



Interim Report  
January–March 2013

## Teollisuuden Voima Oyj's Interim Report January 1–March 31, 2013

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 have been mainly completed and the reactor main components are installed. Installation of the other components and engineering of the plant automation system continued. Based on the progress reports of AREVA-Siemens Consortium, TVO estimates that the start of the regular electricity production of the plant unit may be postponed until year 2016. Bid comparison as part of the bidding and engineering phase of the Olkiluoto 4 project started. Bids for the new nuclear power plant unit were received at the end of January.

### Operating Environment

During the first quarter of the year, the use of electricity in Finland decreased by 0.1 per cent compared to the corresponding period of the previous year.

An updated national energy and climate strategy by the Finnish Government was prepared in March. The strategy review will ensure that the 2020 energy and climate targets will be achieved. The largest single factor in reducing emissions is the expected completion of the nuclear power plants (NPP) in accordance with the decisions-in-principle. The planned NPPs will also help Finland to achieve its electricity self-sufficiency goal in the 2020s.

In March, the Finnish Government reached agreement on the tax related to carbon dioxide-free nuclear and hydro power generation. By means of the tax, EUR 50 million will be collected annually. Details of the tax are still open. The tax will be introduced in 2014 at the earliest.

### Financial Performance

The consolidated turnover for the period under review January 1–March 31, 2013 was EUR 99.9 (January 1–March 31, 2012: EUR 86.9) million. The amount of electricity delivered to shareholders was 4,141.3 (3,941.0) GWh. The consolidated profit/loss was EUR 2.2 (-0.1) million.

### 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 3,210.1 (December 31, 2012: 3,196.9, of which EUR 229.3 were subordinated shareholder loans) million excluding the loan from the Finnish State Nuclear Waste Management Fund, relent to shareholders. During the period under review, no new non-current liabilities were

raised (EUR 520 million, of which EUR 20.0 million were subordinated shareholder loans. No repayments were made during the period under review.

In March 2011, TVO signed a EUR 1.5 billion five-year syndicated credit facility with two one-year extension options. In March 2013, the facility was extended again by one year with EUR 1.45 billion.

The Board of Directors of TVO made a decision in February to propose to the Company's B-series owners a new EUR 300 million shareholder loan commitment. By means of the proposed shareholder loan, the Company will prepare to maintain a sufficient level of equity for the OL3 project and cope with possible additional delays and costs in finalizing the project.

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. On March 31, 2013, the amount of the loan was EUR 881.7 (December 31, 2012: 881.7) million and it has been relented to the Company's A series shareholders. After the end of the period under review, on April 2, 2013 loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 50,0 million (April 2, 2012: EUR 39.2 million).

In February 2013, Japan Credit Rating Agency (JCR) kept its AA rating for TVO. Furthermore, TVO has Fitch Ratings' long-term issuer default rating and senior unsecured rating of BBB+ and short-term rating of F2. Additionally, Standard & Poor's Rating Services hold its BBB long-term and A-2 short-term corporate credit ratings for TVO. The outlook was assessed as being stable by all the agencies.

## **Nuclear Power**

### **Olkiluoto 1 and Olkiluoto 2**

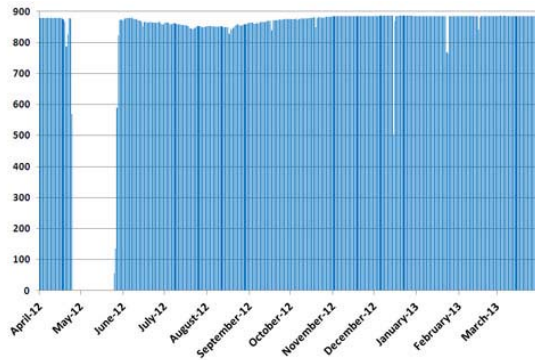
The electricity production of the Olkiluoto power plant units, Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) during the period under review was 3,814 (3,861) GWh. The total capacity factor was 100.0 (100.0) per cent.

The plant units operated safely and reliably during the period under review. OL1's net production was 1,905 (1,915) GWh and the capacity factor 100.0 (100.0) %. OL2's net production was 1,909 (1,946) GWh and the capacity factor 100.0 (100.0) %.



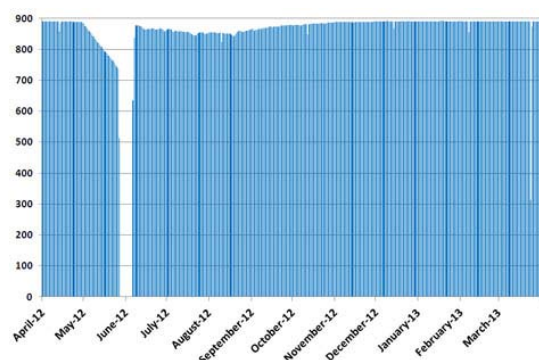
### **Olkiluoto 1**

Average electrical power MW  
April 1, 2012–March 31, 2013



### **Olkiluoto 2**

Average electrical power MW  
April 1, 2012–March 31, 2013



### **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's installation works and plant automation system engineering at the plant unit have not progressed according to the Supplier's schedules.

Based on the progress reports received from the Supplier, TVO announced in February that the Company will prepare for the possibility that the start of the regular electricity production of the OL3 plant unit may be postponed until year 2016. The Supplier is responsible for the time schedule. TVO has expected the Supplier to update the overall schedule and provide a new confirmation and analysis of the completion date as well as clarification of the measures needed to keep up with the updated schedule.

The civil construction works of the plant unit have been mainly completed. Cladding works of the buildings' exterior walls continue. The major components of the reactor plant, such as reactor pressure vessel, pressurizer and four steam generators have been installed, and the primary coolant circuit pipeline has been welded. Installation of the fuel handling equipment is completed and testing of the equipment in the fuel building is ongoing. Leak tests of the fuel and reactor pool as well as dry tests of the fuel racks in the fuel pool have been completed. Leak tests of the isolation valves of the containment building have started, and leak tests of the personnel lock have been completed. Installation of the other components and pipeline welding works as well as pressure tests at the reactor plant continued. Commissioning of the power distribution in the reactor plant has been started. In the turbine plant, commissioning tests of the process systems are ongoing. Planning, documentation and licensing of the reactor plant automation are not yet completed. The OL3 training simulator is under testing in Olkiluoto. TVO's office building has been taken into use.

The pending disputes concerning the plant unit are described on page 8, "Pending Court Cases and Disputes".

The workforce at the site at the end of the period under review was about 2,600. The occupational safety at the site remained at good level.

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 on May 6, 2010 regarding TVO's application to construct a fourth nuclear power plant unit (OL4) in Olkiluoto.

TVO continued preparations for the OL4 nuclear power plant project. Engineering with the potential plant suppliers to clarify licensability and constructability of the plant alternatives proceeded, as did also the procurement process aiming at the plant selection. At the end of January, TVO received bids related to the new NPP. Bids were received from all the plant supplier candidates involved in the bidding process, and they represent different plant technologies and delivery models.

All the realized costs of the OL4 project that can be recognized in the cost of the asset have been entered as property, plant and equipment on the Group balance sheet.

#### **Nuclear Fuel**

During the period under review, nuclear fuel purchases amounted to EUR 9.0 (3.8) million and the amount consumed to EUR 12.2 (11.5) million.

The nuclear fuel and uranium stock carrying value on March 31, 2013 was EUR 196.5 (December 31, 2012: 199.7) 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 repository, 420 meters below ground level, excavation works of two so called demonstration tunnels were completed in the spring 2012. The purpose of excavating the demonstration tunnels is to show in practice that Posiva is capable of building and excavating the final disposal tunnels and boring disposal holes as well as define position for the final disposal tunnels and holes in order to secure a safe final disposal. In the spring, the disposal canister transfer and installation vehicle will be transported to Olkiluoto,

followed by the bentonite block installation device later this year. The disposal hole boring machine, which had been transported to the site earlier, was already tested in 2012.

The excavation works of ONKALO, the underground rock characterization facility, were completed in the summer 2012. The structural works of the last completed, approximately one-kilometer-long tunnel were started in the fall 2012 as well as the equipment of the tunnel with HVAC and electrical systems. Injections of one of the two ventilation shafts and personnel shaft have been delayed, and the raise boring of the shafts will be postponed towards the end of 2013. Preparation for the construction of the hoist equipment building's second phase is ongoing. The excavation works necessary for the construction were started in January.

On December 28, 2012, Posiva filed the construction license application with the Ministry of Employment and the Economy (MEE) for the final repository for spent nuclear fuel. MEE has announced the filing of the construction license application in the national and local press. Additionally, a related long-term safety case was submitted to the Radiation and Nuclear Safety Authority (STUK). The Nuclear Waste Management Program related to the construction license application, which is compiled every three years was completed and delivered to MEE in September 2012. The program describes the research, design and construction works to be done over the next three years.

The spent fuel produced by the NPP units of TVO and Fortum in Finland will be disposed of in the Olkiluoto final disposal facility.

The expansion of the interim storage facility for spent nuclear fuel in Olkiluoto has proceeded according to plan. With the expansion TVO will double the capacity of the existing fuel pools. The expansion project is based on TVO's plans to provide interim storage facilities for the spent fuel elements of both the existing plant units, OL1 and OL2, and OL3 under construction. The expansion is scheduled to be inaugurated in the beginning of 2014.

The Government granted TVO on November 22, 2012 a license amendment for the final disposal of low and medium level nuclear waste from the OL3 plant unit in the operating waste repository in Olkiluoto. The expansion of the final disposal repository is estimated to take place in the 2030s, when there will be no more room left in the existing final disposal silos. State-owned radioactive waste, such as radiation sources used in hospitals and for educational purposes, will be emplaced in the operating waste repository also in the future.

The liabilities, in the consolidated financial statement, show a provision related to nuclear waste management liability of EUR 863.8 (December 31, 2012: 857.6) million, calculated according to the 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. In December, MEE set TVO's liability for

nuclear waste management at EUR 1,242.3 (1,207.1) million to the end of 2012 and the Company's target reserve in the Fund for 2013 at EUR 1,242.3 (1,179.1) million.

In March 2013, the Finnish State Nuclear Management Fund confirmed TVO's nuclear waste management fee for 2012 at EUR 43.1 (34.1) million, which was paid into the Fund on April 2, 2013 (April 2, 2012). The nuclear waste management fee for 2013 will be confirmed in March 2014.

## Coal Power

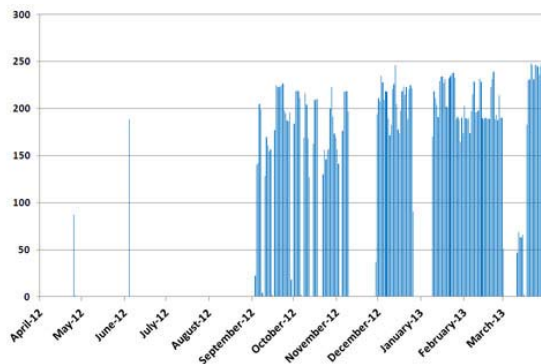
### Meri-Pori

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant on January 1–March 31, 2013 was 337.8 (102.8) GWh requiring 116.4 (35.1) thousand tons of coal and 272.6 (84.9) thousand tons of carbon dioxide emission rights.

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

Average electrical power MW

April 1, 2012–March 31, 2013



## Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 70.0 (66.1) million. Investments of the parent company were EUR 68.9 (64.7) million, of which EUR 54.2 (54.7) million was allocated to the OL3 project.

During the period under review, emission rights for the Company's share of the Meri-Pori coal-fired power plant have been acquired worth 1.2 (0.1) million. The Company's need for carbon dioxide emission rights for the period under review will be covered by acquired emission rights.

## Pending Court Cases and Disputes

TVO submitted in 2012 a claim and defense in the International Chamber of Commerce (ICC) arbitration proceedings concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. The quantification estimate of TVO's costs and losses was approximately EUR 1.8 billion which included TVO's actual claim and estimated part.

The proceedings were initiated in December 2008 by the OL3 Supplier. The Supplier's latest monetary claim including indirect items and interest is approximately EUR 1.9 billion. TVO has considered and found the claim by the Supplier to be without merit. The arbitration proceedings may continue for several years, and the claimed amounts may be updated.

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 869 (December 31, 2012: 868, March 31, 2012: 849). The number of permanent employees at the end of the period under review was 773 (December 31, 2012: 776, March 31, 2012: 756).

## Annual General Meeting

TVO's Annual General Meeting was held on March 22, 2013. The AGM approved the financial statement for the year 2012, confirmed the consolidated income statement and balance sheet and discharged the members of the Board of Directors and the President and CEO from liability.

Nine of the Board members were re-elected. The new Board member elected was Markus Rauramo to replace Harri Pynnä. At its organization meeting held on the same day as the AGM, the Board elected Lauri Virkkunen as Chairman and 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 have been presented in the Report of the Board of Directors 2012.

During the period under review, no remarkable new risks connected with the Company's operation have arisen.



## Assessment of Year-End Developments

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

In accordance with STUK's new safety guidelines under preparation, TVO continues planning of the required systems changes. Based on the current estimate, the changes will not have major impact on TVO's capital expenditure program.

Realization of the OL3 nuclear power plant project and preparing the plant unit for production use will be continued.

Preparations for the OL4 nuclear power plant project will proceed. Clarification of the licensability and constructability of the plant alternatives as well as procurement process aiming at the plant selection will continue.

The Meri-Pori coal-fired power plant capacity will be used in accordance with the former principles.

Posiva Oy will continue the construction, equipping and investigations of the underground research facility at Olkiluoto. Construction of the above-ground hoist equipment building is progressing. During the processing of the construction license application for the encapsulation plant and final repository, Posiva is preparing for the launch of the construction projects. Full-scale testing of final disposal technology will also begin in ONKALO.

## Events after the Period under Review

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

April 19, 2013

Teollisuuden Voima Oyj  
Board of Directors

## Key Figures of TVO Group

<b>TVO GROUP (IFRS) (M€)</b>	<b>1.1. - 31.3.2013</b>	<b>1.1. - 31.3.2012</b>	<b>1.1. - 31.12.2012</b>
Turnover	100	87	352
Profit/loss for the period	2	0	-2
Investments <sup>1)</sup>	70	66	337
Equity	1 325	1 282	1 310
Subordinated shareholder loans (hybrid equity) (included in the former) <sup>3)</sup>	229	199	229
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>2)</sup>	3 178	3 086	3 166
Loan from VYR <sup>2)</sup>	882	843	882
Provision related to nuclear waste management	864	837	858
Balance sheet total	6 474	6 272	6 397
Equity ratio % <sup>4)</sup>	28,0	27,9	28,1
Average number of personnel	868	838	884

<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

<sup>4)</sup> Equity ratio % =100 x 
$$\frac{\text{equity}}{\text{balance sheet total} - \text{provision related to nuclear waste management} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$$

## Key Figures of Teollisuuden Voima Oyj

TEOLLISUUDEN VOIMA OYJ (FAS) (M€)	1.1. - 31.3.2013	1.1. - 31.3.2012	1.1. - 31.12.2012
Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).			
Turnover	99	86	347
Profit/loss before appropriations	3	1	1
Fuel costs	23	15	62
Nuclear waste management costs	24	20	77
Capital expenditure (depreciation and financial income and expenses)	16	17	65
Investments <sup>1)</sup>	69	65	337
Equity	858	858	858
Appropriations	169	166	166
Non-current and current interest-bearing liabilities (excluding loan from VYR and shareholder loans) <sup>2)</sup>	2 981	2 987	2 968
Loans from equity holders of the company <sup>3)</sup>	229	199	229
Loan from VYR <sup>2)</sup>	882	843	882
Balance sheet total	5 343	5 276	5 283
Equity ratio % <sup>4)</sup>	28,2	27,6	28,5
Average number of personnel	864	833	879

<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

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

## ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)

	1.1. - 31.3.2013	1.1. - 31.3.2012	1.1. - 31.12.2012
Nuclear power	3 803	3 838	14 376
Coal-fired power	338	103	477
Total	4 141	3 941	14 853

**CONSOLIDATED FINANCIAL STATEMENT IN BRIEF AND NOTES****Consolidated Income Statement**

<b>1 000 €</b>	<b>1.1. - 31.3.2013</b>	<b>1.1. - 31.3.2012</b>	<b>1.1. - 31.12.2012</b>
<b>Turnover</b>	<b>99 875</b>	<b>86 914</b>	<b>352 171</b>
Work performed for own purposes	4 228	3 367	13 509
Other income	1 941	2 153	9 163
Materials and services	-44 283	-34 128	-125 095
Personnel expenses	-14 907	-14 240	-61 668
Depreciation and impairment charges	-14 089	-14 526	-56 497
Other expenses	-19 820	-21 368	-93 463
<b>Operating profit/loss</b>	<b>12 945</b>	<b>8 172</b>	<b>38 120</b>
Finance income	6 928	11 460	35 526
Finance expenses	-17 652	-19 685	-75 397
Total finance income and expenses	-10 724	-8 225	-39 871
<b>Profit/loss before income tax</b>	<b>2 221</b>	<b>-53</b>	<b>-1 751</b>
Income taxes	0	0	1
<b>Profit/loss for the period</b>	<b>2 221</b>	<b>-53</b>	<b>-1 750</b>

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

Equity holders of the company	2 221	-53	-1 750
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**Consolidated Statement of Comprehensive Income**

<b>1 000 €</b>	<b>1.1. - 31.3.2013</b>	<b>1.1. - 31.3.2012</b>	<b>1.1. - 31.12.2012</b>
Profit/loss for the period	2 221	-53	-1 750
Other comprehensive items			
Changes in fair values of the available-for-sale investments	3 447	1 974	3 158
Cash flow hedges	9 938	-1 995	-629
Total other comprehensive profit/loss items for the period	13 385	-21	2 529
<b>Total comprehensive profit/loss for the period</b>	<b>15 606</b>	<b>-74</b>	<b>779</b>

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

Equity holders of the company	15 606	-74	779
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**Consolidated Statement of Financial Position**

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4 146 646	3 873 051	4 095 056
Intangible assets	8 879	14 670	7 729
Loans and other receivables	885 964	847 076	885 963
Investments in associates and joint ventures	1 009	1 009	1 009
Investments in shares	20 428	15 355	16 981
Derivative financial instruments	117 808	5 070	108 238
Share in the Finnish State Nuclear Waste Management Fund	863 821	837 286	857 643
<b>Total non-current assets</b>	<b>6 044 555</b>	<b>5 593 517</b>	<b>5 972 619</b>
<b>Current assets</b>			
Inventories	237 955	233 782	250 847
Trade and other receivables	65 855	89 147	36 321
Derivative financial instruments	3 287	1 691	1 583
Fund units	0	50 438	0
Cash and cash equivalents	121 911	303 434	135 555
<b>Total current assets</b>	<b>429 008</b>	<b>678 492</b>	<b>424 306</b>
<b>Total assets</b>	<b>6 473 563</b>	<b>6 272 009</b>	<b>6 396 925</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	606 193	606 193	606 193
Share premium reserve and statutory reserve	242 383	242 383	242 383
Fair value and other reserves	-3 104	-19 038	-16 489
Subordinated shareholder loans (hybrid equity)	229 300	199 300	229 300
Retained earnings	250 156	253 166	248 539
<b>Total equity</b>	<b>1 324 928</b>	<b>1 282 004</b>	<b>1 309 926</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision related to nuclear waste management	863 821	837 286	857 643
Loan from the Finnish State Nuclear Waste Management Fund	881 726	842 550	881 726
Bonds	2 078 566	1 752 636	2 069 977
Other financial liabilities	835 476	920 456	837 517
Derivative financial instruments	40 208	54 544	51 875
<b>Total non-current liabilities</b>	<b>4 699 797</b>	<b>4 407 472</b>	<b>4 698 738</b>
<b>Current liabilities</b>			
Current financial liabilities	216 024	356 056	202 835
Derivative financial instruments	7 387	1 828	3 999
Advance payments received	47 279	45 117	23 927
Trade payables	8 652	12 071	9 536
Other current liabilities	169 496	167 461	147 964
<b>Total current liabilities</b>	<b>448 838</b>	<b>582 533</b>	<b>388 261</b>
<b>Total liabilities</b>	<b>5 148 635</b>	<b>4 990 005</b>	<b>5 086 999</b>
<b>Total equity and liabilities</b>	<b>6 473 563</b>	<b>6 272 009</b>	<b>6 396 925</b>

**Consolidated Statement of Changes in Equity**

<b>1 000 €</b>	<b>Share capital</b>	<b>Share premium reserve and statutory reserve</b>	<b>Fair value and other reserves</b>	<b>Subordinated shareholder loans (hybrid equity)</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Total equity</b>
<b>Equity 1.1.2013</b>	<b>606 193</b>	<b>242 383</b>	<b>-16 489</b>	<b>229 300</b>	<b>248 539</b>	<b>1 309 926</b>	<b>1 309 926</b>
Profit/loss for the period	0	0	0	0	2 221	2 221	2 221
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	3 447	0	0	3 447	3 447
Cash flow hedges	0	0	9 938	0	0	9 938	9 938
Subordinated shareholder loans (hybrid equity)	0	0	0	0	0	0	0
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-604	-604	-604
<b>Equity 31.3.2013</b>	<b>606 193</b>	<b>242 383</b>	<b>-3 104</b>	<b>229 300</b>	<b>250 156</b>	<b>1 324 928</b>	<b>1 324 928</b>

<b>1 000 €</b>	<b>Share capital</b>	<b>Share premium reserve and statutory reserve</b>	<b>Fair value and other reserves</b>	<b>Subordinated shareholder loans (hybrid equity)</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Total equity</b>
<b>Equity 1.1.2012</b>	<b>606 193</b>	<b>242 383</b>	<b>-19 018</b>	<b>0</b>	<b>253 219</b>	<b>1 082 777</b>	<b>1 082 777</b>
Profit/loss for the period	0	0	0	0	-53	-53	-53
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	1 974	0	0	1 974	1 974
Cash flow hedges	0	0	-1 994	0	0	-1 994	-1 994
Subordinated shareholder loans (hybrid equity)	0	0	0	199 300	0	199 300	199 300
<b>Equity 31.3.2012</b>	<b>606 193</b>	<b>242 383</b>	<b>-19 038</b>	<b>199 300</b>	<b>253 166</b>	<b>1 282 004</b>	<b>1 282 004</b>



**Consolidated Statement of Cash Flows**

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
<b>Operating activities</b>			
Profit/loss for the period	2 221	-53	-1 750
Adjustments:			
Income tax expenses	0	0	-1
Finance income and expenses	10 724	8 225	39 871
Depreciation and impairment charges	14 089	14 526	56 497
Other non-cash flow income and expenses	-8 406	-4 323	-28 202
Sales profit/loss of property, plant and equipment and shares	-65	10	18
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	-29 624	-26 920	22 661
Increase (-) or decrease (+) in inventories	14 244	685	-16 513
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	40 529	48 395	16 331
Interest paid and other finance expenses	-5 351	-2 384	-36 609
Dividends received	0	0	760
Interest received	359	408	16 007
Taxes paid	0	0	3
<b>Cash flow from operating activities</b>	<b>38 720</b>	<b>38 569</b>	<b>69 073</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	-64 795	-54 333	-308 370
Proceeds from sale of property, plant and equipment	4	31	39
Acquisition of intangible assets	0	-6	-36
Acquisition of shares	0	-1	-4
Proceeds from sale of shares	79	0	0
Loan receivables granted	0	0	-39 313
Repayments of loans granted	0	0	386
<b>Cash flow from investing activities</b>	<b>-64 712</b>	<b>-54 309</b>	<b>-347 298</b>
<b>Financing activities</b>			
Withdrawals of subordinated shareholder loans (hybrid equity)	0	20 000	50 000
Withdrawals of long-term loans	0	500 000	764 176
Repayment of long-term loans	-821	0	-242 875
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	-4 245
Increase (-) or decrease (+) in interest-bearing receivables	0	0	35
Increase (+) or decrease (-) in current financial liabilities	13 169	-256 361	-258 846
<b>Cash flow from financing activities</b>	<b>12 348</b>	<b>263 639</b>	<b>308 245</b>
<b>Change in cash and cash equivalents</b>	<b>-13 644</b>	<b>247 899</b>	<b>30 020</b>
Cash and cash equivalents at the beginning of period	135 555	105 535	105 535
Changes in fair values of the fund units	0	438	0
<b>Cash and cash equivalents at the end of period</b>	<b>121 911</b>	<b>353 872</b>	<b>135 555</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 2012. Additionally the changes according to revised IAS/IFRS standards have been adopted. The standards issued during the year 2013 have no impact in the consolidated financial statements.

### **MANAGEMENT'S CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of Interim Report requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates. Significant assumptions made by the management in applying Group's accounting policies and crucial uncertainties were the same as the ones applied to the annual financial statements as for the year ended on 31 December 2012.

## 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. In order to build a fourth plant unit (OL4) at Olkiluoto, it has been started a bidding and engineering phase. 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>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
Nuclear power	83 956	80 337	322 397
Coal-fired power	15 919	6 577	29 774
<b>Total</b>	<b>99 875</b>	<b>86 914</b>	<b>352 171</b>

#### PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
Nuclear power	3 189	2 440	6 590
Coal-fired power	-408	-1 363	-5 420
Profit/loss before appropriations (FAS)	2 781	1 077	1 170
The impact of the nuclear waste management obligation	-752	-790	-3 445
The impact of financial instruments	192	-340	525
<b>Total (IFRS)</b>	<b>2 221</b>	<b>-53</b>	<b>-1 750</b>

#### ASSETS BY SEGMENTS

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
Nuclear power	5 267 081	5 165 313	5 195 967
Coal-fired power	77 261	111 758	89 483
Total (FAS)	5 344 342	5 277 071	5 285 450
The impact of the nuclear waste management obligation	956 736	933 608	951 310
The impact of financial instruments	90 741	-17 422	82 106
The impact of finance leases	63 374	65 012	63 135
Other IFRS adjustments	18 370	13 740	14 924
<b>Total (IFRS)</b>	<b>6 473 563</b>	<b>6 272 009</b>	<b>6 396 925</b>

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**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
<b>Opening net book amount</b>	<b>4 095 056</b>	<b>3 821 833</b>	<b>3 821 833</b>
Increase	68 117	66 065	336 583
Decrease	-3 586	-695	-28 858
Transfer between categories	0	0	-100
Depreciation and impairment charges	-13 780	-14 202	-55 219
Accumulated depreciation from deduction	839	50	20 817
<b>Closing net book amount</b>	<b>4 146 646</b>	<b>3 873 051</b>	<b>4 095 056</b>

**CHANGES IN INTANGIBLE ASSETS**

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
<b>Opening net book amount</b>	<b>7 729</b>	<b>14 988</b>	<b>14 988</b>
Increase	1 459	6	752
Decrease	-1	0	-6 733
Depreciation and impairment charges	-309	-324	-1 278
Accumulated depreciation from deduction	1	0	0
<b>Closing net book amount</b>	<b>8 879</b>	<b>14 670</b>	<b>7 729</b>

TVO GROUP

**FINANCIAL RISK MANAGEMENT**

The objective of financial risk management and finance policy are the same as those applied to the annual financial statement for the year ended 31 December 2012.

**DERIVATIVE FINANCIAL INSTRUMENTS**

Nominal values of the derivative financial instruments \*

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
Interest rate swaps	1 081 446	1 358 446	1 081 446
Forward foreign exchange contracts and swaps	145 111	161 849	149 788
Cross-currency swaps	710 507	0	710 507
<b>Total</b>	<b>1 937 064</b>	<b>1 520 295</b>	<b>1 941 742</b>

Fair values of the derivative financial instruments *	31.3.2013			31.3.2012			31.12.2012		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate swaps									
Cash flow hedges	0	-31 373	-31 373	0	-36 774	-35 861	0	-36 206	-36 206
Fair value hedges	15 570	0	15 570	913	0	0	18 109	0	18 109
Non-hedges	30	-11 732	-11 703	141	-19 220	-19 079	92	-14 286	-14 194
Forward foreign exchange contracts and swaps	0	0	0	0	0	0	0	0	0
Cash flow hedges	9 455	-27	9 428	5 698	-333	5 365	6 233	-414	5 819
Non-hedges	130	0	130	9	-45	-36	134	0	134
Cross-currency swaps	0	0	0	0	0	0	0	0	0
Non-hedges	95 910	-4 461	91 448	0	0	0	85 253	-4 968	80 285
<b>Total</b>	<b>121 095</b>	<b>-47 594</b>	<b>73 501</b>	<b>6 761</b>	<b>-56 372</b>	<b>-49 611</b>	<b>109 821</b>	<b>-55 874</b>	<b>53 947</b>

\* Cross-currency swaps related to Private Placements included.

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**DISCLOSURE OF FAIR VALUE MEASUREMENTS BY THE LEVEL OF FAIR VALUE MEASUREMENT HIERARCHY**

1 000 €	31.3.2013			31.12.2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>						
Derivative financial instruments at fair value through profit or loss		96 070			85 479	
Derivative financial instruments designated as cash flow hedges		9 455			6 233	
Derivative financial instruments designated as fair value hedges		15 570			18 109	
Available-for-sale investments						
Investments in listed companies	18 385			14 938		
Investments in other stocks and shares			2 043			2 043
<b>Total</b>	<b>18 385</b>	<b>121 095</b>	<b>2 043</b>	<b>14 938</b>	<b>109 821</b>	<b>2 043</b>
<b>Financial liabilities at fair value</b>						
Derivative financial instruments at fair value through profit or loss		16 194			19 255	
Derivative financial instruments designated as cash flow hedges		31 400			36 620	
Derivative financial instruments designated as fair value hedges		0			0	
<b>Total</b>	<b>0</b>	<b>47 594</b>	<b>0</b>	<b>0</b>	<b>55 875</b>	<b>0</b>

**Fair value estimation**

Available-for-sale investments include investments in shares and fund units. Listed shares and fund units are measured at fair value, which is the market price at closing date (Level 1). For unquoted shares the fair value cannot be measured reliably, in which case the investments are carried at acquisition cost (Level 3).

The derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The fair values are determined using a variety of methods and financial valuation techniques, and assumptions are based on market quotations at the balance sheet date (Level 2). The fair value of the interest rate swaps is the present value of the estimated future cash flows. The forward contracts are measured using the market quotes at the closing date.

**BOOK VALUES OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES**

1 000 €	31.3.2013			31.12.2012		
	Financial liabilities measured at amortized cost	Book Value	Fair value	Financial liabilities measured at amortized cost	Book Value	Fair value
Non-current liabilities						
Other financial liabilities*	2 914 042	2 914 042	3 170 279	2 907 494	2 907 494	3 173 333

\* Bonds and EUR-fixed loans included

For other financial assets and liabilities than the ones presented in the table, the book value corresponds to their fair value.



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**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>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	863 821	837 286	857 643
Provision related to nuclear waste management (non-current liabilities)	863 821	837 286	857 643

**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>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
Liability for nuclear waste management according to the Nuclear Energy Act	1 242 300	1 207 100	1 242 300
Funding target obligation	1 242 300	1 179 100	1 242 300
TVO's share in the Finnish State Nuclear Waste Management Fund	1 198 900	1 145 100	1 198 900
Difference between the liability and TVO's share of the fund	43 400	62 000	43 400

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. TVO will pay after this interim reporting period 2.4.2013 to the Finnish State Nuclear Waste Management Fund EUR 43.1 million which has been decided by the supervising authority (Ministry of Employment and the Economy, MEE). TVO's share in the Finnish Nuclear Waste Management Fund on 31 March 2013 is EUR 1,198.9 million. The carrying amount in the balance sheet is EUR 863.8 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 issued the State the shareholders' guarantees as security for the unfunded legal liability. The security also covered 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.

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**OBLIGATIONS AND OTHER COMMITMENTS**

**Pledged promissory notes and financial guarantees**

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	881 726	842 550	881 726
Guarantees given by shareholders related to the nuclear waste management obligation	147 610	165 140	147 610

**Investment commitments**

Agreement-based commitments regarding the acquisition of property, plant and equipment:

<b>1 000 €</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
OL1 and OL2	16 000	24 000	16 000
OL3	792 000	795 000	769 000
OL4	7 000	29 000	13 000
<b>Total</b>	<b>815 000</b>	<b>848 000</b>	<b>798 000</b>

**Pending Court Cases and Disputes**

Pending Court Cases and Disputes are to be found on page 8.

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