



WELL-BEING WITH
NUCLEAR ELECTRICITY



Interim Report

January–March 2014

Teollisuuden Voima Oyj's Interim Report January 1–March 31, 2014

During the first quarter of the year, the electricity production of Teollisuuden Voima continued safely and reliably in the 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. Reactor containment pressure and leak-tightness tests have been completed. Design of the I&C system continued, and testing began. Bid comparison as part of the bidding and engineering phase of the Olkiluoto 4 project is ongoing.

Operating Environment

During the first quarter of the year, the use of electricity in Finland increased by 2.8 percent compared to the corresponding period of the previous year.

The European Commission released in January a policy framework for climate and energy targets up to 2030. The framework presents a binding target to reduce EU domestic greenhouse gas emissions by 40% below the 1990 level by 2030. For renewable energy, a 27% EU-level target is set but no country-specific targets are presented. In addition, the framework includes proposals related to energy prices, cutting down the jungle of subsidies on the energy markets, utilizing shale gas as well as developing the emissions trading system.

The proposal for a nuclear safety directive proposed by the EU Commission is under discussion both in the Member States and the European Parliament.

Financial Performance

TVO operates on a cost-price principle (Mankala principle). TVO's goal is not to make profit or pay dividends. The shareholders are charged incurred costs on the price of electricity and thus in principle the profit/loss for the period under review is zero. The shareholders pay variable costs based on the volumes of energy supplied and fixed costs in proportion to their ownership, regardless of whether they have made any use of their share of the output or not. Because of the Company's operating principle, key indicators based on financial performance will not be presented.

The power plant tax approved by the Finnish Parliament but not yet put into force has not been taken into account in the costs for the period under review. The effect of the tax on the annual costs would be approximately EUR 6 million.

The consolidated turnover for the period under review January 1–March 31, 2014 was EUR 86.0 (January 1–March 31, 2013: EUR 99.9) million. The amount of electricity delivered to shareholders was 3,889.6 (4,141.3) GWh. The consolidated profit/loss was EUR -1.3 (2.2) million.

Financing and Liquidity

TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) at the end of the period under review, excluding the loan from the Finnish State Nuclear Waste Management Fund relented to shareholders, totaled EUR 3,554.1 (December 31, 2013: 3,426.6) million, of which EUR 339.3 (339.3) million were subordinated shareholder loans. During the period under review, TVO raised a total of EUR 545.0 (0.0) million in non-current liabilities. Repayments during the period under review amounted to EUR 479.4 (0.0) million.

During the first quarter of the year, TVO has issued under its EMTN Program a EUR 500 million seven-year bond with an annual coupon of 2.5 percent. The proceeds were used to buy back a bond maturing in 2016. Furthermore, the Company issued an 18-year EUR 45 million private placement.

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, 2014, the amount of the loan was EUR 982.8 (December 31, 2013: 931.7) million and it has been relented to the Company's A-series shareholders. On March 31, 2014 loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 51.1 million (April 2, 2013: EUR 50.0 million).

In March 2014, Japan Credit Rating Agency (JCR) kept its AA rating for TVO but changed its outlook negative. Additionally, TVO has a long-term issuer default rating (IDR) and senior unsecured rating of BBB and a short-term rating of F3 from Fitch Ratings, and a long-term BBB and a short-term A-2 corporate credit ratings from Standard & Poor's Rating Services. Both Fitch Ratings and Standard and Poor's assess the outlook stable.

The OL3 project's share of financing costs has been capitalized in the balance sheet.

Nuclear Power

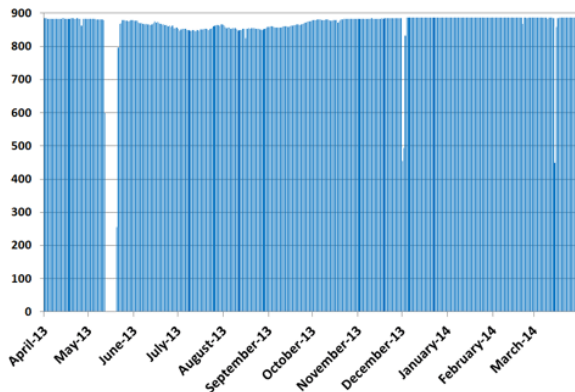
Olkiluoto 1 and Olkiluoto 2

The electricity production of the Olkiluoto power plant units Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) during the period under review was 3,825 (3,814) GWh. The total load 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 1,903 (1,905) GWh and the load factor 100.0 (100.0) %. OL2's net production was 1,922 (1,909) GWh and the load factor 100.0 (100.0) %.

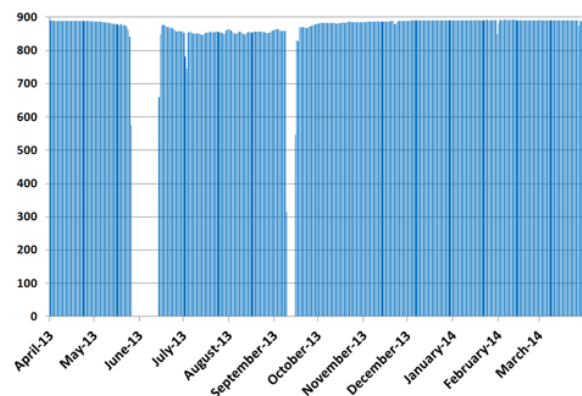
Olkiluoto 1

Average electrical power MW
April 1, 2013–March 31, 2014



Olkiluoto 2

Average electrical power MW
April 1, 2013–March 31, 2014



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 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 of 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 2013 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. In February 2014, TVO announced that it had not received the requested overall schedule update for the OL3 project from the Supplier. Therefore TVO does not provide an estimate of the start-up time of the plant unit at the moment. TVO has required the Supplier, who is in charge of the project schedule, to update the overall schedule and to provide a clarification of the measures needed to ensure proper progress to complete the plant unit. Information about the start-up date of electricity production of the OL3 plant unit is pending the finalization of the Supplier's schedule clarification.

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. Pipeline welding works in the emergency power generating building continue. Commissioning of the power distribution in the reactor plant is ongoing. Containment pressure and leak-tightness tests were completed in February. Testing of the instrumentation and control (I&C) systems in the test bay in Erlangen, Germany has begun after the period under review in April. Documentation and licensing of the I&C systems are still in progress.

The first phase of the turbine plant commissioning is ongoing.

The pending disputes concerning the plant unit are described in paragraph Pending Court Cases and Disputes.

The workforce at the site at the end of the period under review was about 1,000 persons. The Supplier has reduced the number of subcontractors and work staff at the OL3 site, as it announced in December. The Supplier informed that it is focusing efforts on urgent and most critical design tasks of the project.

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 in 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. The evaluation of updated bids related to the new NPP and preparation of the next phases of the project are ongoing.

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 in the Group balance sheet.

Nuclear Fuel

During the period under review, nuclear fuel purchases amounted to EUR 13.2 (9.0) million and the amount consumed to EUR 12.4 (12.2) million.

The nuclear fuel and uranium stock carrying value on March 31, 2014 was EUR 208.7 (December 31, 2013: 207.9) 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.

The equipment of the underground ONKALO research facility with technical facilities and systems is completed. Raise boring of the hoist equipment shaft is still ongoing. As soon as it is completed the reinforcement and equipping of the shaft for installing the hoist can be started.

The international demonstration program, coordinated by Posiva and partly funded by the EU, for testing plugging and sealing systems for final disposal tunnels has reached the casting preparation of the concrete sealing plug.

The decision of constructing the second phase of the above-ground entrance and control building has been made. The construction work will begin in May–June.

The construction license application for the final disposal facility has been supplemented by additional clarifications required by STUK so that STUK, according to its own view, will be prepared to submit to the Ministry of Employment and the Economy its statement on the long-term safety of final disposal in the fall 2014.

The interim storage facility for spent nuclear fuel in Olkiluoto is being expanded to provide interim storage facilities for the spent fuel elements of both the existing plant units, OL1 and OL2, and OL3 under construction. With the expansion TVO will double the capacity of the existing fuel pools. The expansion is scheduled to be taken into use in 2014.

The liabilities in the consolidated financial statement show a provision related to nuclear waste management liability of EUR 903.2 (December 31, 2013: 897.9) 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 to the Finnish State Nuclear Waste Management Fund. In December 2013, the MEE set TVO's liability for nuclear waste management at EUR 1,317.8 (1,242.3) million to the end of 2013 and the Company's funding target for 2014 at EUR 1,310.4 (1,242.3) million.

In March 2014, the Finnish State Nuclear Management Fund confirmed TVO's nuclear waste management fee for 2013 at EUR 56.1 (43.1) million, which was paid into the Fund on March 31, 2014 (April 2, 2013). The nuclear waste management fee for 2014 will be confirmed in March 2015.

Coal Power

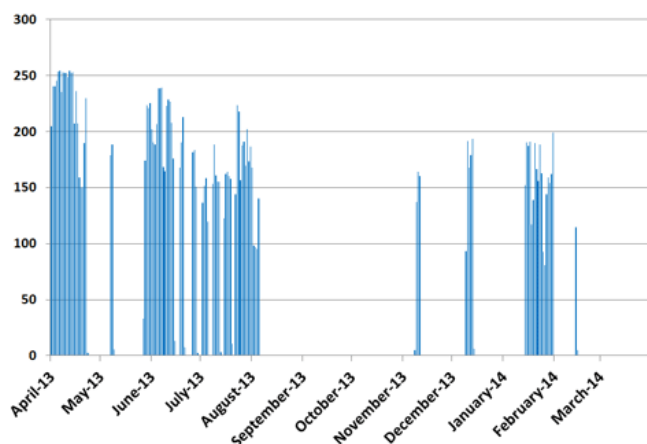
Meri-Pori

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant on January 1–March 31, 2014 was 70.9 (337.8) GWh requiring 26.8 (116.4) thousand tons of coal and 59.8 (272.6) thousand tons of carbon dioxide emission rights.

TVO's share of Meri-Pori's production

Average electrical power MW

April 1, 2013–March 31, 2014



Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 117.6 (70.0) million. Investments of the parent company were EUR 117.5 (68.9) million, of which EUR 108.6 (54.2) million was allocated to the OL3 project.

TVO signed in May 2013 an agreement with Wärtsilä Finland Oy for the delivery of emergency diesel generators and associated auxiliary systems to Olkiluoto. A total of nine generators will be delivered, and TVO is in charge of the construction work required for the project as well as for the connection of the diesel generators to TVO's other systems. The total investment of the replacement project is more than EUR 100 million. The project will start in 2016 and is estimated to continue until 2020. The replacement of the generators will be carried out as far as possible during normal power operation at OL1 and OL2 plant units.

During the period under review, emission rights for the Company's share of the Meri-Pori coal-fired power plant have been acquired worth 0.3 (1.2) 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 an estimated part until August 2014.

The proceedings were initiated in December 2008 by the OL3 Supplier. The monetary claim the Supplier updated in 2013 is in total approximately EUR 2.7 billion. The updated quantification is until the end of June 2011, and the sum includes approximately EUR 70 million of payments delayed by TVO under the plant contract as well as approximately EUR 700 million of penalty interest and approximately EUR 120 million of alleged loss of profit. TVO has considered and found the

earlier claim by the Supplier to be without merit, scrutinizes the updated claim and will respond to it in due course.

The arbitration proceedings may continue for several years, and the claimed amounts may be updated.

TVO has not recorded any receivables or provisions 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 855 (December 31, 2013: 857, March 31, 2013: 869). The number of permanent employees at the end of the period under review was 768 (December 31, 2013: 767, March 31, 2013: 773).

The Board of Directors of Teollisuuden Voima appointed Marjo Mustonen as Senior Vice President, Nuclear Safety and Member of the Management Group of the Company. Marjo Mustonen also chairs the Safety Committee of the Company and continues as the responsible director for construction of OL3. The former Senior Vice President for Nuclear Safety, Esa Mannola, continues in the Company as Corporate Adviser. The appointments came into effect as from the beginning of 2014.

Annual General Meeting

TVO's Annual General Meeting was held on March 27, 2014. The AGM approved the financial statements for the year 2013, confirmed the consolidated income statement and balance sheet and discharged the members of the Board of Directors and the President and CEO from liability.

All Board members were re-elected. At its organization meeting held on the same day as the AGM, the Board elected Matti Ruotsala as Chairman and Lauri Virkkunen 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 2013.

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.

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 continue.

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

Posiva is preparing to start the construction projects of the encapsulation plant and final repository soon after the construction license has been granted.

Events after the Period under Review

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

April 24, 2014

Teollisuuden Voima Oyj
Board of Directors

KEY FIGURES OF TVO GROUP

TVO GROUP (IFRS) (M€)	1.1. - 31.3.2014	1.1. - 31.3.2013	1.1. - 31.12.2013
Turnover	86	100	366
Profit/loss for the period	-1	2	31
Investments ¹⁾	118	70	335
Equity	1 458	1 325	1 462
Subordinated shareholder loans (hybrid equity) (included in the former) ³⁾	339	229	339
Non-current and current interest-bearing liabilities (excluding loan from VYR) ²⁾	3 348	3 178	3 221
Loan from VYR ²⁾	983	882	932
Provision related to nuclear waste management	903	864	898
Balance sheet total	6 837	6 474	6 700
Equity ratio % ⁴⁾	29,5	28,0	30,0
Average number of personnel	854	868	894

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

²⁾ The Finnish State Nuclear Waste Management Fund (VYR)

³⁾ Subordinated loans

⁴⁾ 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. - 31.3.2014	1.1. - 31.3.2013	1.1. - 31.12.2013
Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).			
Turnover	86	99	363
Profit/loss before appropriations	1	3	1
Fuel costs	15	23	73
Nuclear waste management costs	19	24	89
Capital expenditure (depreciation and financial income and expenses)	17	16	61
Investments ¹⁾	118	69	303
Equity	858	858	858
Appropriations	168	169	167
Non-current and current interest-bearing liabilities (excluding loan from VYR and shareholder loans) ²⁾	3 215	2 981	3 088
Loans from equity holders of the company ³⁾	339	229	339
Loan from VYR ²⁾	983	882	932
Balance sheet total	5 706	5 343	5 572
Equity ratio % ⁴⁾	28,9	28,2	29,4
Average number of personnel	849	864	890

¹⁾ Acquisitions of tangible and intangible assets and shares are based on gross investments.

²⁾ The Finnish State Nuclear Waste Management Fund (VYR)

³⁾ Subordinated loans

⁴⁾ 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. - 31.3.2014	1.1. - 31.3.2013	1.1. - 31.12.2013
Nuclear power	3 819	3 803	14 606
Coal-fired power	71	338	725
Total	3 890	4 141	15 331

TVO-GROUP

CONSOLIDATED FINANCIAL STATEMENT IN BRIEF AND NOTES**CONSOLIDATED INCOME STATEMENT**

EUR 1 000	1.1. - 31.3.2014	1.1. - 31.3.2013	1.1. - 31.12.2013
Turnover	86 048	99 875	365 865
Work performed for own purposes	3 945	4 228	14 878
Other income	1 919	1 941	9 311
Materials and services	-30 797	-44 283	-121 583
Personnel expenses	-14 905	-14 907	-63 318
Depreciation and impairment charges	-14 216	-14 089	-57 369
Other expenses	-20 334	-19 820	-84 922
Operating profit/loss	11 660	12 945	62 862
Finance income	4 616	6 928	30 870
Finance expenses	-17 566	-17 652	-63 203
Total finance income and expenses	-12 950	-10 724	-32 333
Profit/loss before income tax	-1 290	2 221	30 529
Income taxes	0	0	-3
Profit/loss for the period	-1 290	2 221	30 526
Profit/loss for the period attributable to:			
Equity holders of the company	-1 290	2 221	30 526

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1.1. - 31.3.2014	1.1. - 31.3.2013	1.1. - 31.12.2013
Profit/loss for the period	-1 290	2 221	30 526
Other comprehensive items			
Items that may be reclassified to profit or loss in subsequent periods:			
Changes in fair values of the available-for-sale investments	1 186	3 447	6 963
Cash flow hedges	-2 289	9 938	7 345
Total other comprehensive profit/loss items for the period	-1 103	13 385	14 308
Total comprehensive profit/loss for the period	-2 393	15 606	44 834
Total comprehensive profit/loss for the period attributable to:			
Equity holders of the company	-2 393	15 606	44 834

TVO-GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Assets			
Non-current assets			
Property, plant and equipment	4 457 527	4 146 646	4 358 082
Intangible assets	9 444	8 879	9 382
Loans and other receivables	986 706	885 964	935 633
Investments in joint ventures	1 009	1 009	1 009
Investments in shares	25 132	20 428	23 945
Derivative financial instruments	48 862	117 808	60 047
Share in the Finnish State Nuclear Waste Management Fund	903 197	863 821	897 919
Total non-current assets	6 431 877	6 044 555	6 286 017
Current assets			
Inventories	246 419	237 955	243 091
Trade and other receivables	42 469	65 855	25 465
Derivative financial instruments	13 911	3 287	1 553
Cash and cash equivalents	102 361	121 911	144 367
Total current assets	405 160	429 008	414 476
Total assets	6 837 037	6 473 563	6 700 493
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
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	-3 283	-3 104	-2 181
Subordinated shareholder loans (hybrid equity)	339 300	229 300	339 300
Retained earnings	273 701	250 156	275 927
Total equity	1 458 294	1 324 928	1 461 622
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	903 197	863 821	897 919
Loan from the Finnish State Nuclear Waste Management Fund	982 800	881 726	931 725
Bonds	2 128 614	2 078 566	2 191 411
Other financial liabilities	784 800	835 476	784 216
Derivative financial instruments	41 014	40 208	34 999
Total non-current liabilities	4 840 425	4 699 797	4 840 270
Current liabilities			
Current financial liabilities	389 975	216 024	201 774
Derivative financial instruments	4 046	7 387	8 212
Advance payments received	42 701	47 279	21 365
Trade payables	18 149	8 652	10 823
Other current liabilities	83 447	169 496	156 427
Total current liabilities	538 318	448 838	398 601
Total liabilities	5 378 743	5 148 635	5 238 871
Total equity and liabilities	6 837 037	6 473 563	6 700 493

TVO-GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2014	606 193	242 383	-2 181	339 300	275 927	1 461 622	1 461 622
Profit/loss for the period	0	0	0	0	-1 290	-1 290	-1 290
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	1 187	0	0	1 187	1 187
Cash flow hedges	0	0	-2 289	0	0	-2 289	-2 289
Subordinated shareholder loans (hybrid equity)	0	0	0	0	0	0	0
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-936	-936	-936
Equity 31.3.2014	606 193	242 383	-3 283	339 300	273 701	1 458 294	1 458 294

EUR 1 000	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2013	606 193	242 383	-16 489	229 300	248 539	1 309 926	1 309 926
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
Equity 31.3.2013	606 193	242 383	-3 104	229 300	250 156	1 324 928	1 324 928

TVO-GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Operating activities			
Profit/loss for the period	-1 290	2 221	30 526
Adjustments:			
Income tax expenses	0	0	3
Finance income and expenses	12 950	10 724	32 333
Depreciation and impairment charges	14 216	14 089	57 369
Other non-cash flow income and expenses	-7 984	-8 406	-58 441
Sales profit/loss of property, plant and equipment and shares	0	-65	-100
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	-23 076	-29 624	1 262
Increase (-) or decrease (+) in inventories	-1 904	14 244	7 756
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	-19 474	40 529	13 700
Interest paid and other finance expenses	-3 150	-5 351	-26 150
Dividends received	0	0	853
Interest received	7 055	359	25 327
Taxes paid	0	0	-1
Cash flow from operating activities	-22 657	38 720	84 437
Investing activities			
Acquisition of property, plant and equipment	-145 920	-64 795	-300 307
Proceeds from sale of property, plant and equipment	0	4	18
Acquisition of intangible assets	-106	0	-951
Acquisition of shares	0	0	-6
Proceeds from sale of shares	0	79	314
Loan receivables granted	-51 075	0	-50 136
Repayments of loans granted	0	0	390
Cash flow from investing activities	-197 101	-64 712	-350 678
Financing activities			
Withdrawals of subordinated shareholder loans (hybrid equity)	0	0	110 000
Withdrawals of long-term loans	596 075	0	301 518
Repayment of long-term loans	-480 208	-821	-177 496
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	-3 066
Increase (-) or decrease (+) in interest-bearing receivables	0	0	73
Increase (+) or decrease (-) in current financial liabilities	61 885	13 169	44 024
Cash flow from financing activities	177 752	12 348	275 053
Change in cash and cash equivalents	-42 006	-13 644	8 812
Cash and cash equivalents at the beginning of period	144 367	135 555	135 555
Cash and cash equivalents at the end of period	102 361	121 911	144 367

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 2013. Additionally the changes according to the revised IAS/IFRS standards have been adopted.

IFRS 11 standard replaces the previous IAS 31 Interests in joint ventures -standard. Classification of joint arrangements under IFRS 11 is determined through a separate vehicle, contractual terms between the parties and other facts and circumstances. When adopting the new IFRS 11 standard TVO has reassessed its control conclusions and re-evaluated its involvement in its joint venture. Joint venture Posiva Oy will continue to be recognised by applying the equity method and there will be no impact on the recognised assets, liabilities and comprehensive income.

The standards issued during 2014 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 2013.

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 subsidiary of TVO, TVO Nuclear Services Oy (TVONS), of which operation is related to nuclear power, is 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

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Nuclear power	80 175	83 956	325 508
Coal-fired power	5 873	15 919	40 357
Total	86 048	99 875	365 865

PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Nuclear power	1 817	3 189	4 215
Coal-fired power	-1 067	-408	-3 335
Profit/loss before appropriations (FAS)	750	2 781	880
The impact of the nuclear waste management obligation	-2 200	-752	28 920
The impact of financial instruments	116	148	556
Other IFRS adjustments	44	44	170
Total (IFRS)	-1 290	2 221	30 526

ASSETS BY SEGMENTS

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Nuclear power	5 649 195	5 267 081	5 508 441
Coal-fired power	57 993	77 261	64 565
Total (FAS)	5 707 188	5 344 342	5 573 006
The impact of the nuclear waste management obligation	1 023 584	956 736	1 020 507
The impact of financial instruments	28 058	94 000	29 070
The impact of finance leases	61 694	63 374	61 691
Other IFRS adjustments	16 513	15 111	16 219
Total (IFRS)	6 837 037	6 473 563	6 700 493

TVO-GROUP

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Opening net book amount	4 358 082	4 095 056	4 095 056
Increase	117 268	68 117	331 226
Decrease	-3 924	-3 586	-15 764
Depreciation and impairment charges	-13 899	-13 780	-56 100
Accumulated depreciation from deduction	0	839	3 664
Closing net book amount	4 457 527	4 146 646	4 358 082

CHANGES IN INTANGIBLE ASSETS

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Opening net book amount	9 382	7 729	7 729
Increase	379	1 459	3 855
Decrease	0	-1	-933
Depreciation and impairment charges	-317	-309	-1 269
Accumulated depreciation from deduction	0	1	0
Closing net book amount	9 444	8 879	9 382

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 2013.

DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments *

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Interest rate swaps	1 111 446	1 081 446	1 001 446
Forward foreign exchange contracts and swaps	209 244	145 111	211 607
Cross-currency swaps	853 674	710 507	853 674
Total	2 174 364	1 937 064	2 066 727

EUR 1 000	31.3.2014			31.3.2013			31.12.2013		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate swaps									
Cash flow hedges	0	-20 375	-20 375	0	-31 373	-31 373	471	-19 560	-19 089
Fair value hedges	15 647	0	15 647	15 570	0	15 570	10 314	0	10 314
Non-hedges	0	-1 965	-1 965	30	-11 732	-11 702	0	-4 445	-4 445
Forward foreign exchange contracts and swaps									
Cash flow hedges	951	-8 325	-7 374	9 455	-27	9 428	2 494	-7 009	-4 515
Non-hedges	151	-31	120	130	0	130	152	-33	119
Cross-currency swaps									
Non-hedges	46 025	-14 363	31 662	95 910	-4 461	91 449	48 157	-12 129	36 028
Currency options (non-hedges)									
Purchased	0	0	0	0	0	0	0	-35	-35
Written	0	0	0	0	0	0	12	0	12
Total	62 773	-45 060	17 714	121 095	-47 594	73 501	61 600	-43 212	18 388

* Cross-currency swaps related to Private Placements included.

BONDS

Under the EMTN Program, the Company has issued during the first quarter of the year a EUR 500 million bond. Simultaneously, TVO bought back and cancelled bond maturing in 2016, totalling EUR 479 million. In addition, TVO has issued a EUR 45 million private placement.

TVO-GROUP

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

EUR 1 000	31.3.2014			31.12.2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value						
Derivative financial instruments at fair value through profit or loss		46 176			48 321	
Derivative financial instruments designated as cash flow hedges		951			2 965	
Derivative financial instruments designated as fair value hedges		15 647			10 314	
Available-for-sale investments						
Investments in listed companies	23 087			21 901		
Investments in other stocks and shares			0			0
Total	23 087	62 773	0	21 901	61 600	0
Financial liabilities at fair value						
Derivative financial instruments at fair value through profit or loss		16 359			16 642	
Derivative financial instruments designated as cash flow hedges		28 700			26 570	
Derivative financial instruments designated as fair value hedges		0			0	
Total	0	45 060	0	0	43 212	0

TVO has also 31 March 2014 unquoted shares EUR 2,044 (2,044) thousand whose fair value cannot be reliably determined are measured at acquisition cost.

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). TVO has not level 3 investments (assets that are not based on observable market data).

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

EUR 1 000	31.3.2014			31.12.2013		
	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*	2 913 414	2 913 414	3 101 470	2 975 627	2 975 627	3 196 873

* 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.

TVO-GROUP

ASSETS AND PROVISION RELATED TO NUCLEAR WASTE MANAGEMENT OBLIGATION

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

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	903 197	863 821	897 919
Provision related to nuclear waste management (non-current liabilities)	903 197	863 821	897 919

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

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Liability for nuclear waste management according to the Nuclear Energy Act	1 317 800	1 242 300	1 317 800
Funding target obligation	1 310 400	1 242 300	1 310 400
TVO's share in the Finnish State Nuclear Waste Management Fund	1 310 400	1 198 900	1 253 300
Difference between the liability and TVO's share of the fund	7 400	43 400	64 500

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 and total cost estimates 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. The difference between the funding obligation target decided by the Ministry of Employment and the Economy and TVO's actual share of the Finnish State Nuclear Waste Management Fund is paid in Q1 each year. TVO's share in the Finnish State Nuclear Waste Management Fund on March 31, 2014 is EUR 1,310.4 million. The carrying amount in the balance sheet is EUR 903.2 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.

The Ministry of Employment and the Economy (MEE) has adopted the procedure mentioned in the Nuclear Energy Act (section 40, subsection 3) and specified in the Government Decision 1339/1996 for a temporary reduction of the funding target when confirming Teollisuuden Voima Oyj's funding target obligation for 2014.

TVO has issued the State the shareholders' guarantees as security to cover the unexpected events as determined in the Nuclear Energy Act. The guarantees are presented in the note Obligations and other commitments.

TVO-GROUP

OBLIGATIONS AND OTHER COMMITMENTS**Pledged promissory notes and financial guarantees**

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	982 800	881 726	931 725
Guarantees given by shareholders related to the nuclear waste management obligation	153 160	147 610	153 160

Investment commitments

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

EUR 1 000	31.3.2014	31.3.2013	31.12.2013
OL1 and OL2	74 000	16 000	75 000
OL3	794 000	792 000	774 000
OL4	0	7 000	2 000
Total	868 000	815 000	851 000

Pending Court Cases and Disputes

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