



**Teollisuuden Voima Oyj**  
**Interim Report January–June 2009**

## Teollisuuden Voima Oyj's Interim Report 1 January–30 June 2009

**The electricity production of Teollisuuden Voima Oyj continued reliably, the construction of the Olkiluoto 3 power plant unit progressed and the preparation for the Olkiluoto 4 project proceeded.**

**TVO issued a EUR 750 million bond.**

### Operating Environment

During the first quarter of the year the use of electricity in Finland decreased by 7.4% compared to the corresponding period of the previous year.

### Nuclear Power

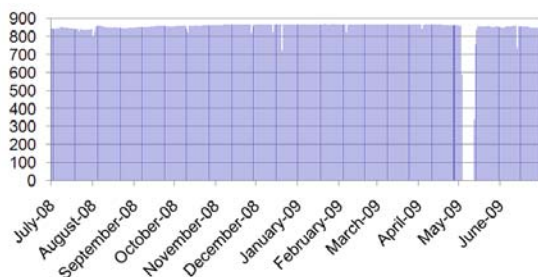
#### Olkiluoto 1 and Olkiluoto 2

The electricity production of the Olkiluoto power plant units, Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) from 1 January to 30 June 2009 was 6,943 (1 January–30 June 2008: 6,833) GWh. The total capacity factor was 93.0 (91.1)%.

The plant units operated safely and reliably during the period under review. OL1's net production was 3,551 (3,297) GWh and the capacity factor 95.2 (87.9)%. OL2's net production was 3,392 (3,536) GWh and the capacity factor 90.9 (94.2)%.

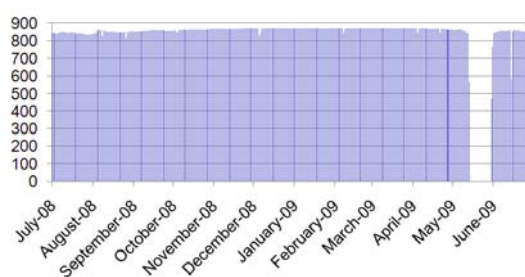
#### Olkiluoto 1

Average electrical power MW  
1 July 2008–30 June 2009



#### Olkiluoto 2

Average electrical power MW  
1 July 2008–30 June 2009



### Annual Outages

The 2009 annual outages of the Olkiluoto nuclear power plant were completed on 30 May. The inspections proved the both power plant units to be in safe and reliable condition for the next operation cycle.

The short refuelling outage for OL1 lasted about eight days. Other works included, in addition to refuelling, maintenance of one of the recirculation pumps and inspections of the reactor internals and one low-pressure turbine.

The service outage at OL2 lasted about sixteen and a half days. In addition to refuelling, other major works included e.g. replacement of a cooling system valve of the shutdown reactor and inspections of two low-pressure turbines.

A new outage building was taken into use.

Besides TVO's own personnel there was a peak of about 800 external outage workers.

### **Olkiluoto 3**

The nuclear power plant unit Olkiluoto 3 (OL3), currently under construction was commissioned as a turnkey project from the consortium (referred to as the supplier) formed by AREVA NP GmbH, AREVA NP SAS and Siemens AG. Originally the commercial electricity production was scheduled to start at the end of April 2009. The completion of the plant unit, however, has been delayed and, according to the supplier's notice, the commercial start-up has been postponed until June 2012. TVO has commissioned the unit as a fixed-priced turnkey project and the supplier has the responsibility for the time schedule.

The design of the OL3 continued, along with the processing of documents by the authorities, the construction work and the manufacture and installation of equipment. The last ring parts of the steel liner that ensures the gas-tightness of the containment building were lifted into the building. Equipment and component deliveries to Olkiluoto continued. The reactor pressure vessel was transported to Olkiluoto in the beginning of January, and the material hatch, the steel frame of the control building and the dome part of the steel lining were delivered in May. Manufacture of the other main components, such as four steam generators and the pressurizer continued in France.

Installations at the turbine island continued. The steel structures of the cooling water pump building were installed. The switchyard was nearly completed and TVO's cable work was finished.

The arbitration proceedings initiated in 2008 concerning the delay of the plant unit and the ensuing costs incurred by the delay as well as the cost of a technically resolved issue connected with the construction work, continued. The arbitration proceedings may continue for several years.

The workforce at the site at the end of the period under review was about 4,200. The safety level at the site remained good.

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

### **Olkiluoto 4 Project**

In spring 2008, TVO submitted an application to the Finnish Government for a decision in principle for the construction of a fourth nuclear power plant unit (OL4) at Olkiluoto.

The Ministry of Employment and the Economy has received the statements necessary for the handling of the application. The statement by the Eurajoki municipality is legally valid.

Feasibility studies with plant suppliers continued. The studies have been extended from safety and licensing to constructability, project implementation and power plant engineering.

STUK, the Radiation and Nuclear Safety Authority in Finland, has submitted a preliminary safety assessment regarding the OL4 project to the Ministry of Employment and the Economy. All the plant alternatives presented by TVO are feasible and TVO has the capabilities to realise the project according to high safety and quality culture. The Finnish government and parliament are expected to handle TVO's application for a decision in principle in 2010.

## **Nuclear Fuel**

During the period under review, nuclear fuel purchases amounted to EUR 18.2 (18.1) million and the amount consumed to EUR 18.9 (17.8) million.

The nuclear fuel and uranium stock carrying value on 30 June 2009 was EUR 156.3 (30 June 2008: 146.9) million, of which the value of the fuel in the reactors was EUR 83.1 (84.9) million.

## **Nuclear Waste Management**

Posiva Oy, TVO's joint venture company, is responsible for the final disposal of spent nuclear fuel on behalf of its shareholders, TVO and Fortum Power and Heat Oy. The construction work for the ONKALO research facility, which is part of the project for the final disposal repository, continued at Olkiluoto.

In order to cover the costs of nuclear waste management, TVO makes contributions into the Finnish State Nuclear Waste Management Fund. In January 2009, the Ministry of Employment and the Economy set TVO's liability for nuclear waste management at EUR 1,137.6 (1,079.8) million to the end of 2008 and the company's target reserve in the Fund at EUR 1,001.2 (927.7) million. The difference is covered by guarantees.

In March 2009, the Finnish State Nuclear Waste Management Fund confirmed the nuclear waste management fee for 2008 at EUR 32.6 (30.5) million, which was paid into the Fund on 31 March 2009 (31 March 2008).

The liabilities, in the consolidated financial statement, show a nuclear waste management liability of EUR 608.3 (575.9) 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.

## Coal Power

### Meri-Pori

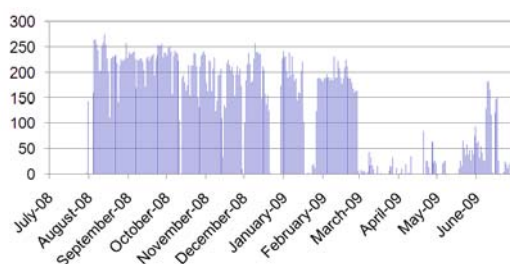
The amount of electricity produced by TVO's share at Meri-Pori coal-fired power plant on 1 January–30 June 2009 was 304.6 (118.5) GWh requiring 105.1 (42.7) thousand tons of coal and 246.3 (101.4) thousand tons of carbon dioxide emission rights.

The company's share of the free emission rights for the Meri-Pori coal-fired power plant totalled 1,479.7 thousand tons in 2008–2012. In 2009 the share is 295.9 thousand tons.

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

Average electrical power MW

1 July 2008–30 June 2009



## Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 145.4 (99.2) million. Investments of the parent company were EUR 140.0 (96.9) million, of which EUR 108.6 (68.6) million was allocated to the OL3 project.

Preparations for a project to replace the low-pressure turbines and generators in the OL1 and OL2 plant units scheduled for 2010 and 2011 continued as planned.

The carbon dioxide emission rights relinquished to the Energy Market Authority valued at EUR 10.6 (0.1) million. Carbon dioxide emission rights were acquired in 2009, costing EUR 1.9 (2.0) million.

## 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 is approximately EUR 1 billion. About one half of the claimed amount relates to alleged additional cost on account of the delay. The remainder relates to milestone payments pursuant to the OL3 Plant Contract that in TVO's opinion have not yet become payable. TVO has considered and found the claim by the supplier to be without merit.

In April 2009, TVO submitted to ICC its answer and counterclaim due to the supplier's request for arbitration filed with ICC in December 2008 concerning the delay at OL3 and the ensuing costs incurred. TVO's counterclaim in money is currently approximately EUR 1.4 billion.

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.

Arbitration proceedings may continue for several years.

No receivables or provisions have been recorded as a result of the arbitration proceedings.

## **Group Personnel**

Group personnel numbered 938 at the end of the period under review (31 December 2008: 783; 30 June 2008: 905). The number of permanent employees at the end of the period under review was 727 (31 December 2008: 715; 30 June 2008: 705).

The number of people hired on a permanent basis was 23 (38) during the period under review. 11 (16) permanent employees left the company, 5 (4) of them retired.

## **Changes in the Group Management**

The following appointments have been made in the Group Management: Anna Lehtiranta has been appointed as Senior Vice President, Corporate Communications and CSR and Anneli Nikula as Senior Adviser as of 11 May 2009, Risto Siilos as Senior Vice President, Corporate Services as of 1 July 2009 and Olli-Pekka Luhta as Manager, OL4 Project as of 1 July 2009.

In the same connection, Mr. Reijo Sundell has been appointed as President, Posiva Oy.

## **Annual General Meeting**

TVO's Annual General Meeting was held on 30 March 2009. The AGM approved the financial statement for the year 2008, confirmed the consolidated income statement and balance sheet and discharged the members of the Board of Directors and the President and CEO from liability.

Mr. Jukka Hakkila was elected as a new member of the Board of Directors to succeed Mr. Esa Tirkkonen. The other Board members were re-elected. At its organisation meeting held on the same day as the AGM meeting, The Board of Directors elected Mr. Timo Rajala as Chairman and Mr. Tapio Kuula as Deputy Chairman.

## **Group's Financial Performance**

The consolidated turnover for the period under review was EUR 148.6 (115.6) million. The amount of electricity delivered to shareholders was 7,209 (6,923) GWh.

The consolidated profit/loss was EUR -26.3 (-11.4) million. The adjusted consolidated profit/loss was EUR -11.3 (-26.0) million. Valuation of the nuclear waste management liability and non-hedge accounted derivative financial instruments required by IFRS standards have been taken into account in the adjusted profit/loss (see Key Figures).

## **Group's Financing and Liquidity**

The Group's financial situation has developed as planned. Liquidity position was exceptionally high due to the EUR 750 million bond issued in June 2009.

The Company's interest-bearing liabilities (non-current and current) totalled EUR 2,667.3 (1,466.6) million at the end of the period under review excluding the loan from the Finnish State Nuclear Waste Management, relented to shareholders. During the period under review, TVO raised a total of EUR 907.0 (150.0) million in non-current liabilities, while repayments amounted to EUR 107.4 (53.5) million. The loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 55.1 (47.7) million. The OL3 project's share of financing costs has been capitalised in 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 750.9 (695.8) million and it is included in interest-bearing liabilities.

In June, TVO established a 2 billion Euro Medium Term Note Programme (EMTN), which is listed on the Luxembourg Stock Exchange. The Company issued a EUR 750 million seven-year bond under the programme. The bond carries an annual coupon of 6%. Both the bond and the programme are rated A- (stable outlook) by Fitch Ratings (Fitch). The proceeds of the offering will be used for general corporate purposes.

Both the Japan Credit Rating Agency (JCR) and Fitch confirmed their credit ratings for TVO at their previous levels. The JCR rating was confirmed at AA Flat in January and the Fitch long-term credit rating at A- and short-term credit rating at F2 in June. The outlook was assessed as being stable.

The Annual General Meeting on 30 March 2009 decided to raise the company share capital by EUR 100.0 million by issuing 94,813,692 new B shares amounting to EUR 100.0 million. The subscription price shall be paid in 2009 at a date decided by the Board of Directors. The increase in share capital was based on the OL3 financing plan, according to which the equity required by investment accrues as the project proceeds.

On 30 March 2009, TVO's B series shareholders committed to provide a EUR 300.0 million subordinated shareholder's loan to TVO. The loan has not been drawn.

## **Auditing**

This Interim Report is unaudited.

## **Risks and Uncertainty Factors in the Near Future**

The major risks and uncertainty factors in TVO's operations are to be found in the 2008 Annual Report on page 15.

The change in market interest rates will have an impact on the consolidated profit/loss for the period through the changes in fair values of financial instruments.

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

## **Assessment of Year-end Developments**

With the preconditions being good, production at the Olkiluoto nuclear power plant is expected to continue in the manner of the previous year.

TVO will continue cooperation with the supplier in the implementation of the OL3 nuclear power plant unit.

The decision in principle phase and planning of the resources and activities of OL4 project will continue.

TVO will employ the capacity at the Meri-Pori coal-fired power plant in line with the previous principles.

## **Events After the Period Under Review**

There are no material events or changes after the end of the interim report period that need reporting.

13 July 2009

Teollisuuden Voima Oyj  
Board of Directors

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## **APPENDICES**

Tables of the Interim Report



TVO GROUP

**Key Figures**

	1.1. - 30.6.2009	1.1. - 30.6.2008	1.1. - 31.12.2008
<b>TVO GROUP (IFRS) (€ million)</b>			
Turnover	149	116	257
Profit/loss for the period	-26	-11	-53
Investments <sup>1)</sup>	145	99	610
Equity	879	914	823
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>2)</sup>	2 730	1 479	2 005
Loans from equity holders of the company (included in the former) <sup>3)</sup>	179	179	179
Loan from VYR <sup>2)</sup>	751	696	696
Provision related to nuclear waste management	608	576	600
Balance sheet total	5 103	3 787	4 299
Equity ratio % <sup>4)</sup>	28,3	43,5	33,4
Average number of personnel	848	821	812

<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	$\frac{\text{equity} + \text{loans from equity holders of the company}}{\text{balance sheet total} - \text{provision related to nuclear waste management} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$
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**CONSOLIDATED ADJUSTED PROFIT/LOSS (€ million)**

Profit/loss for the period (IFRS)	-26	-11	-53
The impact of the nuclear waste management obligation <sup>1)</sup> (profit -/loss +)	1	1	-1
The impact of financial instruments <sup>2)</sup> (profit -/loss +)	14	-16	16
The impact of associated company sold (FAS) (profit-/loss +)	0	0	1
Profit/loss for the period before appropriations	-11	-26	-37
The impact of associated company sold (FAS) (profit-/loss +)	0	0	-9
Adjusted profit/loss for the period	-11	-26	-46

<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.

**TEOLLISUUDEN VOIMA OYJ (FAS) (€ million)**

Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).

Turnover	143	111	245
Fuel costs	26	20	56
Nuclear waste management costs	32	27	56
Other income and expenses related to electricity production	65	62	109
Capital expenditure (depreciation and financial income and expenses)	31	29	61
Profit/loss before appropriations	-12	-27	-37
Investments <sup>1)</sup>	140	97	600
Equity	713	601	613
Appropriations	163	197	175
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>2)</sup>	2 667	1 467	1 960
Loans from equity holders of the company (included in the former) <sup>3)</sup>	179	179	179
Loan from VYR <sup>2)</sup>	751	696	696
Balance sheet total	4 429	3 083	3 617
Equity ratio % <sup>4)</sup>	28,7	41,0	33,1
Average number of personnel	842	815	806

<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	$\frac{\text{equity} + \text{appropriations} + \text{loans from equity holders of the company}}{\text{balance sheet total} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$
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**ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)**

Nuclear power	6 904	6 804	14 327
Coal-fired power	305	119	817
Total	7 209	6 923	15 144

## CONSOLIDATED FINANCIAL STATEMENT IN BRIEF AND NOTES

## Consolidated Income Statement

1 000 €	1.1. - 30.6.2009	1.1. - 30.6.2008	1.1. - 31.12.2008
<b>Turnover</b>	<b>148 632</b>	<b>115 575</b>	<b>257 275</b>
Work performed for own purposes	5 862	5 530	10 390
Other income	4 059	4 153	16 688
Materials and services	-72 533	-58 573	-131 841
Personnel expenses	-29 307	-29 754	-55 704
Depreciation and impairment charges	-26 107	-25 012	-51 452
Other expenses	-44 171	-39 969	-74 055
<b>Operating profit/loss</b>	<b>-13 565</b>	<b>-28 050</b>	<b>-28 699</b>
Share of the associated company's profit/loss	0	435	751
Finance income	37 636	53 152	84 497
Finance expenses	-50 395	-36 978	-109 678
Total finance income and expenses	-12 759	16 174	-25 181
<b>Profit/loss before income tax</b>	<b>-26 324</b>	<b>-11 441</b>	<b>-53 129</b>
Income taxes	-2	-4	-4
<b>Profit/loss for the period</b>	<b>-26 326</b>	<b>-11 445</b>	<b>-53 133</b>
<b>Profit/loss for the period attributable to:</b>			
Equity holders of the company	-26 326	-11 445	-53 133

## Consolidated Statement of Comprehensive Income

1 000 €	1.1. - 30.6.2009	1.1. - 30.6.2008	1.1. - 31.12.2008
Profit/loss for the period	-26 326	-11 445	-53 133
Other comprehensive items			
Changes in fair values of the available-for-sale investments	125	-165	-3 073
Cash flow hedges	-17 693	7 525	-39 199
Total other comprehensive profit/loss items	-17 568	7 360	-42 272
<b>Total comprehensive profit/loss for the period</b>	<b>-43 894</b>	<b>-4 085</b>	<b>-95 405</b>
<b>Total comprehensive profit/loss for the period attributable to:</b>			
Equity holders of the company	-43 894	-4 085	-95 405

**Consolidated Statement of Financial Position**

<b>1 000 €</b>	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2 602 246	2 009 024	2 484 603
Intangible assets	12 509	13 552	21 787
Loans and other receivables	756 746	701 167	700 890
Investments in associates and joint ventures	1 009	2 732	1 009
Investments in shares	9 982	11 569	9 855
Derivative financial instruments	1 021	22 671	4 883
Share in the Finnish State Nuclear Waste Management Fund	608 330	575 884	599 789
<b>Total non-current assets</b>	<b>3 991 843</b>	<b>3 336 599</b>	<b>3 822 816</b>
<b>Current assets</b>			
Inventories	189 649	170 067	181 272
Trade and other receivables	154 539	153 800	89 119
Derivative financial instruments	635	31 930	3 091
Fund units	0	76 188	0
Cash and cash equivalents	766 317	18 633	202 694
<b>Total current assets</b>	<b>1 111 140</b>	<b>450 618</b>	<b>476 176</b>
<b>Total assets</b>	<b>5 102 983</b>	<b>3 787 217</b>	<b>4 298 992</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	361 692	266 092	361 692
Share issue	100 000	95 600	0
Share premium reserve and statutory reserve	242 383	242 383	242 383
Fair value and other reserves	-50 497	16 703	-32 929
Retained earnings	225 358	293 372	251 684
<b>Total equity</b>	<b>878 936</b>	<b>914 150</b>	<b>822 830</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision related to nuclear waste management	608 330	575 884	599 789
Loans from equity holders of the company	179 300	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund	750 900	695 775	695 775
Bonds	741 171	0	0
Other financial liabilities	1 263 363	790 022	1 321 687
Derivative financial instruments	58 396	9 999	43 982
<b>Total non-current liabilities</b>	<b>3 601 460</b>	<b>2 250 980</b>	<b>2 840 533</b>
<b>Current liabilities</b>			
Provisions	0	1 200	365
Current financial liabilities	468 619	492 457	451 455
Derivative financial instruments	19 244	7 184	8 910
Advance payments received	36 713	29 107	18 621
Trade payables	14 639	11 439	15 421
Other current liabilities	83 372	80 700	140 857
<b>Total current liabilities</b>	<b>622 587</b>	<b>622 087</b>	<b>635 629</b>
<b>Total liabilities</b>	<b>4 224 047</b>	<b>2 873 067</b>	<b>3 476 162</b>
<b>Total equity and liabilities</b>	<b>5 102 983</b>	<b>3 787 217</b>	<b>4 298 992</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 31.12.2007</b>	<b>266 092</b>	<b>95 600</b>	<b>242 383</b>	<b>9 343</b>	<b>304 817</b>	<b>918 235</b>	<b>918 235</b>
Total comprehensive income for the period				7 360	-11 445	-4 085	-4 085
<b>Equity 30.6.2008</b>	<b>266 092</b>	<b>95 600</b>	<b>242 383</b>	<b>16 703</b>	<b>293 372</b>	<b>914 150</b>	<b>914 150</b>
Share issue	95 600	-95 600				0	0
Total comprehensive income for the period				-49 632	-41 688	-91 320	-91 320
<b>Equity 31.12.2008</b>	<b>361 692</b>	<b>0</b>	<b>242 383</b>	<b>-32 929</b>	<b>251 684</b>	<b>822 830</b>	<b>822 830</b>
Share issue		100 000				100 000	100 000
Total comprehensive income for the period				-17 568	-26 326	-43 894	-43 894
<b>Equity 30.6.2009</b>	<b>361 692</b>	<b>100 000</b>	<b>242 383</b>	<b>-50 497</b>	<b>225 358</b>	<b>878 936</b>	<b>878 936</b>

**Consolidated Statement of Cash Flows**

<b>1 000 €</b>	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
<b>Operating activities</b>			
Profit/loss for the period	-26 326	-11 445	-53 133
Adjustments:			
Income tax expenses	2	4	4
Finance income and expenses	12 759	-16 173	25 181
Depreciation and impairment charges	26 107	25 012	51 452
Share of the associated company's profit/loss	0	-436	-751
Other non-cash flow income and expenses	7 218	5 849	-956
Sales profit/loss of property, plant and equipment and shares	-92	-287	-8 686
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	2 870	504	-11 512
Increase (-) or decrease (+) in inventories	-8 377	-10 328	-21 533
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	2 055	12 221	32 761
Interest paid and other finance expenses	-49 710	-25 375	-33 294
Dividends received	511	744	1 190
Interest received	34 549	25 785	27 570
Taxes paid	-2	-4	-1
<b>Cash flow from operating activities</b>	<b>1 564</b>	<b>6 071</b>	<b>8 292</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	-143 839	-96 009	-579 070
Proceeds from sale of property, plant and equipment	16	146	146
Acquisition of intangible assets	-2 038	-2 206	-11 138
Proceeds from sale of intangible assets	0	3	3
Acquisition of shares	-2	-174	-180
Proceeds from sale of shares	132	530	10 578
Loan receivables granted	-55 125	-48 174	-48 259
Repayments of loans granted	0	0	311
<b>Cash flow from investing activities</b>	<b>-200 856</b>	<b>-145 884</b>	<b>-627 609</b>
<b>Financing activities</b>			
Share issue	0	0	95 600
Withdrawals of long-term loans	962 174	197 700	848 389
Repayment of long-term loans	-107 405	-53 476	-66 951
Increase (-) or decrease (+) in interest-bearing receivables	0	0	41
Increase (+) or decrease (-) in current financial liabilities	-91 854	7 797	-136 493
<b>Cash flow from financing activities</b>	<b>762 915</b>	<b>152 021</b>	<b>740 586</b>
<b>Change in cash and cash equivalents</b>	<b>563 623</b>	<b>12 208</b>	<b>121 269</b>
Cash and cash equivalents at the beginning of period	202 694	81 498	81 498
Changes in fair value in fund units	0	1 115	-73
<b>Cash and cash equivalents at the end of period</b>	<b>766 317</b>	<b>94 821</b>	<b>202 694</b>

## 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 2008, with the exception of the following changes:

**-IAS 1 (revised), Presentation of Financial Statements**

The revised standard mainly changes the terminology and presentation of the income statement and the statement of changes in equity. The standard requires to separate changes in equity of an entity arising from transactions with owners from other changes in equity. The adoption of the standard had no impact on TVO's reported results or financial position.

**-IAS 23 (amendment), Borrowing Costs**

The amendment standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets as part of the cost of that asset. TVO has applied the amendment standard to qualifying assets for which capitalisation of borrowing costs commencing on or after 1 January 2009. The change did not have a material effect on Q1 and Q2 2009 reported results or financial position.

**-IFRS 8, Operating Segments**

The standard replaces the IAS 14 standard. According to IFRS 8 the segment information has to be done through "the management's eye" and based on the management's internal reporting. TVO has applied IFRS 8 commencing on or after 1 January 2009. TVO has two reportable segments; nuclear power and coal-fired power.

Other new standards and interpretations effective for financial periods beginning on 1 January 2009 have not had any effect on the reported consolidated interim financial statements:

-Amendments to IAS 32, Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements -Puttable Financial Instruments and Obligations Arising on Liquidation

-Amendment to IFRS 2, Share-based Payment

-IFRIC 11, IFRS 2 - Group and Treasury Share Transactions

-IFRIC 13, Customer Loyalty Programmes

-IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

-IFRIC 12, Service Concession Arrangements

-IFRIC 16, Hedges of a Net Investment in A Foreign Operation

### 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 expense. 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 2008.

#### Power plant unit OL3 under construction

OL3 is a power plant unit under construction that has been ordered under a turnkey principle. According to an announcement of the OL3 turnkey supplier, the delivery will be delayed until June 2012 from the original schedule according to which the power plant unit should have been in production as of 30 April 2009. In compliance with the supply contract the company is entitled to compensation in case the delay is due to the supplier. Additionally, because of the delay the company has incurred and will incur direct and indirect expenses for which the company on the basis of the supply contract has claimed for compensation. In its Financial Statement and Interim Report the company handles liquidated damages and compensation receivables and the supplier's claims related to the delay as one entity. Since the financial result of the arbitration procedure currently in progress regarding the delay cannot be reliably estimated, no receivables or liabilities as required by IAS 37 have been booked.

No reserves have been booked for the supplier's claims and arbitration procedures as the claims have been considered and found to be groundless.

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

## TVO GROUP

### SEGMENT REPORTING

#### Segment structure in TVO

TVO Group has adopted IFRS 8 Operating Segment -standard as of 1 January 2009. The Board of Directors has been defined as the chief operation decision maker. The Group has two reportable segments; nuclear power and coal-fired power.

Nuclear power segment produces electricity at two nuclear power plant units, Olkiluoto 1 and Olkiluoto 2 (OL1 and OL2), at Olkiluoto. 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.

Coal-fired power segment produces electricity 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 year and assets.

The chief operation decision maker follows reporting according to Finnish Accounting Standards (FAS). Adjustments made under IFRS accounting policies will be followed in group level.

### TURNOVER FROM EXTERNAL CUSTOMERS BY SEGMENT

<b>1 000 €</b>	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
Nuclear power	131 809	106 585	218 393
Coal-fired power	16 823	8 990	38 882
<b>Total</b>	<b>148 632</b>	<b>115 575</b>	<b>257 275</b>

### PROFIT/LOSS FOR THE PERIOD BY SEGMENT

<b>1 000 €</b>	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
Nuclear power	-11 717	-24 001	-31 618
Coal-fired power	466	-2 451	-5 761
Profit/loss before appropriations (FAS)	-11 251	-26 452	-37 379
The impact of the nuclear waste management obligation	-1 141	-1 095	746
The impact of financial instruments	-13 934	16 102	-15 594
Other IFRS adjustments	0	0	-906
<b>Total (IFRS)</b>	<b>-26 326</b>	<b>-11 445</b>	<b>-53 133</b>

### ASSETS BY SEGMENT

<b>1 000 €</b>	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
Nuclear power	4 300 907	2 974 883	3 494 957
Coal-fired power	128 677	108 762	123 503
Total (FAS)	4 429 584	3 083 645	3 618 460
The impact of the nuclear waste management obligation	680 219	647 073	672 819
The impact of financial instruments	-15 416	43 391	-967
Other IFRS adjustments	8 596	13 108	8 680
<b>Total (IFRS)</b>	<b>5 102 983</b>	<b>3 787 217</b>	<b>4 298 992</b>

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**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

<b>1 000 €</b>	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
<b>Opening net book amount</b>	<b>2 484 603</b>	<b>1 937 015</b>	<b>1 937 015</b>
Increase	143 347	96 888	598 416
Decrease	-337	-4 273	-5 231
Depreciation and impairment charges	-25 411	-24 310	-50 051
Accumulated depreciation from deduction	44	3 704	4 454
<b>Closing net book amount</b>	<b>2 602 246</b>	<b>2 009 024</b>	<b>2 484 603</b>

**CHANGES IN INTANGIBLE ASSETS**

<b>1 000 €</b>	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
<b>Opening net book amount</b>	<b>21 787</b>	<b>12 125</b>	<b>12 125</b>
Increase	2 038	2 206	11 139
Decrease	-10 619	-76	-76
Depreciation and impairment charges	-697	-703	-1 401
<b>Closing net book amount</b>	<b>12 509</b>	<b>13 552</b>	<b>21 787</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 2008.

### DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial agreements

1 000 €	30.6.2009	30.6.2008	31.12.2008
Interest rate option agreements			
Purchased	840 000	1 320 000	1 290 000
Written	840 000	1 320 000	1 290 000
Interest rate swaps	1 478 446	1 478 447	1 578 446
Forward foreign exchange contracts	140 331	157 586	146 956
Foreign exchange options		23 993	
<b>Total</b>	<b>3 298 777</b>	<b>4 300 026</b>	<b>4 305 402</b>

Fair values of the derivative financial agreements 1 000 €	30.6.2009			30.6.2008			31.12.2008		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate option agreements (non-hedge accounted)									
Purchased	192		192	14 890		14 890	1 914		1 914
Written		-10 597	-10 597		-35	-35		-4 841	-4 841
Interest rate swaps (hedge accounted)		-56 132	-56 132	22 825	-705	22 120		-42 339	-42 339
Interest rate swaps (non-hedge accounted)	227	-6 897	-6 670	16 842		16 842	1 150	-1 380	-230
Forward foreign exchange contracts (hedge accounted)	1 237	-4 015	-2 778	44	-15 286	-15 242	4 911	-4 333	578
Foreign exchange options (non-hedge accounted)			0		-1 157	-1 157			0
<b>Total</b>	<b>1 656</b>	<b>-77 641</b>	<b>-75 985</b>	<b>54 601</b>	<b>-17 183</b>	<b>37 418</b>	<b>7 975</b>	<b>-52 893</b>	<b>-44 918</b>

### INTEREST-BEARING LIABILITIES

During the second quarter TVO issued a EUR 750 million Eurobond under the 2 billion Euro Medium Term Note Programme. The bond matures in 2016 and carries an annual coupon of 6%. The proceeds of the offering will be used for general financing purposes of the company.

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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

1 000 €	30.6.2009	30.6.2008	31.12.2008
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	608 330	575 884	599 789
Provision related to nuclear waste management (non-current liabilities)	608 330	575 884	599 789

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

1 000 €	30.6.2009	30.6.2008	31.12.2008
Liability for nuclear waste management according to the Nuclear Energy Act	1 137 600	1 079 800	1 137 600
TVO's funding target obligation 2009 (2008) to the Finnish State Nuclear Waste Management Fund	1 001 200	927 700	1 001 200
TVO's share in the Finnish State Nuclear Waste Management Fund	1 001 200	927 700	968 551
Difference between the liability and TVO's share of the fund	136 400	152 100	169 049

The cost of decommissioning of the power plant and disposal of spent fuel are covered by the provisions related to the nuclear waste management obligation. An updated cost estimate is done every year and an updated technical plan is made 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 32.6 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 30 June 2009 is EUR 1001.2 million. The carrying amount in the balance sheet is EUR 608.3 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>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	751	696	696
Guarantees given by shareholders related to the nuclear waste management obligation	254	265	265

### Investment commitments

<b>€million</b>	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>31.12.2008</b>
Investment commitments:			
OL1 and OL2	79	93	89
OL3	1 213	1 514	1 174
<b>Total</b>	<b>1 292</b>	<b>1 607</b>	<b>1 263</b>

### Pending Court Cases and Disputes

Pending Court Cases and Disputes are to be found in page 5.