



Interim Report  
January–June 2013

## Teollisuuden Voima Oyj's Interim Report January 1–June 30, 2013

During the first half of the year the electricity production of Teollisuuden Voima Oyj continued safely and reliably in Olkiluoto 1 and Olkiluoto 2 plant units. In the Olkiluoto 3 project, the civil construction works have been mainly completed and the reactor main components are installed. Installation of the other components and engineering of the plant automation system continued. Based on the progress reports of AREVA-Siemens Consortium, TVO estimated in February that the start of the regular electricity production of the plant unit may be postponed until year 2016. Bid comparison as part of the bidding and engineering phase of the Olkiluoto 4 project is ongoing.

### Operating Environment

During the first half of the year, electricity consumption in Finland remained almost unchanged. There was a decrease of 0.3 per cent compared to the corresponding period of the previous year.

The Finnish Government adopted an updated national energy and climate strategy in March. The strategy will ensure that the 2020 energy and climate targets will be achieved. In May, the Government launched preparation of the Roadmap 2050 that would help reduce greenhouse gas emissions by at least 80 per cent.

The Finnish Government has proposed that the tax related to carbon dioxide-free nuclear and hydro power generation would be to collect EUR 50 million a year. Details of the tax are still open. The tax will be introduced in 2014 at the earliest.

In May, the European Commission presented a proposal for a nuclear safety directive, which has generated a lot of comments e.g. from ENSREG (European Nuclear Safety Regulators Group) and ENEF (European Nuclear Energy Forum). During the summer, the proposal is under the scrutiny of the EU Economic and Social Committee, after which the EU Member States will start their own processes early autumn.

### Financial Performance

TVO operates on a cost-price principle (Mankala principle). 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 consolidated turnover for the period under review January 1–June 30, 2013 was EUR 194.9 (January 1–June 30, 2012: EUR 169.0) million. The amount of electricity delivered to shareholders was 7,651.6 (6,822.4) GWh. The consolidated profit/loss was EUR 31.2 (-10.6)

million. An updated cost estimate based on a new nuclear waste management technical plan and schedule and the changes of the provision regarding nuclear waste management obligation have an effect on the profit/loss for the period under review. The positive profit impact of the updates and changes is mainly non-recurring. (See Notes: Assets and provision related to nuclear waste management obligation.)

## 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 relent to shareholders, totaled EUR 3,301.7 (December 31, 2012: 3,196.9) million, of which EUR 339.3 (229.3) million were subordinated shareholder loans. During the period under review, TVO raised a total of EUR 133.0 (550.0) million in non-current liabilities, of which EUR 110.0 (20.0) million were subordinated shareholder loans. Repayments during the period under review amounted to EUR 70.2 (120.6) million.

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

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

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

TVO uses its right to borrow funds back from the Finnish State Nuclear Waste Management Fund within the framework of legal regulations. On June 30, 2013, the amount of the loan was EUR 931.7 (December 31, 2012: 881.7) million and it has been relent to the Company's A-series shareholders. On April 2, 2013 loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 50.0 million (April 2, 2012: EUR 39.2 million).

In February 2013, Japan Credit Rating Agency (JCR) kept its AA rating for TVO. In May, Fitch Ratings' downgraded TVO's long-term issuer default rating (IDR) and senior unsecured rating from BBB+ to BBB and short-term rating from F2 to F3. Standard & Poor's Rating Services held its BBB long-term and A-2 short-term corporate credit ratings for TVO. The outlook was assessed as being stable by all the agencies.

In June, TVO updated the Euro Medium Term Note Program (EMTN) and raised the size of the program from EUR 3 billion to EUR 3.5 billion. During the second quarter of the year, TVO issued a EUR 23 million private placement under the EMTN Program.



In June, the Company raised a EUR 100 million shareholder loan for the OL3 project and a EUR 10 million shareholder loan for the bidding and engineering phase of the OL4 project.

## Nuclear Power

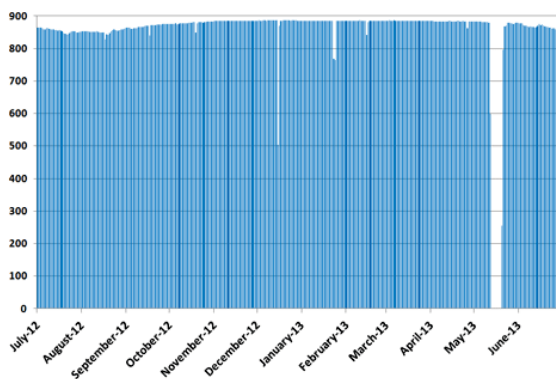
### Olkiluoto 1 and Olkiluoto 2

The electricity production of the Olkiluoto power plant units, Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) during the period under review was 7,086 (6,756) GWh. The total capacity factor was 92.9 (88.1) per cent.

The plant units operated safely and reliably during the period under review. OL1's net production was 3,648 (3,137) GWh and the capacity factor 95.7 (81.8) %. OL2's net production was 3,438 (3,619) GWh and the capacity factor 90.1 (94.4) %.

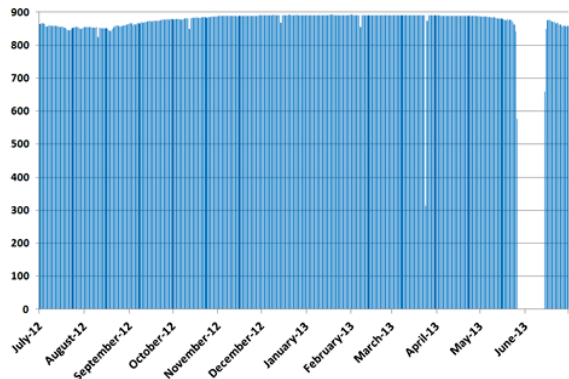
#### Olkiluoto 1

Average electrical power MW  
July 1, 2012–June 30, 2013



#### Olkiluoto 2

Average electrical power MW  
July 1, 2012–June 30, 2013



### Annual Outages

The annual outages of 2013 at the Olkiluoto nuclear power plant were carried out in May 12–June 14. OL1 had a refueling outage which took less than eight days, and OL2 underwent a maintenance outage which lasted more than 18 days.

The main maintenance activities during the outage at OL2 included replacement of the low-voltage switchgears, as well as work on the reactor. Modern low voltage switchgears and transformers, which meet the latest regulations and standards as well as future plant modification needs, were installed in two subsystems of the plant. The replacement of the switchgears is part of the systematic long-term development of the plant units. Other significant activities carried out were repair of the generator stator, refueling, leak-tightness test of the containment and replacement of two seawater pumps. Up to 800 external employees were involved in the OL2 outage, in addition to TVO's own personnel.

In the outage at OL1, apart from refueling, two main seawater pumps were replaced, and annual maintenance activities, tests and fault repairs were carried out.

Both plant units have operated reliably after the annual outages.

### 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 at the plant unit have not progressed according to the Supplier's schedules.

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

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

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

The workforce at the site at the end of the period under review was about 2,500. 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. Engineering with the potential plant suppliers to clarify licensability and constructability of the plant alternatives proceeded, as did also the procurement process aiming at the plant selection. The evaluation of bids related to the new NPP received at the end of January is 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 16.2 (19.1) million and the amount consumed to EUR 22.9 (21.3) million.

The nuclear fuel and uranium stock carrying value on June 30, 2013 was EUR 193.0 (December 31, 2012: 199.7) million.

## **Nuclear Waste Management**

Under the Finnish Nuclear Energy Act, the Company is responsible for the measures related to nuclear waste management and the related costs. Posiva Oy, jointly owned by TVO and Fortum Power and Heat Oy, is responsible for taking care of the final disposal of TVO's spent nuclear fuel.

At the final disposal depth of the repository, 420 meters below ground level, an international technology development project of eight countries for testing plugging and sealing systems for final disposal tunnels has been started. The project, partly funded by the EU, is coordinated by Posiva. Besides coordination, Posiva will perform a plugging test of a demonstration tunnel of ONKALO underground rock characterization facility by a massive concrete plug. Similar plugging tests will be carried out also in several other European countries.

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

On December 28, 2012, Posiva filed the construction license application with the Ministry of Employment and the Economy (MEE) for the final repository for spent nuclear fuel.

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

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

The liabilities, in the consolidated financial statement, show a provision related to nuclear waste management liability of EUR 882.4 (December 31, 2012: 857.6) million, calculated according to the international IFRS accounting principles. A corresponding amount, under assets, represents the Company's share in the Finnish State Nuclear Waste Management Fund.

In order to cover the costs of nuclear waste management, TVO makes contributions to the Finnish State Nuclear Waste Management Fund. In December, MEE set TVO's liability for nuclear waste management at EUR 1,242.3 (1,207.1) million to the end of 2012 and the Company's funding target for 2013 at EUR 1,242.3 (1,179.1) million.

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

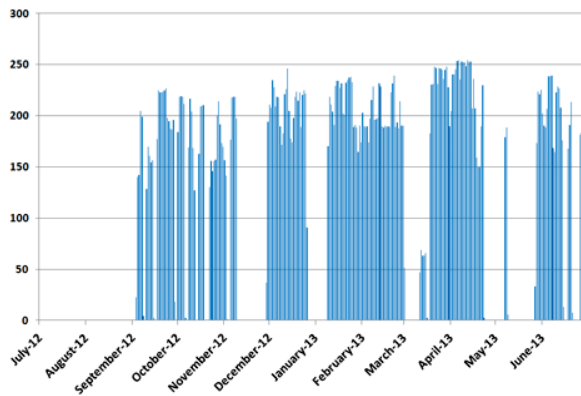
## Coal Power

### Meri-Pori

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant on January 1–June 30, 2013 was 583.4 (109.5) GWh requiring 204.1 (37.6) thousand tons of coal and 473.1 (91.5) thousand tons of carbon dioxide emission rights.

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

Average electrical power MW  
July 1, 2012–June 30, 2013



## Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 175.1 (169.3) million. Investments of the parent company were EUR 141.2 (168.5) million, of which EUR 118.8 (143.3) 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 replacement project of the emergency diesel generators is the largest individual plant modification project ever realized in Olkiluoto. 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.

Carbon dioxide emission rights acquired for the Company's share of the Meri-Pori coal-fired power plant have been relinquished to the Energy Market authority worth EUR 0.9 (6.7) million. During the period under review, emission rights for the Company's share of the Meri-Pori coal-fired power plant have been acquired worth 2.2 (0.1) million. The Company's need for carbon dioxide emission rights for the period under review will be covered by acquired emission rights.

## Pending Court Cases and Disputes

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



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

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 982 (December 31, 2012: 868, June 30, 2012: 971). The number of permanent employees at the end of the period under review was 768 (December 31, 2012: 776, June 30, 2012: 761).

## **Annual General Meeting**

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

Nine of the Board members were re-elected. The new Board member elected was Markus Rauramo to replace Harri Pynnä. At its organization meeting held on the same day as the AGM, the Board elected Lauri Virkkunen as Chairman and Matti Ruotsala as Deputy Chairman. The Board chose also from among its members the members and chairmen of the Board Committees.

## **Auditing**

The Interim Report is unaudited.

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

The major risks and uncertainty factors in TVO's operations have been presented in the Report of the Board of Directors 2012.

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

## **Assessment of Year-End Developments**

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

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

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

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

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

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

## **Events after the Period under Review**

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

July 17, 2013

Teollisuuden Voima Oyj  
Board of Directors

## Key Figures of TVO Group

<b>TVO GROUP (IFRS) (M€)</b>	<b>1.1. - 30.6.2013</b>	<b>1.1. - 30.6.2012</b>	<b>1.1. - 31.12.2012</b>
Turnover	195	169	352
Profit/loss for the period	31	-11	-2
Investments <sup>1)</sup>	175	169	337
Equity	1 465	1 278	1 310
Subordinated shareholder loans (hybrid equity) (included in the former) <sup>3)</sup>	339	199	229
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>2)</sup>	3 118	3 163	3 166
Loan from VYR <sup>2)</sup>	932	882	882
Provision related to nuclear waste management	882	843	858
Balance sheet total	6 555	6 347	6 397
Equity ratio % <sup>4)</sup>	30,9	27,7	28,1
Average number of personnel	912	889	884

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

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

<sup>3)</sup> Subordinated loans

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

## Key Figures of Teollisuuden Voima Oyj

<b>TEOLLISUUDEN VOIMA OYJ (FAS) (M€)</b>	<b>1.1. - 30.6.2013</b>	<b>1.1. - 30.6.2012</b>	<b>1.1. - 31.12.2012</b>
Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).			
Turnover	193	167	347
Profit/loss before appropriations	-1	-9	1
Fuel costs	42	25	62
Nuclear waste management costs	46	40	77
Capital expenditure (depreciation and financial income and expenses)	31	33	65
Investments <sup>1)</sup>	141	169	337
Equity	858	858	858
Appropriations	165	157	166
Non-current and current interest-bearing liabilities (excluding loan from VYR and shareholder loans) <sup>2)</sup>	2 963	2 982	2 968
Loans from equity holders of the company <sup>3)</sup>	339	199	229
Loan from VYR <sup>2)</sup>	932	882	882
Balance sheet total	5 414	5 257	5 283
Equity ratio % <sup>4)</sup>	30,4	27,7	28,5
Average number of personnel	908	883	879

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

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

<sup>3)</sup> Subordinated loans

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

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

	<b>1.1. - 30.6.2013</b>	<b>1.1. - 30.6.2012</b>	<b>1.1. - 31.12.2012</b>
Nuclear power	7 068	6 713	14 376
Coal-fired power	584	109	477
<b>Total</b>	<b>7 652</b>	<b>6 822</b>	<b>14 853</b>

TVO GROUP

## CONSOLIDATED FINANCIAL STATEMENT IN BRIEF AND NOTES

### Consolidated Income Statement

1 000 €	1.1. - 30.6.2013	1.1. - 30.6.2012	1.1. - 31.12.2012
<b>Turnover</b>	<b>194 906</b>	<b>168 986</b>	<b>352 171</b>
Work performed for own purposes	8 277	7 015	13 509
Other income	3 975	4 492	9 163
Materials and services	-59 599	-58 746	-125 095
Personnel expenses	-32 621	-32 191	-61 668
Depreciation and impairment charges	-29 288	-28 725	-56 497
Other expenses	-46 033	-52 353	-93 463
<b>Operating profit/loss</b>	<b>39 617</b>	<b>8 478</b>	<b>38 120</b>
Finance income	11 763	18 788	35 526
Finance expenses	-20 215	-37 834	-75 397
Total finance income and expenses	-8 452	-19 046	-39 871
<b>Profit/loss before income tax</b>	<b>31 165</b>	<b>-10 568</b>	<b>-1 751</b>
Income taxes	0	-1	1
<b>Profit/loss for the period</b>	<b>31 165</b>	<b>-10 569</b>	<b>-1 750</b>

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

Equity holders of the company	31 165	-10 569	-1 750
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### Consolidated Statement of Comprehensive Income

1 000 €	1.1. - 30.6.2013	1.1. - 30.6.2012	1.1. - 31.12.2012
Profit/loss for the period	31 165	-10 569	-1 750
Other comprehensive items			
Changes in fair values of the available-for-sale investments	3 413	762	3 158
Cash flow hedges	12 213	7 130	-629
Total other comprehensive profit/loss items for the period	15 626	7 892	2 529
<b>Total comprehensive profit/loss for the period</b>	<b>46 791</b>	<b>-2 677</b>	<b>779</b>

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

Equity holders of the company	46 791	-2 677	779
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**Consolidated Statement of Financial Position**

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4 232 682	3 959 600	4 095 056
Intangible assets	8 552	7 747	7 729
Loans and other receivables	935 964	886 253	885 963
Investments in associates and joint ventures	1 009	1 009	1 009
Investments in shares	20 395	14 582	16 981
Derivative financial instruments	81 811	94 118	108 238
Share in the Finnish State Nuclear Waste Management Fund	882 405	842 912	857 643
<b>Total non-current assets</b>	<b>6 162 818</b>	<b>5 806 221</b>	<b>5 972 619</b>
<b>Current assets</b>			
Inventories	234 146	238 949	250 847
Trade and other receivables	50 425	52 434	36 321
Derivative financial instruments	2 267	3 845	1 583
Cash and cash equivalents	105 755	245 139	135 555
<b>Total current assets</b>	<b>392 593</b>	<b>540 367</b>	<b>424 306</b>
<b>Total assets</b>	<b>6 555 411</b>	<b>6 346 588</b>	<b>6 396 925</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	606 193	606 193	606 193
Share premium reserve and statutory reserve	242 383	242 383	242 383
Fair value and other reserves	-863	-11 126	-16 489
Subordinated shareholder loans (hybrid equity)	339 300	199 300	229 300
Retained earnings	278 435	241 434	248 539
<b>Total equity</b>	<b>1 465 448</b>	<b>1 278 184</b>	<b>1 309 926</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision related to nuclear waste management	882 405	842 912	857 643
Loan from the Finnish State Nuclear Waste Management Fund	931 725	881 726	881 726
Bonds	2 069 002	1 865 266	2 069 977
Other financial liabilities	812 251	850 830	837 517
Derivative financial instruments	29 312	54 522	51 875
<b>Total non-current liabilities</b>	<b>4 724 695</b>	<b>4 495 256</b>	<b>4 698 738</b>
<b>Current liabilities</b>			
Current financial liabilities	194 546	391 495	202 835
Derivative financial instruments	12 639	664	3 999
Advance payments received	47 279	45 113	23 927
Trade payables	14 508	19 118	9 536
Other current liabilities	96 296	116 758	147 964
<b>Total current liabilities</b>	<b>365 268</b>	<b>573 148</b>	<b>388 261</b>
<b>Total liabilities</b>	<b>5 089 963</b>	<b>5 068 404</b>	<b>5 086 999</b>
<b>Total equity and liabilities</b>	<b>6 555 411</b>	<b>6 346 588</b>	<b>6 396 925</b>



**Consolidated Statement of Changes in Equity**

<b>1 000 €</b>	<b>Share capital</b>	<b>Share premium reserve and statutory reserve</b>	<b>Fair value and other reserves</b>	<b>Subordinated shareholder loans (hybrid equity)</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Total equity</b>
<b>Equity 1.1.2013</b>	<b>606 193</b>	<b>242 383</b>	<b>-16 489</b>	<b>229 300</b>	<b>248 539</b>	<b>1 309 926</b>	<b>1 309 926</b>
Profit/loss for the period	0	0	0	0	31 165	31 165	31 165
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	3 413	0	0	3 413	3 413
Cash flow hedges	0	0	12 213	0	0	12 213	12 213
Subordinated shareholder loans (hybrid equity)	0	0	0	110 000	0	110 000	110 000
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-1 269	-1 269	-1 269
<b>Equity 30.6.2013</b>	<b>606 193</b>	<b>242 383</b>	<b>-863</b>	<b>339 300</b>	<b>278 435</b>	<b>1 465 448</b>	<b>1 465 448</b>

<b>1 000 €</b>	<b>Share capital</b>	<b>Share premium reserve and statutory reserve</b>	<b>Fair value and other reserves</b>	<b>Subordinated shareholder loans (hybrid equity)</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Total equity</b>
<b>Equity 1.1.2012</b>	<b>606 193</b>	<b>242 383</b>	<b>-19 018</b>	<b>0</b>	<b>253 219</b>	<b>1 082 777</b>	<b>1 082 777</b>
Profit/loss for the period	0	0	0	0	-10 569	-10 569	-10 569
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	762	0	0	762	762
Cash flow hedges	0	0	7 130	0	0	7 130	7 130
Subordinated shareholder loans (hybrid equity)	0	0	0	199 300	0	199 300	199 300
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-1 216	-1 216	-1 216
<b>Equity 30.6.2012</b>	<b>606 193</b>	<b>242 383</b>	<b>-11 126</b>	<b>199 300</b>	<b>241 434</b>	<b>1 278 184</b>	<b>1 278 184</b>

**Consolidated Statement of Cash Flows**

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
<b>Operating activities</b>			
Profit/loss for the period	31 165	-10 569	-1 750
Adjustments:			
Income tax expenses	0	1	-1
Finance income and expenses	8 452	19 046	39 871
Depreciation and impairment charges	29 288	28 725	56 497
Other non-cash flow income and expenses	-38 936	-12 883	-28 202
Sales profit/loss of property, plant and equipment and shares	-79	10	18
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	-26 520	-1 150	22 661
Increase (-) or decrease (+) in inventories	18 052	-4 482	-16 513
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	18 852	30 526	16 331
Interest paid and other finance expenses	-11 875	-22 223	-36 609
Dividends received	853	760	760
Interest received	14 183	15 732	16 007
Taxes paid	0	-1	3
<b>Cash flow from operating activities</b>	<b>43 435</b>	<b>43 492</b>	<b>69 073</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	-176 090	-159 457	-308 370
Proceeds from sale of property, plant and equipment	18	31	39
Acquisition of intangible assets	0	-13	-36
Acquisition of shares	-1	-2	-4
Proceeds from sale of shares	79	0	0
Loan receivables granted	-49 999	-39 176	-39 313
Repayments of loans granted	0	0	386
<b>Cash flow from investing activities</b>	<b>-225 993</b>	<b>-198 617</b>	<b>-347 298</b>
<b>Financing activities</b>			
Withdrawals of subordinated shareholder loans (hybrid equity)	110 000	20 000	50 000
Withdrawals of long-term loans	72 999	569 176	764 176
Repayment of long-term loans	-71 063	-121 436	-242 875
Interest paid of subordinated shareholder loans (hybrid equity)	-1 221	-2 467	-4 245
Increase (-) or decrease (+) in interest-bearing receivables	0	0	35
Increase (+) or decrease (-) in current financial liabilities	42 043	-170 544	-258 846
<b>Cash flow from financing activities</b>	<b>152 758</b>	<b>294 729</b>	<b>308 245</b>
<b>Change in cash and cash equivalents</b>	<b>-29 800</b>	<b>139 604</b>	<b>30 020</b>
Cash and cash equivalents at the beginning of period	135 555	105 535	105 535
<b>Cash and cash equivalents at the end of period</b>	<b>105 755</b>	<b>245 139</b>	<b>135 555</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 2012. Additionally the changes according to revised IAS/IFRS standards have been adopted. The standards issued during the year 2013 have no impact in the consolidated financial statements.

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

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

### **COMPARABILITY OF THE INCOME STATEMENT**

The total cost estimate based on a new nuclear waste management technical plan and schedule was updated in June 2013. Updated cost estimate increased the provision related to the nuclear waste management and decreased the amount of materials and services and finance expenses. The overall effect on profit for the period is positive because the amount of the share in the Finnish State Nuclear Waste Management Fund and the provision related to nuclear waste management are equal and the difference is entered as an adjustment to materials and services. Moreover, the costs for spent fuel disposal are expensed during the operating time of the plant, based on fuel usage, and the impact of any changes to the plan and schedules will be recognized immediately in the income statement based on fuel used by the end of each accounting period. The positive profit impact of the updates and changes is mainly non-recurring. See note Assets and provisions related to nuclear waste management obligation.

## TVO GROUP

### SEGMENT REPORTING

#### Segment structure in TVO

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

The electricity of the nuclear power segment is produced at two nuclear power plant units, Olkiluoto 1 and Olkiluoto 2 (OL1 and OL2). A new unit, Olkiluoto 3 (OL3), is under construction at Olkiluoto. In order to build a fourth plant unit (OL4) at Olkiluoto, it has been started a bidding and engineering phase. The subsidiaries of TVO, TVO Nuclear Services Oy (TVONS), Olkiluodon Vesi Oy and Perusvoima Oy, of which operation is related to nuclear power, are also included in the nuclear power segment.

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

#### Segment calculation principles

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

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

#### TURNOVER BY SEGMENTS

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
Nuclear power	165 929	159 205	322 397
Coal-fired power	28 977	9 781	29 774
<b>Total</b>	<b>194 906</b>	<b>168 986</b>	<b>352 171</b>

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

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
Nuclear power	-376	-6 373	6 590
Coal-fired power	-745	-2 538	-5 420
Profit/loss before appropriations (FAS)	-1 121	-8 911	1 170
The impact of the nuclear waste management obligation	31 833	-1 628	-3 445
The impact of financial instruments	367	-141	295
Other IFRS adjustments	86	111	230
<b>Total (IFRS)</b>	<b>31 165</b>	<b>-10 569</b>	<b>-1 750</b>

#### ASSETS BY SEGMENTS

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
Nuclear power	5 337 884	5 158 106	5 195 967
Coal-fired power	77 680	100 961	89 483
Total (FAS)	5 415 564	5 259 067	5 285 450
The impact of the nuclear waste management obligation	1 007 906	938 396	951 310
The impact of financial instruments	54 952	73 964	84 806
The impact of finance leases	62 535	63 740	63 135
Other IFRS adjustments	14 454	11 421	12 224
<b>Total (IFRS)</b>	<b>6 555 411</b>	<b>6 346 588</b>	<b>6 396 925</b>

TVO GROUP

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
<b>Opening net book amount</b>	<b>4 095 056</b>	<b>3 821 833</b>	<b>3 821 833</b>
Increase	172 691	169 117	336 583
Decrease	-7 308	-3 319	-28 858
Transfer between categories	0	0	-100
Depreciation and impairment charges	-28 674	-28 081	-55 219
Accumulated depreciation from deduction	917	50	20 817
<b>Closing net book amount</b>	<b>4 232 682</b>	<b>3 959 600</b>	<b>4 095 056</b>

**CHANGES IN INTANGIBLE ASSETS**

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
<b>Opening net book amount</b>	<b>7 729</b>	<b>14 988</b>	<b>14 988</b>
Increase	2 371	136	752
Decrease	-934	-6 733	-6 733
Depreciation and impairment charges	-614	-644	-1 278
<b>Closing net book amount</b>	<b>8 552</b>	<b>7 747</b>	<b>7 729</b>

TVO GROUP

## FINANCIAL RISK MANAGEMENT

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

### DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments \*

1 000 €	30.6.2013	30.6.2012	31.12.2012
Interest rate swaps	1 031 446	1 221 446	1 081 446
Forward foreign exchange contracts and swaps	229 221	154 245	149 788
Cross-currency swaps	710 507	710 507	710 507
<b>Total</b>	<b>1 971 174</b>	<b>2 086 198</b>	<b>1 941 742</b>

Fair values of the derivative financial instruments *	30.6.2013			30.6.2012			31.12.2012		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate swaps									
Cash flow hedges	100	-24 683	-24 583	0	-36 564	-36 564	0	-36 206	-36 206
Fair value hedges	10 418	0	10 418	7 548	0	7 548	18 109	0	18 109
Non-hedges	0	-9 674	-9 674	222	-17 556	-17 334	92	-14 286	-14 194
Forward foreign exchange contracts and swaps									
Cash flow hedges	6 644	-819	5 826	13 953	-3	13 950	6 233	-414	5 819
Non-hedges	119	0	119	349	-9	340	134	0	134
Cross-currency swaps									
Non-hedges	66 798	-6 775	60 023	75 891	-1 053	74 838	85 253	-4 968	80 285
<b>Total</b>	<b>84 078</b>	<b>-41 951</b>	<b>42 128</b>	<b>97 963</b>	<b>-55 185</b>	<b>42 778</b>	<b>109 821</b>	<b>-55 874</b>	<b>53 947</b>

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

### BONDS

During the period under review, TVO issued EUR 23 million private placement under the Euro Medium Term Note Programme (EMTN).



TVO GROUP

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

1 000 €	30.6.2013			31.12.2012		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>						
Derivative financial instruments at fair value through profit or loss		66 917			85 479	
Derivative financial instruments designated as cash flow hedges		6 744			6 233	
Derivative financial instruments designated as fair value hedges		10 418			18 109	
Available-for-sale investments						
Investments in listed companies	18 351			14 938		
Investments in other stocks and shares			2 044			2 043
<b>Total</b>	<b>18 351</b>	<b>84 078</b>	<b>2 044</b>	<b>14 938</b>	<b>109 821</b>	<b>2 043</b>
<b>Financial liabilities at fair value</b>						
Derivative financial instruments at fair value through profit or loss		16 450			19 255	
Derivative financial instruments designated as cash flow hedges		25 501			36 620	
Derivative financial instruments designated as fair value hedges		0			0	
<b>Total</b>	<b>0</b>	<b>41 951</b>	<b>0</b>	<b>0</b>	<b>55 875</b>	<b>0</b>

**Fair value estimation**

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

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

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

1 000 €	30.6.2013			31.12.2012		
	Financial liabilities measured at amortized cost	Book Value	Fair value	Financial liabilities measured at amortized cost	Book Value	Fair value
Non-current liabilities						
Other financial liabilities*	2 881 253	2 881 253	3 126 553	2 907 494	2 907 494	3 173 333

\* Bonds and EUR-fixed loans included

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

TVO GROUP

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

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

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	882 405	842 912	857 643
Provision related to nuclear waste management (non-current liabilities)	882 405	842 912	857 643

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

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
Liability for nuclear waste management according to the Nuclear Energy Act	1 242 300	1 207 100	1 242 300
Funding target obligation	1 242 300	1 179 100	1 242 300
TVO's share in the Finnish State Nuclear Waste Management Fund	1 242 300	1 179 100	1 198 900
Difference between the liability and TVO's share of the fund	0	28 000	43 400

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

The total cost estimate based on a new nuclear waste management technical plan and schedule was updated in June 2013. The updated cost estimate increased the provision related to the nuclear waste management and decreased the amount of materials and services and finance expenses.

The overall effect on profit for the period is positive because the amount of the share in the Finnish State Nuclear Waste Management Fund and the provision related to nuclear waste management are equal and the difference is entered as an adjustment to materials and services. Moreover, the costs for spent fuel disposal are expensed during the operating time of the plant, based on fuel usage, and the impact of any changes to the plan and schedules will be recognized immediately in the income statement based on fuel used by the end of each accounting period.

The provision on balance sheet compared to the value at the end of the previous year was increased by EUR 24.8 million. The effect of revised cost estimate to the consolidated income statement compared to the previous estimate were EUR 22.2 million decrease in materials and services and EUR 11.9 million decrease in finance expenses.

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 period TVO has paid to the Finnish State Nuclear Waste Management Fund EUR 43.1 million which has been decided by the supervising authority (Ministry of Employment and the Economy, MEE). TVO's share in the Finnish State Nuclear Waste Management Fund on June 30, 2013 is EUR 1,242.3 million. The carrying amount in the balance sheet is EUR 882.4 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 June 2013, TVO submitted the waste management scheme for 2013-2015 to the Ministry of Employment and the Economy (MEE). At the same time TVO presented that when confirming TVO's funding target obligation for the years 2014 and 2015 MEE would apply the procedure mentioned in section 40 (3) of the Nuclear Energy Act and specified in the Government Decision 1339/1996 to periodise the funding target obligation.

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**

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	931 725	881 726	881 726
Guarantees given by shareholders related to the nuclear waste management obligation	153 160	147 610	147 610

**Investment commitments**

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

<b>1 000 €</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>31.12.2012</b>
OL1 and OL2	78 000	22 000	16 000
OL3	786 000	785 000	769 000
OL4	3 000	28 000	13 000
<b>Total</b>	<b>867 000</b>	<b>835 000</b>	<b>798 000</b>

**Pending Court Cases and Disputes**

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

**Oikiluoto**

FI-27160 Eurajoki  
Tel. +358 2 83 811  
Fax +358 2 8381 2109  
[www.tv.fi](http://www.tv.fi)

**Helsinki**

Töölönkatu 4  
FI-00100 Helsinki  
Tel. +358 9 61 801  
Fax +358 9 6180 2570

**Brussels**

4 rue de la Presse  
BE-1000 Brussels, Belgium  
Tel. +32 2 227 1122  
Fax +32 2 218 3141