

TVO

The background features a large, central blue circle with a pattern of fine, concentric white lines. This circle overlaps with a light green circle on the left and a light grey circle on the right. The overall design is clean and modern.

# Interim Report

January–March 2011

# Teollisuuden Voima Oyj

## Interim Report January 1–March 31, 2011

During the first quarter of the year the electricity production of Teollisuuden Voima Oyj continued safely and reliably in Olkiluoto 1 and Olkiluoto 2 plant units. In the Olkiluoto 3 project, the civil construction works were completed to a large extent and the reactor main components are installed. The OL4 project planning and preparation work continued. After the nuclear power plant accident in Japan, a special safety assessment started at Olkiluoto. The assessment is required by the Ministry of Employment and the Economy who has asked the Radiation and Nuclear Safety Authority in Finland (STUK) to prepare a report on how nuclear power plants in Finland are prepared for the impacts floods and other extreme natural phenomena may have on the functioning of the facilities.

### Operating Environment

A strong earthquake struck Japan on March 11, 2011, and a tsunami followed by the earthquake caused a severe nuclear accident at Fukushima-Daiichi nuclear power plant located on the eastern coast of Japan. Work to mitigate the consequences caused by the accident and to stabilize the plant units continues.

Due to the accident in Japan checks on safety measures were initiated also in Europe. The European Commission initiated actions to analyze the risk and safety level of all the nuclear power plants within EU. In Finland, STUK has started at the request of the Ministry of Employment and the Economy an assessment on how nuclear power plants in Finland are prepared for the impacts floods and other extreme phenomena may have on the functioning of the facilities. In the assessment, particular attention must be paid to how the power supply of nuclear power plants is secured if incidents or accidents occur. The nuclear power companies submitted their reports to STUK by mid-April 2011.

### Financial Performance

The consolidated turnover for the period under review January 1–March 31, 2011 was EUR 99.3 (January 1–March 31, 2010: EUR 93.7) million. The amount of electricity delivered to shareholders was 4,186.4 (4,229.9) GWh.

The consolidated profit/loss was EUR 3.7 (4.5) million. The adjusted consolidated profit/loss EUR 5.0 (5.1) million differs from the consolidated profit/loss in respect of the profit/loss effects from the nuclear waste management according to IFRS standard and on the comparison period in respect of the valuation of non-hedge accounted derivative financial instruments (see: Key Figures).

## Financing and Liquidity

TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) totaled at the end of the period under review EUR 2,708.4 (December 31, 2010: 2,683.8) million excluding the loan from the Finnish State Nuclear Waste Management Fund, relented to shareholders. During the period under review, TVO raised a total of EUR 33.9 (120.6) million in non-current liabilities. No repayments were made during the period under review (January 1–March 31, 2010: EUR 154.3 million). Loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 40.2 (51.5) million. The OL3 project's share of financing costs has been capitalized on the balance sheet.

TVO uses its right to borrow funds back from the Finnish State Nuclear Waste Management Fund within the framework of legal regulations. The amount of the loan is EUR 842.6 (December 31, 2010: 802.4) million and it is included in interest-bearing liabilities. The loan has been relented to the Company's A series shareholders.

During the first quarter of 2011, TVO issued SEK 300 million private placement under the Euro Medium Term Note Program.

In March, TVO signed EUR 1.5 billion syndicated revolving credit facility. The maturity of the credit facility is five years with two one-year extension options. With this facility the Company replaced the revolving credit facility that was due in June 2012.

In January, Japan Credit Rating Agency (JCR) confirmed its credit rating for TVO at its previous level, AA. The outlook was assessed as being stable.

The Annual General Meeting on March 24, 2011 decided on a private offering to the Company's B series shareholders, by which the company share capital will be raised by EUR 65.2 million. The subscription price will be paid during 2011 at a date to be decided by the Board of Directors. The increase in share capital is based on the OL3 financing plan, according to which the equity required by investment accrues as the project proceeds.

## Nuclear Power

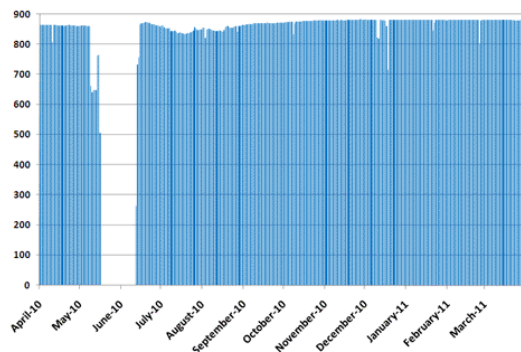
### Olkiluoto 1 and Olkiluoto 2

The electricity production of the Olkiluoto power plant units, Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) during the period under review was 3,770 (3,740) GWh. The total capacity factor was 100.0 (100.0) %.

The plant units operated safely and reliably during the period under review. OL1's net production was 1,899 (1,867) GWh and the capacity factor 100.0 (100.0) %. OL2's net production was 1,871 (1,873) GWh and the capacity factor 100.0 (100.0) %.

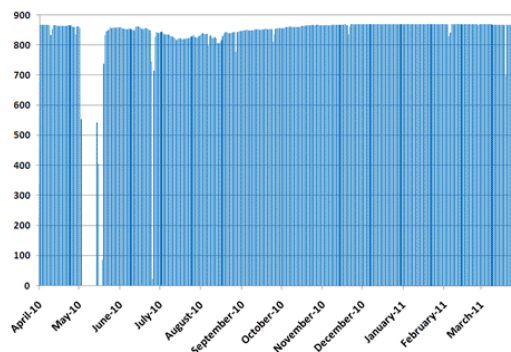
### Olkiluoto 1

Average electrical power MW  
April 1, 2010–March 31, 2011



### Olkiluoto 2

Average electrical power MW  
April 1, 2010–March 31, 2011



TVO prepared for the annual outages to be started in spring 2011. In OL2 the outage will include a large-scale modernization project in which, for example, low-pressure turbines and generator will be replaced.

### Olkiluoto 3

OL3, currently under construction, was commissioned as a fixed price turnkey project from the Consortium (referred to as the Supplier) formed by AREVA NP GmbH, AREVA NP SAS and Siemens AG. Originally commercial electricity production was scheduled to start at the end of April 2009. The completion of the project, however, has been delayed. The Supplier informed TVO in 2010 that most of the works at the plant unit will be completed in 2012. According to the Supplier, commissioning will take about eight months and operation will start during the latter half of 2013. According to the turnkey delivery contract the Supplier is responsible for the time schedule.

The civil construction works have been completed to a large extent. Major components, such as the reactor pressure vessel, pressurizer and four steam generators, have been installed. Installation and pipeline welding works continued at the reactor plant.

The arbitration proceedings initiated in 2008 concerning the delay of the plant unit and the costs resulting from the delay as well as, separately, the costs of a technically resolved issue connected with construction work continued. The arbitration proceeding concerning the delay of the plant unit and resulting costs may continue for several years. No receivables or provisions have been recorded on the basis of claims presented in the arbitration proceedings.

The workforce at the site at the end of the period under review was slightly above 4,000. The safety level at the site remained good.

All the realized costs of the OL3 project that can be recognized in the cost of the asset have been entered as property, plant and equipment on the Group balance sheet.

#### **Olkiluoto 4**

On July 1, 2010 Parliament approved the favorable decision-in-principle made by the Government regarding TVO's application to construct a fourth nuclear power plant unit (OL4) in Olkiluoto.

Project planning, preparation of the tender material for the project, and assessment of implementation alternatives as well other preparation work continued.

#### **Nuclear Fuel**

During the period under review, nuclear fuel purchases amounted to EUR 9.1 (1.2) million and the amount consumed to EUR 11.0 (10.1) million.

The nuclear fuel and uranium stock carrying value on March 31, 2011 was EUR 170.0 (December 31, 2010: 171.9) million, of which the value of the fuel in the reactors was EUR 52.3 (December 31, 2010: 63.3) million.

#### **Nuclear Waste Management**

Under the Finnish Nuclear Energy Act, the Company is responsible for the measures related to nuclear waste management and the related costs. Posiva Oy, jointly owned by TVO and Fortum Power and Heat Oy, is responsible for taking care of the final disposal of TVO's spent nuclear fuel. At the final disposal depth of the final disposal facility, approximately 420 meters, excavation of so called demonstration tunnels started at the beginning of the year. The purpose of excavating the demonstration tunnels is to show in practice that Posiva is capable of building and excavating the final disposal tunnels. The ventilation building started to be built in the summer 2010 reached its roof-top height, which was celebrated in January. The systems installation currently ongoing in the building is scheduled to be completed during the autumn. The spent fuel generated by OL1, OL2, Loviisa 1, Loviisa 2, and later also OL3 and OL4 will be disposed of in the Olkiluoto disposal facility.

The construction work to extend the interim storage facility of spent nuclear fuel with three new storage pools continued. The extension can be used for the needs of OL1, OL2, and OL3.

The liabilities, in the consolidated financial statement, show a provision related to nuclear waste management liability of EUR 810.0 (December 31, 2010: 806.3)

million, calculated according to international IFRS accounting principles. A corresponding amount, under assets, represents the Company's share in the Finnish State Nuclear Waste Management Fund.

In order to cover the costs of nuclear waste management, TVO makes contributions into the Finnish State Nuclear Waste Management Fund. The Ministry of Employment and the Economy set TVO's liability for nuclear waste management at EUR 1,179.1 (1,160.7) million to the end of 2010 and the Company's target reserve in the Fund for 2011 at EUR 1,123.4 (1,069.8) million. The difference is covered by guarantees.

In March 2011, the Finnish State Nuclear Management Fund confirmed TVO's nuclear waste management fee for 2010 at EUR 36.9 (43.5) million, which was paid into the Fund on March 31, 2011 (March 31, 2010).

## Coal Power

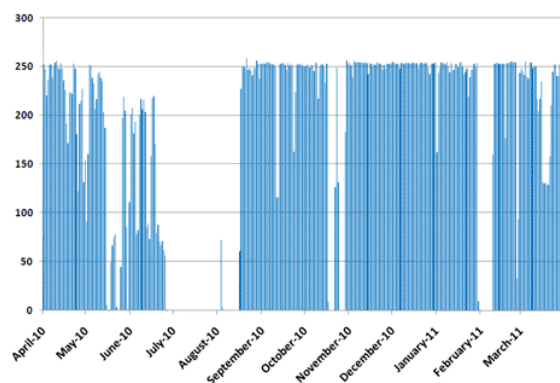
### Meri-Pori

The amount of electricity produced by TVO's share at Meri-Pori coal-fired power plant on January 1–March 31, 2011 was 443.1 (518.8) GWh requiring 151.1 (179.3) thousand tons of coal and 354.0 (419.9) thousand tons of carbon dioxide emission rights.

The company's share of the free emission rights for the Meri-Pori coal-fired power plant for 2008–2012 totaled 1,479.7 thousand tons. In 2011, the share is 295.9 thousand tons.

### TVO's share of Meri-Pori's production

Average electrical power MW  
April 1, 2010–March 31, 2011



## Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 79.3 (119.1) million. Investments of the parent company were EUR 79.0 (106.6) million, of which EUR 55.3 (70.8) million was allocated to the OL3 project.

At OL2, preparations for the modernization project to be carried out in connection with the 2011 annual outage continued.

In 2011, emission rights and certified emission reductions for the company's share of the Meri-Pori coal-fired power plant have been acquired worth EUR 4.2 (3.8) million. The need of carbon dioxide emission rights of the company for the period under review will be covered by the acquired and free emission rights.

## Pending Court Cases and Disputes

In December 2008, TVO was informed by the International Chamber of Commerce (ICC) that the Supplier had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. The Supplier's monetary claim by the end of the reporting period was approximately EUR 1.2 billion. The claim is primarily based on additional costs due to the delay. As the Supplier's work has progressed, the earlier claimed milestone payments pursuant to the OL3 Plant Contract have become due and have been paid. TVO has considered and found the claim by the Supplier to be without merit.

In April 2009, TVO submitted to the ICC its answer and counterclaim as a result of the Supplier's request for arbitration filed with the ICC in December 2008 concerning the delay at OL3 and the ensuing costs incurred. TVO's counterclaim in money by the end of the reporting period was approximately EUR 1.4 billion. The arbitration proceeding may continue for several years.

TVO is also involved in another ICC arbitration proceeding under the ICC rules concerning the costs of a technically resolved issue in connection with the construction work at OL3. The amount is minor in the context of the value of the project.

No receivables or provisions have been recorded on the basis of claims presented in the arbitration proceedings.

## Personnel

The total number of personnel in the Group at the end of the period under review was 809 (December 31, 2010: 803, March 31, 2010: 814). The number of permanent employees at the end of the period under review was 734 (December 31, 2010: 719, March 31, 2010: 724).

## Annual General Meeting

TVO's Annual General Meeting was held on March 24, 2011. The AGM approved the financial statement for the year 2010, confirmed the consolidated income statement and balance sheet and discharged the members of the Board of Directors and the President and CEO from liability. In addition, it was decided to issue a private offering to the Company's B series shareholders.

The Board members were re-elected. At its organization meeting held on the same day as the AGM, the Board elected Mr. Lauri Virkkunen as Chairman and Mr. Matti Ruotsala as Deputy Chairman. The Board chose also from among its members the members and chairmen of the Board Committees.

## Auditing

The Interim Report is unaudited.

## Risks and Uncertainty Factors in the Near Future

The major risks and uncertainty factors in TVO's operations will be found in the Report of the Board of Directors 2010.

The 2011 annual outage of OL2 will include projects involving risks related to the schedule and availability.

## Assessment of Year-End Developments

Electricity production is expected to continue as in the previous year. The prerequisites for nuclear power production at Olkiluoto are good. Nuclear fuel availability is guaranteed by long-term agreements.

TVO takes part in the assessment carried out by STUK at the initiative of the Ministry of Employment and the Economy to assess the preparedness of the Finnish nuclear power plants to exceptional weather conditions and possible disruptions in the electricity supply. The assessment concerns nuclear power plant units in operation, under construction, and under preparation.

In 2011, a longer than usual service and refueling outage will be carried out in OL2 when new low-pressure turbines and generator will be installed in the plant unit. OL1 will have a normal refueling outage. The outages are expected to last about 31 days.

TVO will continue to realize the OL3 nuclear power plant project and prepare the plant unit for production use as planned.



TVO will continue the OL4 project preparation and assessment of implementation alternatives.

TVO will use its capacity at the Meri-Pori coal-fired power plant in accordance with the earlier principles.

The recruitment and training of personnel will continue as planned.

Posiva Oy will continue the construction of the underground research facility at Olkiluoto and preparation of the construction license application. The construction license will be filed by Posiva Oy with the Ministry of Employment and the Economy during 2012 as planned.

TVONS will continue to market and sell services.

## Events After the Period Under Review

No major events have taken place after the end of the interim report period.

April 26, 2011

Teollisuuden Voima Oyj  
Board of Directors

TVO GROUP

**Key Figures**

<b>TVO GROUP (IFRS) (€million)</b>	<b>1.1. - 31.3.2011</b>	<b>1.1. - 31.3.2010</b>	<b>1.1. - 31.12.2010</b>
Turnover	99	94	363
Profit/loss for the period	4	5	37
Investments <sup>1)</sup>	79	119	393
Equity	1 085	948	1 006
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>2)</sup>	2 797	2 687	2 800
Loans from equity holders of the company (included in the former) <sup>3)</sup>	179	179	179
Loan from VYR <sup>2)</sup>	843	802	802
Provision related to nuclear waste management	810	636	806
Balance sheet total	5 731	5 243	5 589
Equity ratio % <sup>4)</sup>	31,0	29,6	29,8
Average number of personnel	807	811	842

<sup>1)</sup> Acquisitions of property, plant and equipment, intangible assets and shares are based on gross investments.

<sup>2)</sup> The Finnish State Nuclear Waste Management Fund (VYR).

<sup>3)</sup> Subordinated loans.

$$^4) \text{ Equity ratio \%} = 100 \times \frac{\text{equity + loans from equity holders of the company}}{\text{balance sheet total - provision related to nuclear waste management - loan from the Finnish State Nuclear Waste Management Fund}}$$

<b>CONSOLIDATED ADJUSTED PROFIT/LOSS (€million)</b>	<b>1.1. - 31.3.2011</b>	<b>1.1. - 31.3.2010</b>	<b>1.1. - 31.12.2010</b>
Profit/loss for the period (IFRS)	4	5	37
The impact of the nuclear waste management obligation <sup>1)</sup> (profit -/loss +)	2	0	-30
The impact of financial instruments <sup>2)</sup> (profit -/loss +)	-1	0	0
Adjusted profit/loss for the period	5	5	7

<sup>1)</sup> Includes profit/loss effects from nuclear waste management according to IFRS standard.

<sup>2)</sup> Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39.

<b>TEOLLISUUDEN VOIMA OYJ (FAS) (€million)</b>	<b>1.1. - 31.3.2011</b>	<b>1.1. - 31.3.2010</b>	<b>1.1. - 31.12.2010</b>
Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).			
Turnover	98	92	355
Fuel costs	23	23	80
Nuclear waste management costs	17	15	65
Other income and expenses related to electricity production	35	32	135
Capital expenditure (depreciation and financial income and expenses)	18	17	68
Profit/loss before appropriations	5	5	7
Investments <sup>1)</sup>	79	107	339
Equity	858	793	793
Appropriations	162	155	157
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>2)</sup>	2 708	2 552	2 684
Loans from equity holders of the company (included in the former) <sup>3)</sup>	179	179	179
Loan from VYR <sup>2)</sup>	843	802	802
Balance sheet total	4 766	4 471	4 611
Equity ratio % <sup>4)</sup>	30,6	30,7	29,7
Average number of personnel	801	806	837

<sup>1)</sup> Acquisitions of tangible and intangible assets and shares are based on gross investments.

<sup>2)</sup> The Finnish State Nuclear Waste Management Fund (VYR).

<sup>3)</sup> Subordinated loans.

$$^4) \text{ Equity ratio \%} = 100 \times \frac{\text{equity + appropriations + loans from equity holders of the company}}{\text{balance sheet total - loan from the Finnish State Nuclear Waste Management Fund}}$$

<b>ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)</b>	<b>1.1. - 31.3.2011</b>	<b>1.1. - 31.3.2010</b>	<b>1.1. - 31.12.2010</b>
Nuclear power	3 743	3 711	14 063
Coal-fired power	443	519	1 622
Total	4 186	4 230	15 685

TVO GROUP

## CONSOLIDATED FINANCIAL STATEMENT IN BRIEF AND NOTES

### Consolidated Income Statement

<b>1 000 €</b>	<b>1.1. - 31.3.2011</b>	<b>1.1. - 31.3.2010</b>	<b>1.1. - 31.12.2010</b>
<b>Turnover</b>	<b>99 291</b>	<b>93 653</b>	<b>362 552</b>
Work performed for own purposes	3 360	2 926	10 233
Other income	2 220	2 078	9 936
Materials and services	-41 497	-41 671	-30 312
Personnel expenses	-14 250	-13 848	-56 378
Depreciation and impairment charges	-14 395	-13 584	-56 955
Other expenses	-21 104	-17 844	-81 152
<b>Operating profit/loss</b>	<b>13 625</b>	<b>11 710</b>	<b>157 924</b>
Finance income	5 118	8 382	28 824
Finance expenses	-15 023	-15 554	-149 466
Total finance income and expenses	-9 905	-7 172	-120 642
<b>Profit/loss before income tax</b>	<b>3 720</b>	<b>4 538</b>	<b>37 282</b>
Income taxes	-1	-1	-3
<b>Profit/loss for the period</b>	<b>3 719</b>	<b>4 537</b>	<b>37 279</b>

#### Profit/loss for the period attributable to:

Equity holders of the company	3 719	4 537	37 279
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### Consolidated Statement of Comprehensive Income

<b>1 000 €</b>	<b>1.1. - 31.3.2011</b>	<b>1.1. - 31.3.2010</b>	<b>1.1. - 31.12.2010</b>
Profit/loss for the period	3 719	4 537	37 279
Other comprehensive items			
Changes in fair values of the available-for-sale investments	1 497	1 595	1 851
Cash flow hedges	9 162	-3 116	21 288
Total other comprehensive profit/loss items	10 659	-1 521	23 139
<b>Total comprehensive profit/loss for the period</b>	<b>14 378</b>	<b>3 016</b>	<b>60 418</b>

#### Total comprehensive profit/loss for the period attributable to:

Equity holders of the company	14 378	3 016	60 418
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**Consolidated Statement of Financial Position**

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 630 556	3 364 974	3 578 775
Intangible assets	27 618	19 725	23 633
Loans and other receivables	846 647	807 946	807 193
Investments in associates and joint ventures	1 009	1 009	1 009
Investments in shares	15 533	13 778	14 029
Derivative financial instruments	1 290	2 950	4 165
Share in the Finnish State Nuclear Waste Management Fund	809 994	636 458	806 301
<b>Total non-current assets</b>	<b>5 332 647</b>	<b>4 846 840</b>	<b>5 235 105</b>
<b>Current assets</b>			
Inventories	188 199	170 142	192 742
Trade and other receivables	113 861	130 028	61 919
Derivative financial instruments	362	773	657
Cash and cash equivalents	95 809	94 975	98 100
<b>Total current assets</b>	<b>398 231</b>	<b>395 918</b>	<b>353 418</b>
<b>Total assets</b>	<b>5 730 878</b>	<b>5 242 758</b>	<b>5 588 523</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	540 992	461 692	540 992
Share issue	65 201	79 300	0
Share premium reserve and statutory reserve	242 383	242 383	242 383
Fair value and other reserves	-14 755	-50 074	-25 414
Retained earnings	251 287	214 826	247 568
<b>Total equity</b>	<b>1 085 108</b>	<b>948 127</b>	<b>1 005 529</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision related to nuclear waste management	809 994	636 458	806 301
Loans from equity holders of the company	179 300	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund	842 550	802 350	802 350
Bonds	1 253 209	1 037 336	1 219 000
Other financial liabilities	1 162 583	1 045 527	1 169 733
Derivative financial instruments	40 582	80 711	61 739
<b>Total non-current liabilities</b>	<b>4 288 218</b>	<b>3 781 682</b>	<b>4 238 423</b>
<b>Current liabilities</b>			
Current financial liabilities	157 624	340 376	166 915
Derivative financial instruments	3 700	3 513	3 403
Advance payments received	45 187	41 763	22 510
Trade payables	19 227	10 183	11 580
Other current liabilities	131 814	117 114	140 163
<b>Total current liabilities</b>	<b>357 552</b>	<b>512 949</b>	<b>344 571</b>
<b>Total liabilities</b>	<b>4 645 770</b>	<b>4 294 631</b>	<b>4 582 994</b>
<b>Total equity and liabilities</b>	<b>5 730 878</b>	<b>5 242 758</b>	<b>5 588 523</b>

**Consolidated Statement of Changes in Equity**

<b>1 000 €</b>	<b>Share capital</b>	<b>Share issue</b>	<b>Share premium reserve and statutory reserves</b>	<b>Fair value and other reserves</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Total equity</b>
<b>Equity 1.1.2011</b>	<b>540 992</b>	<b>0</b>	<b>242 383</b>	<b>-25 414</b>	<b>247 568</b>	<b>1 005 529</b>	<b>1 005 529</b>
Profit/loss for the period	0	0	0	0	3 719	3 719	3 719
Other comprehensive items							
Changes in fair values of the available-for-sale investments	0	0	0	1 497	0	1 497	1 497
Cash flow hedges	0	0	0	9 162	0	9 162	9 162
Share issue	0	65 201	0	0	0	65 201	65 201
<b>Equity 31.3.2011</b>	<b>540 992</b>	<b>65 201</b>	<b>242 383</b>	<b>-14 755</b>	<b>251 287</b>	<b>1 085 108</b>	<b>1 085 108</b>

<b>1 000 €</b>	<b>Share capital</b>	<b>Share issue</b>	<b>Share premium reserve and statutory reserves</b>	<b>Fair value and other reserves</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Total equity</b>
<b>Equity 1.1.2010</b>	<b>461 692</b>	<b>0</b>	<b>242 383</b>	<b>-48 553</b>	<b>210 289</b>	<b>865 811</b>	<b>865 811</b>
Profit/loss for the period	0	0	0	0	4 537	4 537	4 537
Other comprehensive items							
Changes in fair values of the available-for-sale investments	0	0	0	1 595	0	1 595	1 595
Cash flow hedges	0	0	0	-3 116	0	-3 116	-3 116
Share issue	0	79 300	0	0	0	79 300	79 300
<b>Equity 31.3.2010</b>	<b>461 692</b>	<b>79 300</b>	<b>242 383</b>	<b>-50 074</b>	<b>214 826</b>	<b>948 127</b>	<b>948 127</b>

**Consolidated Statement of Cash Flows**

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
<b>Operating activities</b>			
Profit/loss for the period	3 719	4 537	37 279
Adjustments:			
Income tax expenses	1	1	2
Finance income and expenses	9 905	7 172	120 642
Depreciation and impairment charges	14 395	13 584	56 955
Other non-cash flow income and expenses	-5 522	-3 070	-139 531
Sales profit/loss of property, plant and equipment and shares	-59	-42	-182
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	2 946	17 227	13 019
Increase (-) or decrease (+) in inventories	4 542	16 761	-5 838
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	8 817	-13 721	-10 141
Interest paid and other finance expenses	-7 818	-6 132	-28 981
Dividends received	19	5	641
Interest received	11 224	18 718	18 169
Taxes paid	-1	-1	-4
<b>Cash flow from operating activities</b>	<b>42 168</b>	<b>55 039</b>	<b>62 030</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	-70 018	-101 200	-316 840
Proceeds from sale of property, plant and equipment	0	0	83
Acquisition of intangible assets	-45	-80	-426
Acquisition of shares	-6	0	-116
Proceeds from sale of shares	241	62	782
Loan receivables granted	-39 453	-51 450	-51 583
Repayments of loans granted	0	0	374
<b>Cash flow from investing activities</b>	<b>-109 281</b>	<b>-152 668</b>	<b>-367 726</b>
<b>Financing activities</b>			
Share issue	0	0	79 300
Withdrawals of long-term loans	74 098	161 582	507 526
Repayment of long-term loans	0	-83 638	-142 978
Increase (-) or decrease (+) in interest-bearing receivables	0	0	508
Increase (+) or decrease (-) in current financial liabilities	-9 276	-428	-155 648
<b>Cash flow from financing activities</b>	<b>64 822</b>	<b>77 516</b>	<b>288 708</b>
<b>Change in cash and cash equivalents</b>	<b>-2 291</b>	<b>-20 113</b>	<b>-16 988</b>
Cash and cash equivalents at the beginning of period	98 100	115 088	115 088
<b>Cash and cash equivalents at the end of period</b>	<b>95 809</b>	<b>94 975</b>	<b>98 100</b>

TVO GROUP

## **Notes to the Interim Report**

### **ACCOUNTING POLICIES**

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting -standard. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended on 31 December 2010. Additionally the changes according to revised IAS/IFRS standards have been adopted. The standards issued during the year 2011 have no impact in the consolidated financial statements.

### **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of Interim Report requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Annual results, that will occur, may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as for the year ended on 31 December 2010.

## TVO GROUP

### SEGMENT REPORTING

#### Segment structure in TVO

The Group has two reportable segments; nuclear power and coal-fired power.

The electricity of the nuclear power segment is produced at two nuclear power plant units, Olkiluoto 1 and Olkiluoto 2 (OL1 and OL2). A new unit, Olkiluoto 3 (OL3), is under construction at Olkiluoto. The subsidiaries of TVO, TVO Nuclear Services Oy (TVONS), Olkiluodon Vesi Oy and Perusvoima Oy, of which operation is related to nuclear power, are also included in the nuclear power segment.

The electricity of coal-fired power segment is produced by TVO share at the Meri-Pori coal-fired power plant.

#### Segment calculation principles

TVO Group discloses in the segment information; turnover, profit/loss for the period and assets, which the chief operation decision maker follows.

The chief operation decision maker follows reporting according to Finnish Accounting Standards (FAS).

Adjustments made under IFRS accounting policies are reported in group level.

### TURNOVER BY SEGMENTS

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Nuclear power	78 819	73 581	297 312
Coal-fired power	20 472	20 072	65 240
<b>Total</b>	<b>99 291</b>	<b>93 653</b>	<b>362 552</b>

### PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Nuclear power	4 685	6 343	11 737
Coal-fired power	270	-1 255	-4 632
Profit/loss before appropriations (FAS)	4 955	5 088	7 105
The impact of the nuclear waste management obligation	-2 228	-562	30 465
The impact of financial instruments	992	11	-291
<b>Total (IFRS)</b>	<b>3 719</b>	<b>4 537</b>	<b>37 279</b>

### ASSETS BY SEGMENTS

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Nuclear power	4 677 744	4 386 942	4 522 287
Coal-fired power	89 519	84 774	89 129
Total (FAS)	4 767 263	4 471 716	4 611 416
The impact of the nuclear waste management obligation	907 985	705 649	906 520
The impact of financial instruments	-24 852	-15 023	-8 121
The impact of finance leases	66 681	68 367	66 404
Other IFRS adjustments	13 801	12 049	12 304
<b>Total (IFRS)</b>	<b>5 730 878</b>	<b>5 242 758</b>	<b>5 588 523</b>



TVO GROUP

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
<b>Opening net book amount</b>	<b>3 578 775</b>	<b>3 263 047</b>	<b>3 263 047</b>
Increase	74 777	115 239	377 962
Decrease	-9 031	-64	-9 087
Depreciation and impairment charges	-14 067	-13 250	-55 628
Accumulated depreciation from deduction	102	2	2 481
<b>Closing net book amount</b>	<b>3 630 556</b>	<b>3 364 974</b>	<b>3 578 775</b>

**CHANGES IN INTANGIBLE ASSETS**

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
<b>Opening net book amount</b>	<b>23 633</b>	<b>16 161</b>	<b>16 161</b>
Increase	4 251	3 897	14 950
Decrease	0	0	-6 150
Depreciation and impairment charges	-329	-333	-1 328
Accumulated depreciation from deduction	63	0	0
<b>Closing net book amount</b>	<b>27 618</b>	<b>19 725</b>	<b>23 633</b>

TVO GROUP

**FINANCIAL RISK MANAGEMENT**

The Group's Finance Policy and the objective of financial risk management are the same as those applied to the annual financial statement as for the year ended 31 December 2010.

**DERIVATIVE FINANCIAL INSTRUMENTS**

Nominal values of the derivative financial instruments

1 000 €	31.3.2011	31.3.2010	31.12.2010
Interest rate option agreements			
Purchased	180 000	450 000	210 000
Written	180 000	450 000	210 000
Interest rate swaps	1 188 446	1 218 446	1 188 446
Forward foreign exchange contracts	96 376	112 626	101 865
<b>Total</b>	<b>1 644 822</b>	<b>2 231 072</b>	<b>1 710 311</b>

Fair values of the derivative financial instruments

1 000 €	31.3.2011			31.3.2010			31.12.2010		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate option agreements (non-hedge accounted)									
Purchased	0	0	0	8	0	8	0	0	0
Written	0	-918	-918	0	-5 815	-5 815	0	-1 749	-1 749
Interest rate swaps (hedge accounted)	0	-25 458	-25 458	0	-46 588	-46 588	0	-38 733	-38 733
Interest rate swaps (non-hedge accounted)	183	-15 718	-15 535	91	-30 713	-30 622	288	-23 832	-23 544
Forward foreign exchange contracts (hedge accounted)	1 461	-1 993	-532	3 624	-1 108	2 516	4 533	-827	3 706
Forward foreign exchange contracts (non-hedge accounted)	8	-166	-158	0	0	0	0	0	0
Forward foreign exchange options (non-hedge accounted)	0	-29	-29	0	0	0	0	0	0
<b>Total</b>	<b>1 652</b>	<b>-44 282</b>	<b>-42 629</b>	<b>3 723</b>	<b>-84 224</b>	<b>-80 501</b>	<b>4 821</b>	<b>-65 141</b>	<b>-60 320</b>

**BONDS**

During the first quarter, TVO issued SEK 300 million private placement under the 2.5 billion Euro Medium Term Note Program (EMTN).

TVO GROUP

**ASSETS AND PROVISION RELATED TO NUCLEAR WASTE MANAGEMENT OBLIGATION**

**The balance sheet contains assets and liabilities concerning the nuclear waste management obligation**

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	809 994	636 458	806 301
Provision related to nuclear waste management (non-current liabilities)	809 994	636 458	806 301

**TVO's legal liability as stated in the Nuclear Energy Act and the company's share in the Finnish State Nuclear Waste Management Fund**

<b>1 000 €</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Liability for nuclear waste management according to the Nuclear Energy Act	1 179 100	1 160 700	1 179 100
TVO's funding target obligation 2011 (2010) to the Finnish State Nuclear Waste Management Fund	1 123 400	1 069 800	1 123 400
TVO's share in the Finnish State Nuclear Waste Management Fund	1 123 400	1 069 800	1 086 400
Difference between the liability and TVO's share of the fund	55 700	90 900	92 700

The costs of decommissioning of the power plant and disposal of spent fuel are covered by the provision related to the nuclear waste management obligation. Cost estimates are updated annually and the technical plans every third year.

TVO contributes funds to the Finnish State Nuclear Waste Management Fund to cover future obligations based on the legal liability calculated according to the Nuclear Energy Act. During this interim reporting time TVO has paid to the Finnish State Nuclear Waste Management Fund EUR 36.9 million which has been decided by the supervising authority (Ministry of Employment and the Economy). TVO's share in the Finnish Nuclear Waste Management Fund on 31 March 2011 is EUR 1,123.4 million. The carrying amount in the balance sheet is EUR 810.0 million. The difference is due to the fact that IFRIC 5 limits the carrying amount of TVO's interest in the Finnish State Nuclear Waste Management Fund to the amount of the related liability since TVO does not have control over the Finnish State Nuclear Waste Management Fund.

In 2007 by virtue of section 46 of the Nuclear Energy Act the Council of State accepted TVO's petition to reduce the funding target obligation for the years 2008 - 2012. TVO has issued the State the shareholders' guarantees as security for the unfunded legal liability. The security also covers unexpected events as determined in the Nuclear Energy Act. The guarantees are included in the nuclear waste management obligations, and are to be found in note Obligations and other commitments.

TVO GROUP

**OBLIGATIONS AND OTHER COMMITMENTS**

**Pledged promissory notes and financial guarantees**

<b>€million</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	843	802	802
Guarantees given by shareholders related to the nuclear waste management obligation	220	254	220

**Investment commitments**

<b>€million</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Investment commitments:			
OL1 and OL2	40	51	47
OL3	701	687	680
<b>Total</b>	<b>741</b>	<b>738</b>	<b>727</b>

**Pending Court Cases and Disputes**

Pending Court Cases and Disputes are to be found in page 7.

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