervisory Board convenes at the invitation of the chairman, or if he is prevented from doing so, by his deputy. The Supervisory Board is responsible for ensuring that the company is run in line with the decisions and instructions of the general meeting of shareholders and sound business principles.

Members:

Chairman: Mikko Kivimäki Counsellor of Mining
Vice Chairman: Taisto Turunen, Director-General,
Ministry of Employment and Economy, Energy Department
Seppo Aho, Fortum
Sergey Emel'yanov, Gazexport
Stephan Kamphues, E.ON Ruhrgas
Timo Karttinen, Fortum
Marcus Söhrich, E.ON Ruhrgas
Stanislav Tsigankov, Gazprom

AUDITORS

PricewaterhouseCoopers Oy
Principal auditor Eero Suomela APA

GASUM OY'S BOARD OF DIRECTORS

The Board of Directors is elected by the Supervisory Board and comprises a chairman and a minimum of three and a maximum of six ordinary members. Members of the Board of Directors and their deputies serve a term of office lasting three years. The Board of Directors is responsible for company's administration and business in compliance with the law, Articles of Association and the instructions issued by the Supervisory Board, to decide on the conveyance and mortgaging of fixed assets and to hire and dismiss senior managers not appointed by the Supervisory Board.

Members:

Antero Jännes, Chairman, CEO, Juha Vainikka, Vice Chairman, Kristiina Vuori, secretary, Björn Ahlnäs, Paula Lähde, Aleksei Novitsky, Christer Paltschik

SUBSIDIARIES

Gasum Paikallisjakelu Oy, Gasum Energiapalvelut Oy:
Managing Director Jarko Alanko
Gaasienergia AS: Managing Director Simo Lahesalu
Kaasupörssi Oy (Gas Exchange Ltd): Managing Director Pekka Karinen

GASUM'S ORGANISATION:

CEO: Antero Jännes
Gas supply and sales: Aleksei Novitsky

- Sales: Ossi Savolainen, Sonja Hellén-Nieminen, Lauri Pirvola
- Baltic area: Seppo Nurminen

New ventures: Björn Ahlnäs

- Natural gas as traffic fuel: Jussi Vainikka
- New areas: Veli-Heikki Niiranen
- LNG, biogas: Arto Riikonen

Energy services: Jarko Alanko

- Sales: Voitto Rihu, Tommy Mattila
- Customer service and invoicing: Karoliina Liimatainen
- Installation and use: Timo Harju

Transmission: Juha Vainikka

- Use: Ari Suomilammi
- Electric: Maintenance Timo Parikka
- Safety: Jarmo Aho
- Projects and materials supplies: Kaj Christiansen
- Maintenance: Arto Korpela

Regional Managers:

- Imatra: Timo Kyllönen
- Valkeala: Pasi Karhula
- Hyvinkää: Eero Kummu
- Tampere: Mikko Lahti

Finance: Paula Lähde

- Controller: Leena Wallenius

Legal Matters and HR: Kristiina Vuori
Public Affairs: Tuomo Saarni
Business planning: Christer Paltschik

- Information Technology: Jussi Hyvärinen
- Risk management: Satu Raikaslehto
- Quality: Rami Saajoranta
- Tariffs: Jukka Kajjansinkko
- Communications: Minna Ojala



Telephone +358 20 4471 (group switchboard)

Head office

Miestentie 1, FI-02151 ESPOO

Natural gas centre

Kiehuvantie 89, FI-45100 KOUVOLA

Reception station

Räikköläntie 170, FI-55100 IMATRA

Hyvinkää maintenance centre

Kerkkolankatu 42, FI-05800 HYVINKÄÄ

Tampere maintenance centre

Raspinkatu 4, FI-33840 TAMPERE

Compressor station

Hyvinkääntie 565, FI-04680 HIRVIHAARA

Gas Exchange Ltd

Kaasupörssi Oy

Miestentie 1, FI-02151 ESPOO

Gasum Energiapalvelut Oy

Asentajankatu 5 B, FI-00880 HELSINKI

Gasum Paikallisjakelu Oy

Pulttikatu 1, FI-48690 KARHULA

Gaasienergia AS

Kreutzwaldi 12, 10124 TALLINN