



Teollisuuden Voima Oyj Interim Review

January – June 2008

Jarmo Tanhua, Senior Vice President, Power Plant Engineering, began his work as President and CEO of TVO on 1 July 2008, as President and CEO Pertti Simola became Executive Vice President of Pohjolan Voima Oy.



Photo: Tarmo Snällistö

Cover photo:
The Olkiluoto power plant
in June 2008.

Photo: Hannu Huovila

General

TVO as a company

Teollisuuden Voima Oyj (TVO), established in 1969, is a limited company that produces electricity for its owners at cost price. TVO generates about one-sixth of the electricity used in Finland.

The electricity is produced at two nuclear power plant units, Olkiluoto 1 and Olkiluoto 2 (OL1 and OL2), at Olkiluoto in Eurajoki and at the Meri-Pori coal-fired power plant in Pori.

A new nuclear power plant unit, Olkiluoto 3 (OL3), is under construction at Olkiluoto.

Pertti Simola, President and CEO of TVO, became Executive Vice President of Pohjolan Voima Oy on 1 July 2008. TVO's Board of Directors appointed Jarmo Tanhua, Senior Vice President, Power Plant Engineering, as President and CEO as of the same date. Tanhua's replacement, in turn, is Janne Mokka, previously Manager, Electrical and Automation Maintenance.

As project director Martin Landtman is leaving the company on

September 1, 2008 to pursue another opportunity, the Board of Directors has appointed head of unit Jouni Silvennoinen the new project director as of 1 September 2008.

Group structure

TVO Nuclear Services Oy (TVONS) and Olkiluodon Vesi Oy are fully owned subsidiaries of TVO. TVONS provides expert and maintenance services in the field of nuclear power and power plant, and the special expertise of TVO's personnel is available to TVONS's customers. Olkiluodon Vesi handles the management of raw water required for TVO's and Posiva's operations at Olkiluoto.

In line with IFRS standards, the joint venture company Posiva Oy and the associated company Polartest Oy are also consolidated into the TVO Group. Posiva, which is owned by TVO (60 %) and Fortum Power and Heat Oy (40 %), manages research into and implementation of the final disposal of its shareholders' spent nuclear fuel.

TVO's operations

Olkiluoto 1 and Olkiluoto 2

The electricity output at Olkiluoto's power plant units, OL1 and OL2, from 1 January to 30 June 2008 was 6,833 (1 January – 30 June 2007: 6,889) GWh. There was a break in production at the OL1 unit in connection with start-up following the annual outage. The plant units operated reliably and safely during the period under review.

OL1's net production was 3,297 (3,559) GWh and the capacity factor 87.9 (95.4) %.

OL2's net production was 3,536 (3,330) GWh and the capacity factor 94.2 (89.2) %.

Annual outages

The annual outages at OL1 and OL2 lasted a total of 28 days 4 hours (25 days 13 hours).

The refuelling outage at OL2 lasted from 4 to 12 May 2008, during which time 124 (116) fuel assemblies were changed. In addition to refuelling, the major work included preventive maintenance, annual tests and repairs and washing the turbine plant. The outage lasted 7 days 18 hours.

The maintenance outage at OL1 lasted from 13 May to 3 June 2008,

The main tasks during the annual outage of OL1 involved changing a valve in the cooling system of the shut-down reactor, a leak-tightness test in the reactor containment, opening up and inspecting two low-pressure turbines and replacement of the pipes in the turbine plant's bled-steam system.



Photo: Hannu Huovila

during which time 110 (124) fuel assemblies were changed. The most significant work, besides the refueling and normal maintenance work and preventive maintenance inspections, involved changing a valve in the cooling system of the shut-down reactor, a leak-tightness test in the reactor containment, opening up and inspecting two low-pressure turbines and replacement of the pipes in the turbine plant's bled-steam system. The outage lasted a total of 20 days 10 hours.

The total amount of work on the outages was some 100 (90) working years, of which TVO personnel did about 35 (30) and outside workers about 65 (60). At its height the amount of outside labour was about 800 (900) people.

A voltage regulator malfunction was detected during the start-up following the annual outage at OL1, and the unit was out of production for a few days. Before a new start-up the voltage regulator thyristors were changed and the overvoltage protection in the reactor coolant pumps in both plant units was improved in case of possible overvoltage in a plant's electrical network. At the same time, changes were made in

the protection, reducing the likelihood of overvoltage. During the improvements, the plant units' capacity was restricted to about 80 %. Both Olkiluoto plant units reached 100 % capacity on 11 June 2008.

The plant units are in good shape for the new operating period.

Olkiluoto 3

Olkiluoto 3, the nuclear power plant unit currently under construction, was commissioned as a turnkey project from the consortium (referred as the Supplier) formed by AREVA NP SAS, AREVA NP GmbH (AREVA) and Siemens AG.

The engineering of the Olkiluoto 3 project continued along with the processing of documents by the authorities, the civil construction works and the production and installation of equipment. Manufacturing of the main components for the reactor and turbine plants proceeded.

Work at the reactor plant site at Olkiluoto was still focused on the civil construction. The works of the inner containment progressed when the second layer of the steel liner rings was lifted into the building in May.

Emphasis of the turbine plant work was increasingly switched from construction to installation. All the major heat exchangers were installed, as were the bridge crane in the turbine hall, the condenser pumps and most of the tanks. Installation work was started on the feedwater pumps, intermediate superheaters and outer casings of the low-pressure turbines and work proceeded.

All the major work at the site was carried out in shifts. The construction workforce did not increase anymore, but the number of fitters went up, and the total number of persons having passed the compulsory site training exceeded 10,000. At the end of the period under review, the site personnel numbered approximately 3,200. The accident index depicting the safety at work remained at a good level, and measures to achieve the zero-accidents target continued.

TVO is continuing to provide support to the Supplier so that it will complete the project as soon as possible without compromising safety and quality requirements.

In December 2007, TVO received a claim from the Supplier concerning costs which the Supplier alleged that it had incurred in the execution of

In May, the second layer of steel liner rings was lifted into the reactor building. It was 12 meters high and weighed 120 tonnes.



Photo: Hannu Huovila

the works. The claim was a revision of a claim which the Supplier had submitted in 2006 to which TVO had responded in 2007, when TVO also presented its own claim against the Supplier.

TVO has now submitted an updated version of its own claim with supporting material to the Supplier, together with a response to the Supplier's revised claim. In TVO's claim, TVO has called on the Supplier to compensate TVO for the costs and losses which TVO has incurred due to delay of the project as well as other conduct of the Supplier. TVO has examined the Supplier's revised claim and, as in the case of the Supplier's earlier claim, considers it without merit.

The Supplier's delay in completing the Olkiluoto 3 project appears to be due to the fact that its design, construction and equipment manufacturing activities are progressing much more slowly than foreseen. The Supplier has reported to TVO that the power plant will be completed for commercial operation in the summer of 2011. At the same time, the Supplier has said that completion by then will be a challenge. TVO has required the Supplier to submit more detailed analyses and information in relation to scheduling and the measures the Supplier is taking to mitigate the delay.

All costs actually incurred by TVO on the Olkiluoto 3 project have been entered as tangible assets in the con-

solidated balance sheet of TVO and its subsidiaries.

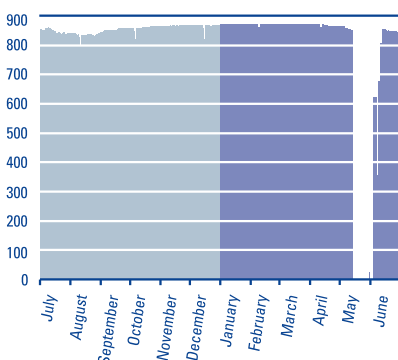
Investment in tangible assets, intangible assets, and shares, and share sales

Investment costs during the period under review, excluding CO₂ emission rights were EUR 94.5 (96.7) million, of which the OL3 project accounted for EUR 68.6 (63.2) million. A topping out ceremony for the project on the modernisation and extension of the storage and maintenance facilities at Olkiluoto took place in February. Most of the premises will be ready in use during 2008.

A decision on projects to build a new outage building for the OL1 and OL2 plant units was taken in February

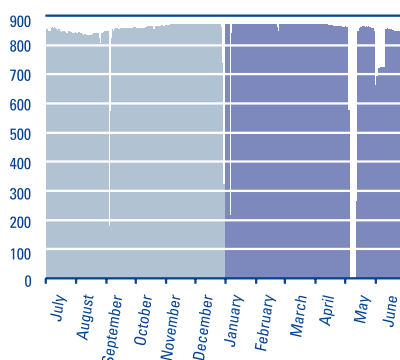
Olkiluoto 1

Power Production / MW
July 1, 2007 - June 30, 2008



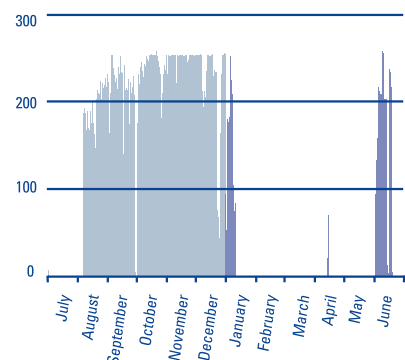
Olkiluoto 2

Power Production / MW
July 1, 2007 - June 30, 2008



Meri-Pori, TVO share

Power Production / MW
July 1, 2007 - June 30, 2008



In February 2008, TVO submitted the environmental impact assessment (EIA) report concerning the OL4 power plant unit to the Ministry of Employment and the Economy. EIA Project Manager Olli-Pekka Luhta explained the results of the assessment to local residents.



Photo: Hannu Huovila

and the project started in May.

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. In relation to this project, a decision was taken at the beginning of the year to replace the inner isolation valves in the main steam pipes and the seawater pumps.

EUR 0.08 (9.0) million in acquired CO₂ emission rights were handed over to the Energy Market Authority. EUR 2.0 (0.07) million in new CO₂ emission rights were acquired.

EIA and Application for a Decision in Principle concerning the construction of a fourth nuclear power plant unit at Olkiluoto

TVO submitted an environmental impact assessment (EIA) report regarding a fourth nuclear power plant unit (OL4) to the coordinating authority, the Ministry of Employment and the Economy, in February 2008. The public viewing of the report and issuing of statements in relation to it terminated on 21 April 2008, and the statement of the Ministry of Employment and the Economy was received on 19 June.

On 25 April 2008, TVO applied

to the Government for a Decision in Principle on the construction of a fourth nuclear power plant unit at Olkiluoto.

Meri-Pori

TVO's share of the electricity generated at the Meri-Pori coal-fired power plant from 1 January to 30 June 2008 was 118.5 (585.3) GWh, which entailed the use of 42.7 (186.7) thousand tonnes of coal and 101.4 (489.4) thousand tonnes in CO₂ emission rights.

TVO received 887.8 thousand tonnes in CO₂ emission rights free of charge for its holding in the Meri-Pori coal-fired power plant for the years 2008–2010, of which 295.9 thousand tonnes are applicable to 2008.

Nuclear fuel

During the period under review, nuclear fuel purchases amounted to EUR 18.1 (12.8) million and the amount consumed to EUR 17.8 (18.0) million.

The nuclear fuel and store of uranium were valued on 30 June 2008 at EUR 146.9 (30 June 2007: 122.1) million, of which the fuel in the reactors was valued at EUR 84.9 (30 June 2007: 82.1) million.

Nuclear waste management

The Group's joint venture company, Posiva Oy, handles the final disposal of spent nuclear fuel on behalf of its shareholders, TVO and Fortum Power and Heat Oy. Construction work on the research facility (ONKALO) that is part of the final disposal plant continued at Olkiluoto.

In order to cover the costs of nuclear waste management, TVO makes payments into the Finnish State Nuclear Waste Management Fund. In January 2008, the Ministry of Employment and the Economy confirmed the assessed liability at the end of 2007 at EUR 1,079.8 (903.4) million and the company's fund target for 2008 at EUR 927.7 (864.1) million.

The difference between the assessed liability and the fund target is covered by guarantees.

In March 2008, the Finnish State Nuclear Waste Management Fund confirmed the nuclear waste management fee for 2007 at EUR 30.5 (13.0) million, which was paid into the Fund on 31 March 2008. Estimated nuclear waste management fee for 2008 is EUR 32.7 million. It will be confirmed early in 2009 and will be paid in to the fund on 31 March 2009.

Earthmoving work on the new annual outage building began in May 2008. The building will house a double radiation monitoring system for personnel and will be completed in time for the annual outages of 2009.



Photo: Anna-Liisa Montonen

Group

Group personnel

Group (TVO and TVONS) personnel numbered 905 (31 December 2007: 756, 30 June 2007: 877) at the end of the period under review. The number of permanent employees at the end of the period was 705 (31 December 2007: 682, 30 June 2007: 678).

The number of people hired on a permanent basis was 38 (33) during the period under review. The employment of 16 (20) permanent employees came to an end, 4 (5) of them retiring.

Group financial performance

The consolidated turnover for the period under review was EUR 115.6 (112.4) million. The amount of electricity supplied to shareholders was 6,923 (7,455) GWh.

The consolidated profit/loss was EUR -11.4 (-17.0) million. The comparable consolidated profit/loss was EUR -26.0 (-20.6) million, which excludes the impact of financial instruments hedging against future cash flows but that are non-hedge

accounted in accordance with IAS 39 at EUR -15.7 (-4.4) million. Also the impact of the interpretation of IFRIC 5, EUR 1.1 (0.8) million, has been eliminated. Due to fact that the TVO share in the Finnish State Nuclear Waste Management Fund, entered under receivables in the balance sheet, may not exceed the corresponding liability.

Group financial position

The Group long-term and short-term interest-bearing loans, apart from a loan withdrawn from the Finnish State Nuclear Waste Management Fund and then passed on to shareholders, was EUR 1,466.6 (1,362.3) million. New long-term loans amounting to EUR 150.0 million were raised in the period under review, and repayments of loans amounted to EUR 53.5 million. The increased borrowing was directed principally at the OL3 project. The financial expenses for the project have been recognised as an asset in the balance sheet.

TVO exerts 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 695.8 (648.1) million and it is included under interest-bearing liabilities.

The Group financial situation has developed as planned.

Both the Japan Credit Rating Agency (JCR) and Fitch Ratings (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 May. The outlook was assessed as being stable.

Risks and uncertainty factors in near future

There are no foreseeable operating risks in the near future.

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 non-hedge accounted according to IAS 39.

TVO and Group Figures

	1.1. - 30.6.2008	1.1. - 30.6.2007	1.1. - 31.12.2007
ELECTRICITY DELIVERED TO SHAREHOLDERS (GWh)			
Olkiluoto	6,804	6,870	14,349
Meri-Pori	119	585	1 374
Total	6,923	7,455	15,723
TEOLLISUUDEN VOIMA OYJ (FAS) (€ million)			
Turnover	111	110	225
Fuel costs	20	30	66
Nuclear waste management costs	27	17	49
Other income and expense related to electricity production	62	55	101
Capital expenditure (depreciation and finance expenses, net)	29	29	58
Profit/loss before appropriations	-27	-21	-48
Investments (excluding CO ₂ emission rights)	95	97	227
Equity	601	408	604
Appropriations	197	248	221
Long-term and short-term interest bearing liabilities (excluding loan from VYR) *	1,467	1,292	1,362
Loans from equity holders of the company (included in the former) **	179	179	179
Loan from VYR *	696	648	648
Balance sheet total	3,083	2,694	2,951
* The Finnish State Nuclear Waste Management Fund (VYR)			
** Subordinated loans.			
Parent company's interim financial statements has been made in accordance with the Finnish Accounting Standards (FAS).			
CONSOLIDATED COMPARABLE PROFIT/LOSS FOR THE PERIOD (€ million)			
Profit/loss for the period	-11	-17	-37
The impact of the nuclear waste management obligation *	1	1	-8
The impact of financial instruments **	-16	-5	-3
Comparable profit/loss for the period	-26	-21	-48
* Includes effects from the accounting of TVO's part of the Finnish State Nuclear Waste Management Fund where the assets in the balance sheet cannot exceed the related liabilities according to IFRIC 5.			
** Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39.			

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 the implementation of the OL3 nuclear power plant unit systematically.

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

Post balance-sheet date events

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

4 August 2008
Teollisuuden Voima Oyj
Board of Directors

Consolidated Income Statement

TVO GROUP			
1,000 €	1.1. - 30.6.2008	1.1. - 30.6.2007	1.1. - 31.12.2007
Turnover	115,575	112,356	232,327
Work performed for own purpose	5,530	4,966	9,868
Other income	4,153	4,144	8,450
Materials and services	-58,573	-46,147	-100,276
Personnel expenses	-29,754	-25,294	-51,608
Depreciation and impairment charges	-25,012	-25,368	-50,311
Other expenses	-39,969	-43,523	-64,889
Operating profit/loss	-28,050	-18,866	-16,439
Finance income	53,152	37,312	66,215
Finance expenses	-36,978	-35,665	-87,572
Share of the associated company's profit/loss	435	227	440
Total finance income and expenses	16,609	1,874	-20,917
Profit/Loss before income tax	-11,441	-16,992	-37,356
Income taxes	-4	-5	-5
Profit/Loss for the period	-11,445	-16,997	-37,361
Attributable to:			
To equity holders of the company	-11,445	-16,997	-37,361

Consolidated Balance Sheet

TVO GROUP

1,000 €	30.6.2008	30.6.2007	31.12.2007
Assets			
Non-current assets			
Tangible assets	2,009,024	1,799,834	1,937,015
Intangible assets	13,552	12,837	12,125
Long-term interest bearing receivables	701,167	653,171	652,993
Investments in associates and joint ventures	2,732	2,472	2,296
Investments in shares	11,569	14,392	12,773
Derivative financial instruments	22,671	24,861	7,983
Share in the Finnish State Nuclear Waste Management Fund	575,884	512,621	568,121
	3,336,599	3,020,188	3,193,306
Current assets			
Inventories	170,067	147,303	159,739
Trade and other receivables	153,800	52,965	164,640
Derivative financial instruments	31,930	12,408	19,617
Fund units	76,188	66,228	75,073
Cash and cash equivalents	18,633	8,967	6,425
	450,618	287,871	425,494
Total assets	3,787,217	3,308,059	3,618,800
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	266,092	166,092	266,092
Share issue	95,600	0	95,600
Share premium reserve	242,383	242,383	242,383
Fair value and other reserves	16,703	18,962	9,343
Retained earnings	293,372	325,181	304,817
Total equity	914,150	752,618	918,235
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	575,884	512,621	568,121
Loans from equity holders of the company	179,300	179,300	179,300
Loan from the Finnish State Nuclear Waste Management Fund	695,775	648,075	648,075
Other financial liabilities	790,022	580,388	696,960
Derivative financial instruments	9,999	5,110	8,524
	2,250,980	1,925,494	2,100,980
Current liabilities			
Provisions	1,200	0	1,200
Current financial liabilities	492,457	526,891	481,372
Derivative financial instruments	7,184	4,447	1,690
Advance payments received	29,107	26,055	14,755
Trade payables	11,439	13,381	8,952
Other current liabilities	80,700	59,173	91,616
	622,087	629,947	599,585
Total liabilities	2,873,067	2,555,441	2,700,565
Total equity and liabilities	3,787,217	3,308,059	3,618,800

Consolidated Statement of Changes in Total Equity

TVO GROUP

	Share capital	Share premium reserve	Share issue	Fair value and other reserves	Retained earnings	Attributable to equity holders of the company	Total equity
1,000 €							
Equity 31.12.2006	166,092	242,383	0	7,116	342,178	757,769	757,769
Cash flow hedges							
Interest rate derivatives							
Changes in the fair value *				12,394		12,394	12,394
Currency derivatives							
Changes in the fair value *				-2,394		-2,394	-2,394
Available-for-sale investments							
Changes in the fair value				1,846		1,846	1,846
Total recognised equity changes	0	0	0	11,846	0	11,846	11,846
Profit/Loss for the period					-16,997	-16,997	-16,997
Total recognised income and expense for period	0	0	0	11,846	-16,997	-5,151	-5,151
Total equity 30.6.2007	166,092	242,383	0	18,962	325,181	752,618	752,618
Cash flow hedges							
Interest rate derivatives							
Changes in the fair value *				-6,556		-6,556	-6,556
Currency derivatives							
Changes in the fair value *				3,402		3,402	3,402
Transfers to the inventories				-926		-926	-926
Transfers to the nuclear power plant under construction				-2,387		-2,387	-2,387
Available-for-sale investments							
Changes in the fair value				-940		-940	-940
Transfers to the consolidated income statement				-2,212		-2,212	-2,212
Total recognised equity changes	0	0	0	-9,619	0	-9,619	-9,619
Profit/Loss for the period					-20,364	-20,364	-20,364
Total recognised income and expense for period	0	0	0	-9,619	-20,364	-29,983	-29,983
Share issue	100,000		95,600			195,600	195,600
Total equity 31.12.2007	266,092	242,383	95,600	9,343	304,817	918,235	918,235
Cash flow hedges							
Interest rate derivatives							
Changes in the fair value *				13,320		13,320	13,320
Currency derivatives							
Changes in the fair value *				-5,151		-5,151	-5,151
Transfers to the inventories				-644		-644	-644
Available-for-sale investments							
Changes in the fair value				-165		-165	-165
Total recognised equity changes	0	0	0	7,360	0	7,360	7,360
Profit/Loss for the period					-11,445	-11,445	-11,445
Total recognised income and expense for period	0	0	0	7,360	-11,445	-4,085	-4,085
Total equity 30.6.2008	266,092	242,383	95,600	16,703	293,372	914,150	914,150

* booked/recognised directly into equity.

Consolidated Cash Flow Statement

TVO GROUP

1,000 €	30.6.2008	30.6.2007	31.12.2007
Operating activities			
Profit/Loss for the period	-11,445	-16,997	-37,361
Adjustments:			
Income tax expenses	4	5	5
Finance income and expenses	-16,173	-1,647	21,357
Depreciation	25,012	25,368	50,311
Share of the associated company's profit/loss	-436	-227	-440
Other non-cash flow income and expenses	5,849	1,444	-23,018
Other adjustment	-287	-117	-341
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	504	12 823	-8 745
Increase (-) or decrease (+) in inventories	-10,328	104	-12,332
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	12,221	9,446	16,259
Interest paid and other finance expenses	-25,375	-16,260	-26,170
Dividends received	744	761	1,155
Interest received	25,785	18,477	20,988
Taxes paid	-4	-1	-8
Cash flow from operating activities	6,071	33,179	1,660
Investing activities			
Acquisition of tangible assets	-96,009	-97,648	-229,901
Divestment of tangible assets	146	111	111
Acquisition of intangible assets	-2 206	-151	-159
Divestment of intangible assets	3	3	3
Acquisition of shares	-174	-152	-671
Divestment of shares	530	281	1 212
Loans granted	-48,174	-28,125	-28,258
Withdrawals of loans granted	0	0	307
Cash flow from investing activities	-145,884	-125,681	-257,356
Financing			
Share issue	0	0	100,000
Withdrawals of long-term loans	197,700	28,125	147,775
Repayment of long-term loans	-53,476	-11,096	-11,446
Increase (-) or decrease (+) in interest-bearing receivables	0	0	62
Increase in short-term interest-bearing liabilities	7,797	60,752	12,043
Cash flow from financing activities	152,021	77,781	248,434
Change in financial assets	12,208	-14,721	-7,262
Financial assets at the beginning of period	81,498	88,725	88,725
Changes in fair value in fund units	1,115	1,190	35
Financial assets at the end of period	94,821	75,194	81,498

Notes to the Interim Report

TVO GROUP

ACCOUNTING POLICIES

The Interim condensed financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2007. New interpretations effective for financial periods beginning on 1 January 2008 have not had any effect on the reported consolidated interim financial statements:

- IFRIC 11, Group and treasury share transactions.
- IFRIC 12, Service Concession Arrangements.
- IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

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 31 December 2007.

EQUITY RATIO %

Teollisuuden Voima Oyj's equity ratio % (FAS) *

	30.6.2008	30.6.2007	31.12.2007
	41.0	40.9	43.6

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

AUDITING

The consolidated figures in this Interim Report are unaudited.

CHANGES IN TANGIBLE ASSETS

1,000 €	30.6.2008	30.6.2007	31.12.2007
Opening net book amount	1,937,015	1,728,547	1,728,547
Increase	96,888	96,774	259,454
Decrease	-4,273	-882	-13,203
Depreciation and impairment charges	-24,310	-24,605	-48,827
Accumulated depreciation of decreases	3,704	0	11,044
Closing net book amount	2,009,024	1,799,834	1,937,015

CHANGES IN INTANGIBLE ASSETS

1,000 €	30.6.2008	30.6.2007	31.12.2007
Opening net book amount	12,125	22,476	22,476
Increase	2,206	98	105
Decrease	-76	-8,973	-8,973
Depreciation and impairment charges	-703	-764	-1 483
Closing net book amount	13,552	12,837	12,125

Notes to the Interim Report

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 statements as for the year ended 31 December 2007.

DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments 1,000 €	30.6.2008	30.6.2007	31.12.2007
Interest rate options			
Purchased	1,320,000	1,320,000	1,320,000
Written	1,320,000	1,320,000	1,320,000
Interest rate swaps	1,478,447	850,000	1,090,000
Forward foreign exchange contracts	157,586	195,237	145,201
Currency options	23,993		
Total	4,300,026	3,685,237	3,875,201

Fair values of the derivative financial instruments 1,000 €	30.6.2008			30.6.2007			31.12.2007		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate options (non-hedge accounted)									
Purchased	14,890		14,890	6,968		6,968	5,890		5,890
Written		35	-35	1,036	7	1,029	300	90	210
Interest rate swaps (hedge accounted)	22,825	705	22,120	25,050		25,050	8,314	626	7,688
Interest rate swaps (non-hedge accounted)	16,842		16,842	4,200		4,200	13,045		13,045
Forward foreign exchange contracts (hedge accounted)	44	15,286	-15,242	15	9,551	-9,536	51	9,498	-9,447
Currency options (non-hedge accounted)		1,157	-1,157						
Total	54,601	17,183	37,418	37,269	9,558	27,711	27,600	10,214	17,386

Notes to the Interim Report

TVO GROUP

ASSETS AND PROVISION RELATED TO NUCLEAR WASTE MANAGEMENT OBLIGATION

The balance sheet contains assets and liabilities concerning the nuclear waste management obligation
1,000 €

	30.6.2008	30.6.2007	31.12.2007
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	575,884	512,621	568,121
Provision related to nuclear waste management (non-current liabilities)	575,884	512,621	568,121

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 €

	30.6.2008	30.6.2007	31.12.2007
Liability for nuclear waste management according to the Nuclear Energy Act	1,079,800	903,400	1,079,800
TVO's funding target obligation 2008 (2007) to the Finnish State Nuclear Waste Management Fund	927,700	864,100	927,700
TVO's share in the Finnish State Nuclear Waste Management Fund	927,700	864,100	897,247
Difference of liability and fund share	152,100	39,300	182,553

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 30.4 million which has been decided by the supervising authority (TEM). TVO's share in the Finnish Nuclear Waste Management Fund on 30 June 2008 is EUR 927.7 million. The carrying amount in the balance sheet is EUR 575.9 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.

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, see note Pledged promissory notes, financial guarantees and investment commitments.

Notes to the Interim Report

TVO GROUP

PLEGGED PROMISSORY NOTES, FINANCIAL GUARANTEES AND INVESTMENT COMMITMENTS

€ million

30.6.2008

30.6.2007

31.12.2007

Pledged promissory notes to the Finnish State Nuclear
Waste Management Fund

695.8

648.1

648.1

Guarantees related to the nuclear waste management obligation

264.7

120.4

120.4

€ million

30.6.2008

30.6.2007

31.12.2007

Investment commitments:

OL1 and OL2

93

98

96

OL3

1,514

1,555

1,539

Total

1,607

1,653

1,635



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