Report of the Board of Directors and Financial Statement 2009

Teollisuuden Voima Oyj

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Operating Environment

One third of the electricity consumed in the European Union is generated by about 150 reactors at nuclear power plants in 15 member states. Most of these plants were built in the 1970s and 1980s. In recent years, there has been a renewed interest in building nuclear power plants, also in those countries which have so far not used nuclear power. There are 16 new nuclear power plant projects planned in Europe and more than 16 are being considered. Research into extending the lives of existing plants is also being conducted everywhere.

At the end of 2009, there were 436 nuclear power plant units in 30 countries all over the world, generating about 16 per cent of the global need for electricity. More than 50 new reactors are currently being built. Over the next few years, new nuclear power plant projects are likely to be launched in Asia in particular (China, India, Japan, South Korea) and in the United States as well as in Europe. Global nuclear power plant capacity is expected to grow from today's slightly less than 400 GW to about 500 GW by the year 2030.

In June 2009, the Finnish Parliament approved a Government report as Finland's long-term climate and energy strategy. According to the report, Finland's need for electricity will continue to grow after the current recession. We will need new capacity to replace imported electricity, to reduce carbon dioxide emissions and to prepare for the projected increase in consumption. According to the strategy, Finland's energy supply should primarily be based on national capacity and cover peak consumption and any disruptions in imported supply. Building new national capacity should give priority to emission-free and low-emission power plants. The option of construction of more nuclear energy has also been taken into account in political decision-making.

In 2009, total consumption of electricity in Finland was 80.8 TWh, which was 6.5 TWh (7.4%) less than in 2008. This was a second year of decrease in electricity consumption. The reason for the decline was the economic recession, which reduced electricity consumption especially in industry. Towards the end of the year, industrial production began to pick up, which also increased industry's demand for electricity. Forest industry held its place as the largest industry using electricity with its consumption of 19.7 TWh.

In 2009, co-generation of electricity and heat accounted for nearly 30 per cent, nuclear power for 27.9 per cent, hydropower for 15.6 per cent and coal-fired and other condensation power for 11.3 per cent of the electricity used. Net import of electricity covered 15.0 per cent of the electricity consumption, which was over 5 per cent less than in the previous year. Wind power accounted for 0.3 per cent.

Main Events

TVO celebrated its fortieth anniversary on 23 January 2009. The company was originally founded to generate low-priced electricity for industry; later decades saw TVO develop into a leading provider of electricity for the whole Finland. The Olkiluoto 3 project brought along an expansion of the ownership base; today, more than fifty Finnish energy companies are involved in the project. In 2009, the two Olkiluoto units produced around 18 per cent of the electricity used in Finland.

In 2009, the Olkiluoto nuclear power plant achieved the highest production output in its operating history. The combined output of the OL1 and OL2 power plant units was 14.5 TWh (14.5 billion kilowatt-hours). Combined further with TVO's share in the Meri-Pori coal-fired power plant, the output was 15.3 TWh.

In May, the Association for Finnish Work awarded the Key Flag, a symbol of Finnish know-how, to electricity generated by TVO's Olkiluoto nuclear power plant. As a symbol of Finnish manufacture, the Key Flag was a recognition of TVO's hard work and solid expertise.

The new outage building, the construction of which had begun in spring 2008, was completed and was taken into use in May.

In June, TVO established a 2 billion Euro Medium Term Note Programme (EMTN) listed on the Luxembourg Stock Exchange. The Company issued a EUR 750 million seven-year bond under the programme. The proceeds from the offering will be used for general corporate purposes.

Construction of the Olkiluoto 3 plant unit continued, as did equipment and component deliveries to Olkiluoto. The reactor pressure vessel, the four steam generators and the pressurizer for the nuclear island arrived at Olkiluoto, and the manufacture of the main coolant pipes in France continued. In September, the dome part, which forms the "roof" of the steel liner, was placed on top of the reactor building. The topping-out of OL3 was celebrated on 11 November 2009. At best, the workers on the site in 2009 numbered about 4,300; and as before, occupational safety remained at a high level. At the turbine island, installation progressed to the final stages.

Based on progress reports submitted by the plant supplier, TVO has estimated that the start-up of the unit may be postponed beyond June 2012, which is the current schedule informed by the Supplier. TVO commissioned the plant unit on a fixed price turnkey delivery contract, with the Supplier responsible for the time schedule.

TVO's application for the decision in principle regarding Olkiluoto 4 project is, according to TVO's opinion, completely ready for decision. The Ministry of Employment and the Economy has received all the statements required for handling the application and the responses thereto submitted by TVO. The favourable statement issued by the municipality of Eurajoki is legally valid. Also Posiva Oy's application for a decision in principle regarding extension of its spent fuel repository for OL4 is, according to TVO's opinion, ready for decision.

Annual outages at OL1 and OL2 were carried out according to plan between 3 and 30 May 2009.

During the year under review, 31 permanent employees were recruited (2008: 70). 23 (37) permanent employees left the company, of whom 13 (12) retired.

Financial Performance of the Group

TVO operates on the cost-price principle. The shareholders are annually charged incurred costs in the price of electricity and thus in principle the profit/loss for the financial year 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 was EUR 305.4 (257.3) million. The amount of electricity delivered to shareholders was 15,230 (15,144) GWh.

The Group made a loss of EUR 41.4 (53.1) million. The adjusted consolidated loss was EUR 24.4 (46.8) million (see Key Figures). The increase in revenue (EUR 50.8 million) was mainly due to the increase in charges, by which the expenses were covered.

Group's Financing and Liquidity

The Group's financial situation has developed as planned.

The Company's interest-bearing liabilities (non-current and current) totalled EUR 2,586.6 (1,959.5) million at the end of the year excluding the loan from the Finnish State Nuclear Waste Management Fund, relent to shareholders. During 2009, TVO raised a total of EUR 1,276.3 (800.7) million in non-current liabilities, while repayments amounted to EUR 621.0 (67.0) million. The loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 55.1 (47.7) million. The OL3 project's share of financing costs has been capitalised in the balance sheet.

TVO uses its right to borrow funds back from the Finnish State Nuclear Waste Management Fund within the framework of legal regulations. The amount of the loan is

EUR 750.9 (695.8) million and it is included in interest-bearing liabilities.

In June, TVO established a 2 billion Euro Medium Term Note Programme (EMTN), which is listed on the Luxembourg Stock Exchange. The Company issued a EUR 750 million seven-year bond under the programme. The bond carries an annual coupon of 6%. Both the bond and the programme are rated A– (stable outlook) by Fitch Ratings (Fitch). The proceeds of the offering will be used for general corporate purposes. In addition, the company issued a NOK 550 million, SEK 650 million and another SEK 600 million private placement under the EMTN Programme.

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

The Annual General Meeting on 30 March 2009 decided to raise the company share capital by EUR 100.0 million and the subscription price was paid in November.

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

Share Capital and Share Issues

TVO's share capital on 31 December 2009, was EUR 461.7 (361.7) million.

The Company has 1,257,280,792 (1,162,467,100) shares, of which 680,000,000 are in the A series. These entitle holders to electricity generated at the OL1 and OL2 units. The C series consists of 34,283,730 shares, which grant entitlement to electricity generated by TVO's share of the Meri-Pori coal-fired power plant. In addition, the Company may have a maximum of 680,000,000 B-series shares granting entitlement to electricity generated at OL3.

An extraordinary Shareholders' Meeting on 30 March 2009 decided to issue shares in the B series amounting to EUR 100 million, by issuing 94,813,692 new shares. The subscription price was paid in November and the increase in share capital was recorded in the trade register in December. Following this, the total number of B series shares is 542,997,062 (448,183,370).

The increase in share capital was based on the OL3 unit's financing plan, which states that equity required by investment accrues as the project proceeds.

Corporate Governance

Because TVO is a non-listed public company applying the Mankala principle (cost-price principle), it observes the Corporate Governance Code for listed companies where applicable. However, TVO is not obliged to observe the Corporate Governance Code nor therefore the Comply or Explain principle. According to Chapter 2, Section 6 of the Securities Market Act, the issuer of a security subject to public trading must provide a Corporate Governance Statement in its Annual Report or separately. TVO has published a separate Corporate Governance Statement on its www-pages.

Administrative Bodies

TVO's administrative bodies and their functions in 2009 have been described in a separate Corporate Governance Statement to be found on the Company's www-pages.

Regulatory Environment

One fundamental principle behind the legislation on nuclear energy is that its exploitation must be in the overall good of the society as a whole. The main rules on the use of nuclear energy, monitoring that use and nuclear safety, are contained in the Finnish Nuclear Energy Act and the Nuclear Energy Decree as well as lower level statutes pursuant to them such as the Radiation and Nuclear Safety Authority's YVL (NPP) guidelines. Other regulations pertaining to the exploitation of nuclear energy are to be found in the Radiation Act. In addition the Nuclear Liability Act concerns the liability the operator in charge of a nuclear plant has in the event of a nuclear accident.

The use of nuclear energy is subject to licence. Applications are made to the Government for decision in principle, construction license and operating licence. The Radiation and Nuclear Safety Authority is responsible for monitoring the safe use of nuclear energy and it is also responsible for monitoring safety and emergency arrangements and nuclear material.

Risk Management, Major Risks and Uncertainties

Risk Management

The purpose of risk management is to support the achievement of goals, to prevent risks from materialising, and to reduce the probability of risks and their possible effects. Risk management is supervised by the Board of Directors of the Company, which endorses the principles on which it is based.

Risk management is the responsibility of the Company's Management Group, under which there is a risk management group that controls the coordination. The risk management group maintains and develops the risk management system, undertakes company risk surveys as often and as thoroughly as necessary, analyses risks, and monitors the necessary action plans, ensuring that their scope is adequate.

The organisation units are responsible for the practical implementation of risk management. Corporate security, risk management guidelines, reports and insurance are dealt with centrally.

At TVO, risk management is part of activity based management system that is in accordance with the Company's safety culture and a part of the daily operation. Threats to the operation, different risk factors and procedures for preventing, managing and reducing them, are constantly monitored. In risk identification processes, the likelihood of various threats becoming a reality is assessed and separate action plans are drawn up for them on a case-by-case basis.

At TVO, strategic risks are classified as follows: power plants, safety and environment, new capacity, personnel, cost-efficiency, nuclear waste management and the confidence of stakeholders. Risk assessments for annual targets are based on the organisation units' targets for the following year.

TVO reduces risks connected with safety and production by keeping the plant units in good condition. The high-quality planning and implementation of the annual outages is particularly important. The Company has also taken out nuclear and other property damage insurance policies to limit risks to property. Statutory liability insurances are valid for cases involving nuclear liability. For the Group's production of electricity, uranium and coal, as fuel, are bought on the global market. Risks connected with nuclear fuel have been reduced by making purchases from a large number of suppliers and by concluding long-term contracts.

At OL3, risk management during the construction stage is primarily a question of overseeing the work of the plant contractor according to the terms of the turnkey contract. Property damage risks and possible delays caused by them are covered by insurances.

TVO's financing and financial risk management is dealt with centrally by the company's financing unit, in accordance with the financing policy adopted by the Board of Directors. The financing risks of TVO's business include liquidity, and market and credit risks. By diversifying sources of finance, and with long-term credit commitments and liquid funds, financing risks can be reduced. TVO has reduced market risks by making use of interest rate and currency derivatives. According to Company's financing policy the loans denominated in foreign currency will be hedged to EUR until the maturity date by using derivatives. Financial risk management and fuel price risks are dealt with in the notes to the consolidated financial statements, note 29, (Financial Risk Management).

Major Risks and Uncertainties

TVO's major risks are related to the delay of OL3 project. Based on the progress reports submitted by the Supplier, TVO has estimated that the start-up of the unit may be postponed beyond June 2012, which is the current schedule informed by the Supplier. This causes additional costs and losses, for which the Company has claimed compensation from the turnkey supplier of the OL3 plant.

The instability of financial markets has increased margins for corporate loans and this will have a knock-on effect on TVO's new loans.

A large-scale annual outage at OL1 in 2010 will include replacements of the low-pressure turbines and the generator, the internal isolation valves of the main steam lines and the seawater pumps of the condenser. These replacements involve risks related to the schedule and technical solutions.

There are no major risks or uncertainties concerning electricity production at OL1, OL2 or the Meri-Pori coal-fired power plant.

Pending Court Cases and Disputes

In December 2008, TVO was informed by the International Chamber of Commerce (ICC) that the AREVA-Siemens Consortium (the Supplier) had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. The Supplier's monetary claim is approximately EUR 1 billion. About one half of the claimed amount relates to alleged additional cost on account of the delay. The remainder relates to milestone payments pursuant to the OL3 Plant Contract that in TVO's opinion had not yet become payable. TVO has considered and found the claim by the Supplier to be without merit.

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

TVO is also involved in another ICC arbitration proceeding under the ICC rules concerning the costs of a technically resolved issue in connection with the construction work at OL3. The amount is minor in the context of the value of the project.

Arbitration proceedings may continue for several years.

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

Nuclear Power

Olkiluoto 1 and Olkiluoto 2

In 2009, the Olkiluoto nuclear power plant achieved the highest production output in its operating history. The electricity production of OL1 and OL2 in 2009 was 14,452 (14,380) GWh. The total capacity factor was 96.0 (95.3)%.

The plant units operated safely and reliably during the period under review. OL1's net production was 7,296 (7,066) GWh and the capacity factor 97.0 (93.7)%. OL2's net production was 7,156 (7,314) GWh and the capacity factor 95.1 (96.9)%.

Annual Outages

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

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

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

A new outage building was taken into use.

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

Olkiluoto 3

The nuclear power plant unit Olkiluoto 3 (OL3), currently under construction, was commissioned as a turnkey project from the Consortium (referred to as the Supplier) formed by AREVA NP GmbH, AREVA NP SAS and Siemens AG. Originally commercial electricity production was scheduled to start at the end of April 2009. Based on the progress reports submitted by the Supplier, TVO has estimated that the start-up of the unit may be postponed beyond June 2012, which is the current schedule informed by the Supplier. TVO commissioned the plant unit on a fixed price turnkey delivery contract, with the Supplier responsible for the time schedule.

The design of OL3 continued, as did also the regulatory review of documents, the construction work and the manufacturing and installation of equipment. The dome part, or the roof, of the steel liner that ensures the gas-tightness of the containment building was lifted into place. Equipment and component deliveries to Olkiluoto continued. The main equipment of the nuclear island (reactor pressure vessel, pressurizer, and four steam generators), for example, were delivered to Olkiluoto. The manufacture of the reactor coolant pipes continued in France.

Installations reached their final stage in the turbine island.

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

The workforce at the site by the end of the year was about 4,000. The safety level at the site remained good.

All the realised 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 Project

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

The Ministry of Employment and the Economy (TEM) has received all the statements necessary for the handling of the application. TVO has filed with TEM its answer regarding the statements. The statement by the Eurajoki municipality is legally valid. TVO's application for the decision in principle is, according to TVO's opinion completely ready for decision.

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

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

Nuclear Fuel

During 2009, nuclear fuel purchases amounted to EUR 45.9 (48.5) million and the amount consumed to EUR 40.1 (38.2) million.

The nuclear fuel and uranium stock carrying value on 31 December 2009 was EUR 162.8 (157.0) million, of which the value of the fuel in the reactors was EUR 61.9 (60.8) million.

Nuclear Waste Management

Under the Finnish Nuclear Energy Act, the Company is responsible for any measures related to nuclear waste management and the related costs. The Group's balance sheet includes a provision related to nuclear waste management obligations, which is based on measures expected to be taken in nuclear waste management and their costs, taking into account measures already carried out. The fair value of the provision has been determined by discounting future cash flows to the present time. In the consolidated financial statements, the liabilities show a nuclear waste management liability of EUR 633.5 (599.8) million, calculated according to international IFRS accounting principles. A corresponding amount, under assets, represents the Company's share in the Finnish State Nuclear Waste Management Fund.

In order to cover the costs of future nuclear waste management, the Company makes contributions to the Finnish State Nuclear Waste Management Fund, under the Nuclear Energy Act. The Ministry of Employment and the Economy has set TVO's liability for nuclear waste management at EUR 1,160.7 (1,137.6) million to the end of 2009 and the Company's target reserve in the Fund for 2010 at EUR 1,069.8 (1,001.2) million. The difference is covered by guarantees.

A total of 6,405 (6,238) m^3 of low and medium-level radioactive waste has accumulated from the OL1 and OL2 plant units during their operation, of which 167 (114) m^3 was produced in 2009. The waste is disposed of in the repository for low and medium-level waste (the VLJ repository) at Olkiluoto.

The total amount of spent nuclear fuel by the end of the year was 1,217 (1,180) tonnes, of which 37 (38) tonnes accumulated during 2009. Most of the spent fuel is kept in a separate interim storage facility at Olkiluoto (KPA storage facility).

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

The spent fuel generated by OL1, OL2, Loviisa 1, Loviisa 2 and OL3 will be disposed of in the Olkiluoto disposal facility. TVO accounts for about 74 per cent of the waste and contributes the same amount to the disposal costs.

Coal Power

Meri-Pori

The amount of electricity produced by TVO's share at Meri-Pori coal-fired power plant was 845.3 (816.9) GWh requiring 299.3 (286.8) thousand tons of coal and 692.0 (661.0) thousand tons of carbon dioxide emission rights.

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

Fortum and TVO started co-operation with Maersk Oil and Maersk Tankers with the aim to develop a large-scale pilot plant for the recovery and storage of carbon dioxide (CCS).

Research and Development

Research and development costs were EUR 21.2 (20.6) million, most of which was spent on nuclear waste management.

TVO is, through the Finnish State Nuclear Waste Management Fund, a major financier of Finnish public sector research programmes for reactor safety and nuclear waste management. In 2009, TVO's contribution to such programmes amounted to EUR 3.1 (2.9) million.

Acquisitions of Tangible and Intangible Assets and Shares

Group's investments during 2009 were EUR 844.8 (609.6) million. Investments of the parent company were EUR 802.7 (600.3) million, of which EUR 749.5 (537.0) million was allocated to the OL3 project.

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

The new outage building, the construction of which had begun in spring 2008, was completed and taken into use in May. The building is equipped with double monitoring, which means that anyone leaving the plant unit has to be screened by two different personnel monitors. This ensures more efficiently that no radioactive contamination spreads outside the power plant.

The carbon dioxide emission rights relinquished to the Energy Market Authority valued at EUR 10.6 (0.1) million. Carbon dioxide emission rights and certified emission reductions were acquired in 2009, costing EUR 6.2 (10.7) million. The need of carbon dioxide emission rights of the Company for the period under review will be covered by the acquired and free emission rights.

Safety and Environmental Issues

The Olkiluoto nuclear power plant units operated safely during the year. No incidents with a major impact on nuclear safety occurred. In 2009, six special reports were prepared for The Finnish Radiation and Nuclear Safety Authority (STUK). Three of the incidents were rated as 1, exceptional incidents affecting safety on the international INES scale (0–7). Two incidents were rated 0 (no significance for nuclear or radiation safety). One incident was not rated by INES scale because it was out of scale.

TVO's operations have been in accordance with the Company's environmental policy, environmental permits and environmental management system. Its environmental management system, which also covers the construction phase of the OL3 unit, complies with the international ISO 14001:2004 standard and is EMAS registered.

Six of the seven environmental targets set for 2009 were achieved. There were no significant environmental deviations during the year. The environmental impacts of the Olkiluoto nuclear power plant were minor. As in previous years, radioactive emissions to the atmosphere and water were extremely low, and significantly lower than the limits set by the authorities.

In September 2009, the Supreme Administrative Court gave a decision on the environmental permit for Olkiluoto nuclear power plant units OL1, OL2 and OL3. The permit became valid due to the decision.

The closure of the decommissioned landfill was carried out in accordance with environmental permit regulations during 2009.

A Corporate Social Responsibility Report will give more detailed information on the environmental issues and indicators for 2009. The report will be verified by an outside body.

Personnel and Training

Personnel

At the year-end, the total number of personnel in the Group was 802 (783), and the average during the year was 835 (812). The year-end total number of personnel in the Company was 797 (777), and the average during the year was 830 (806). The year-end total for permanent personnel was 717 (709).

TVO recruited 31 (70) employees in 2009. During the year, 28 (34) employees changed jobs and 23 (37) permanent employees left, including 13 (12) who retired.

The collective agreements, for different groups of personnel in the energy industry, remained in force the whole year.

The following appointments have been made in the Group Management: Anna Lehtiranta has been appointed as Senior Vice President, Corporate Relations and Anneli Nikula as Senior Adviser as of 11 May 2009. Risto Siilos was appointed as Senior Vice President, Corporate Resources to succeed Reijo Sundell and Olli-Pekka Luhta as Manager, OL4 Project as of 1 July 2009. Reijo Sundell was appointed as President, Posiva Oy. Rauno Mokka, TVO's Deputy Managing Director retired on 30 September 2009.

Training

Basic and supplementary training for TVO personnel continued as in earlier years. In total, the personnel was trained 9008 (8869) days, which is 12.5 (12.7) days per each TVO employee on the average.

Operators of OL1 and OL2 units took part in supplementary training in 2009 as required by the authorities. The training of new operators proceeded as planned.

The training of OL3 operation personnel proceeded according to plan.

During the year, altogether 3,997 (by 8 January 2010) (in 2008: 4, 839) people took part in induction training required from all those working at the Olkiluoto nuclear power plant area. Training was given in Finnish and English.

Subsidiaries and Joint Ventures

TVO Nuclear Services Oy (TVONS) is a wholly owned subsidiary of TVO. It delivers to its customers expertise and services based on a high level of nuclear safety, cost-effective operations and nuclear waste management. TVONS provides its customers with access to the special expertise of TVO personnel and the Olkiluoto infrastructure.

Olkiluodon Vesi Oy is a wholly owned subsidiary of TVO. It is responsible for the raw water supply for TVO's and Posiva Oy's operations at Olkiluoto.

Posiva Oy, which is jointly owned by TVO and Fortum Power and Heat Oy, is responsible for research into and implementing the final disposal, of its shareholders' spent nuclear fuel. TVO owns 60 per cent of Posiva. Posiva continued the excavation work on the underground research facility for final disposal as planned.

Major Events after the End of the Year

No major events have taken place after the end of the year in review.

Prospects for the Future

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

In 2010 a longer than usual service and refuelling outage will be carried out in OL1 when new low-pressure turbines and generator will be installed in the plant unit. OL2 will have a normal refuelling outage. The outages are expected to take some 35 days.

TVO will continue to realise the OL3 nuclear power plant project and prepare the plant unit for production use as planned.

TVO will continue the preparations for the OL4 nuclear power plant project and feasibility studies of alternatives in 2010.

TVO will use its capacity at the Meri-Pori coal-fired power plant on the same basis as before.

The recruitment and training of OL3 and other plant personnel will continue as planned.

Posiva Oy will continue the construction of the underground research facility at Olkiluoto and preparation of the building permit application. The building permit will be filed with the Ministry of Employment and the Economy during 2012 as planned.

TVONS will continue to market and sell services.

Proposals to the Annual General Meeting

Teollisuuden Voima Oyj's distributable equity as of 31 December 2009 amounted to EUR 9,360.000. The Board of Directors proposes to the Shareholders' Meeting that no dividend shall be paid.

Key Figures of TVO Group

TVO GROUP (IFRS) (M€)	2009	2008	2007	2006
Turnover	305	257	232	230
Profit/loss for the financial year	-41	-53	-37	4
Research expenses	21	21	17	15
Investments	845	610	260	289
Equity	866	823	918	758
Non-current and current interest-bearing liabilities (excluding loan from VYR)*	2,642	2,005	1,368	1,246
Loans from equity holders of the company (included in the former) **	179	179	179	179
Loan from VYR	751	696	648	620
Provision related to nuclear waste management	633	600	568	505
Balance sheet total	5,069	4,299	3,619	3,228
Equity ratio % ***	28.4	33.4	45.6	44.6
Average number of personnel	835	812	787	754

* The Finnish State Nuclear Waste Management Fund (VYR)

** Subordinated loans

*** Equity ratio (%) = 100 x $\frac{\text{equity + loans from equity holders of the company}}{\text{balance sheet total - provision related to nuclear waste management - loan from the Finnish State Nuclear Waste Management Fund}}$

CONSOLIDATED ADJUSTED PROFIT/LOSS FOR THE FINANCIAL YEAR (M€)	2009	2008	2007	2006
Profit/loss for the financial year (IFRS)	-41	-53	-37	4
The impact of the nuclear waste management obligation* (profit -/loss +)	3	-1	-8	-13
The impact of financial instruments** (profit -/loss +)	14	16	-3	-19
The impact of the associated company sold (FAS) (profit -/loss +)	0	1	0	0
Profit/loss before appropriations	-24	-37	-48	-28
Sales profit of associated company sold	0	-9	0	0
Adjusted profit/loss for the financial year	-24	-46	-48	-28

* Includes profit/loss effects from nuclear waste management according to IFRS standard.

** Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39.

Key Figures of Teollisuuden Voima Oyj

TEOLLISUUDEN VOIMA OYJ (FAS) (M€)	2009	2008	2007	2006	2005
Parent company´s financial statement has been made in accordance with the Finnish Accounting Standards (FAS).					
Turnover	296	245	225	227	199
Fuel costs	65	56	66	65	44
Nuclear waste management costs	66	56	49	29	27
Other income and expenses related to electricity production	121	109	101	106	94
Capital expenditure (depreciation and financial income and expenses)	68	61	57	56	59
Profit/loss before appropriations	-24	-37	-48	-29	-24
Investments	803	600	228	275	647
Equity	713	613	604	408	408
Appropriations	150	175	221	269	298
Non-current and current interest-bearing liabilities (excluding loan from VYR) *	2,587	1,960	1,362	1,242	1,146
Loans from equity holders of the company (included in the former) **	179	179	179	179	179
Loan from VYR	751	696	648	620	595
Balance sheet total	4,377	3,617	2,951	2,639	2,519
Equity ratio % ***	28.8	33.1	43.6	42.5	46.0
Average number of personnel	830	806	780	748	693

* The Finnish State Nuclear Waste Management Fund = VYR

** Subordinated loans.

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

	2009	2008	2007	2006	2005
TVO'S SHARE IN THE FINNISH STATE NUCLEAR WASTE MANAGEMENT FUND (VYR) (M€)	1,069.8	1,001.2	927.7	864.1	826.6
ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)					
Olkiluoto 1	7,263	7,039	7,317	6,956	7,208
Olkiluoto 2	7,122	7,288	7,032	7,278	6,984
Total Olkiluoto *	14,385	14,327	14,349	14,234	14,192
Meri-Pori	845	817	1,374	1,509	250
Total	15,230	15,144	15,723	15,743	14,442

* Includes wind power 1.5 (1.6 in 2008) GWh and gas turbine power 0.5 (0.5) GWh.

	2009	2008	2007	2006	2005
CAPACITY FACTORS (%)					
Olkiluoto 1	97.0	93.7	97.5	93.8	98.3
Olkiluoto 2	95.1	96.9	93.7	96.9	94.0
Total capacity factor	96.0	95.3	95.6	95.4	96.1
TVO SHARE OF THE ELECTRICITY USED IN FINLAND (%)	18.8	17.4	17.4	17.5	17.0

FINANCIAL STATEMENT 2009

TVO Group Financial Statement

TVO GROUP

CONSOLIDATED INCOME STATEMENT

1 000 €	Note	1.1. - 31.12.2009	1.1. - 31.12.2008
Turnover	3	**305 390**	**257 275**
Work performed for own purpose	4	10 322	10 390
Other income	5	8 678	16 688
Materials and services	6	-132 596	-131 841
Personnel expenses	7	-55 943	-55 704
Depreciation and impairment charges	8	-53 724	-51 452
Other expenses	9	-77 932	-74 055
Operating profit/loss		**4 195**	**-28 699**
Share of the associated company´s profit/loss	14	0	751
Finance income	10	51 771	84 497
Finance expenses	10	-97 357	-109 678
Total finance income and expenses		-45 586	-25 181
Profit/loss before income tax		**-41 391**	**-53 129**
Income taxes	11	-4	-4
Profit/loss for the financial year		**-41 395**	**-53 133**
Profit/loss for the financial year attributable to:			
Equity holders of the company		-41 395	-53 133

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 000 €		1.1. - 31.12.2009	1.1. - 31.12.2008
Profit/loss for the financial year		-41 395	-53 133
Other comprehensive items			
Changes in fair values of the available-for-sale investments	10	2 326	-3 073
Cash flow hedges	10	-17 950	-39 199
Total other comprehensive profit/loss items		-15 624	-42 272
Total comprehensive profit/loss for the financial year		**-57 019**	**-95 405**
Total comprehensive profit/loss for the financial year attributable to:			
Equity holders of the company		-57 019	-95 405

CONSOLIDATED BALANCE SHEET

1 000 €	Note	31.12.2009	31.12.2008
Assets			
Non-current assets			
Property, plant and equipment	12	3 263 047	2 484 603
Intangible assets	13	16 161	21 787
Loans and other receivables	16	756 496	700 890
Investments in associates and joint ventures	14	1 009	1 009
Investments in shares	17	12 183	9 855
Derivative financial instruments	20	649	4 883
Share in the Finnish State Nuclear Waste Management Fund	25	633 484	599 789
Total non-current assets		**4 683 029**	**3 822 816**
Current assets			
Inventories	19	186 904	181 272
Trade and other receivables	16	83 931	89 119
Derivative financial instruments	20	404	3 091
Fund units	17	0	187 600
Cash and cash equivalents	18	115 088	15 094
Total current assets		**386 327**	**476 176**
Total assets		**5 069 356**	**4 298 992**
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	21	461 692	361 692
Share premium reserve and statutory reserve	21	242 383	242 383
Fair value and other reserves	21	-48 553	-32 929
Retained earnings	21	210 289	251 684
Total equity		**865 811**	**822 830**
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	25	633 484	599 789
Loans from equity holders of the company	23	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund	23	750 900	695 775
Bonds	23	926 893	0
Other financial liabilities	23	979 150	1 321 687
Derivative financial instruments	20,23	40 324	43 982
Total non-current liabilities		**3 510 051**	**2 840 533**
Current liabilities			
Provisions	22	0	365
Current financial liabilities	23	482 472	451 455
Derivative financial instruments	20,23	34 142	8 910
Advance payments received	24	20 943	18 621
Trade payables	24	18 702	15 421
Other current liabilities	24	137 235	140 857
Total current liabilities		**693 494**	**635 629**
Total liabilities		**4 203 545**	**3 476 162**
Total equity and liabilities		**5 069 356**	**4 298 992**

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

1 000 €	Share capital	Share issue	Share premium reserve and statutory reserve	Fair value and other reserves	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2008	**266 092**	**95 600**	**242 383**	**9 343**	**304 817**	**918 235**	**918 235**
Share issue	95 600	-95 600	0	0	0	0	0
Total comprehensive income for the financial year	0	0	0	-42 272	-53 133	-95 405	-95 405
Equity 31.12.2008	**361 692**	**0**	**242 383**	**-32 929**	**251 684**	**822 830**	**822 830**
Share issue	100 000	0	0	0	0	100 000	100 000
Total comprehensive income for the financial year	0	0	0	-15 624	-41 395	-57 019	-57 019
Equity 31.12.2009	**461 692**	**0**	**242 383**	**-48 553**	**210 289**	**865 811**	**865 811**

CONSOLIDATED CASH FLOW STATEMENT

1 000 €	Note	2009	2008
Operating activities			
Profit/loss for the financial year		-41 395	-53 133
Adjustments:			
Income tax expenses		4	4
Finance income and expenses		45 586	25 181
Depreciation and impairment charges		53 724	51 452
Share of the associated company´s profit/loss		0	-751
Other non-cash flow income and expenses		-15 039	-956
Sales profit/loss of property, plant and equipment and shares		-125	-8 686
Changes in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables		-50 668	-11 512
Increase (-) or decrease (+) in inventories		-5 632	-21 533
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities		5 545	32 761
Interest paid and other finance expenses		-43 998	-33 294
Dividends received		513	1 190
Interest received		37 745	27 570
Taxes paid		-2	-1
Cash flow from operating activities		**-13 742**	**8 292**
Investing activities			
Acquisition of property, plant and equipment		-801 090	-579 070
Proceeds from sale of property, plant and equipment		16	146
Acquisition of intangible assets		-230	-11 138
Proceeds from sale of intangible assets		2	3
Acquisition of shares		-4	-180
Proceeds from sale of shares		198	10 578
Loan receivables granted		-55 243	-48 259
Repayments of loans granted		355	311
Cash flow from investing activities		**-855 996**	**-627 609**
Financing activities			
Share issue	21	100 000	95 600
Withdrawals of long-term loans		1 331 441	848 389
Repayment of long-term loans		-620 972	-66 951
Increase (-) or decrease (+) in interest-bearing receivables		2	41
Increase (+) or decrease (-) in current financial liabilities		-28 339	-136 493
Cash flow from financing activities		**782 132**	**740 586**
Change in cash and cash equivalents		**-87 606**	**121 269**
Cash and cash equivalents January 1		202 694	81 498
Changes in fair value in fund units		0	-73
Cash and cash equivalents December 31	17,18	**115 088**	**202 694**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION ON THE GROUP

Teollisuuden Voima Oyj together with its subsidiaries forms the TVO Group. The ultimate parent of the Group is Teollisuuden Voima Oyj, domiciled in Helsinki.

Teollisuuden Voima Oyj is a public limited liability company owned by Finnish industrial and power companies. In accordance with its Articles of Association, TVO delivers electricity to its shareholders under the so-called Mankala principle (at cost price), i.e. delivers the electricity produced or procured to its shareholders in proportion to their shareholdings in each series. Each of the shareholders of the each series is liable for variable and fixed annual costs that are specified in detail in the Articles of Association. The Company owns and operates two nuclear power plant units (OL1 and OL2) in Olkiluoto in the municipality of Eurajoki and is having a third unit (OL3) constructed. In addition to the nuclear power plant in Olkiluoto, TVO has a share in the Meri-Pori coal-fired power plant and in a gas turbine plant and owns a wind power plant in Olkiluoto.

Copies of the consolidated financial statements are available at the internet address www.tvo.fi and at the TVO Helsinki office at the address Töölönkatu 4, 00100 Helsinki.

These consolidated financial statements were authorised for issue by the Board of Directors of TVO in its meeting on 19 February 2010. Under the Finnish Limited Liability Companies Act the Shareholders´ meeting may modify or reject the financial statements.

2 ACCOUNTING POLICIES

BASIS OF PREPARATION

These consolidated financial statements of TVO Group have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared in accordance with the IAS and IFRS standards and SIC and IFRIC interpretations effective at 31 December 2009. In the Finnish Accounting Act and regulations issued by virtue of it, "IFRS" refers to the standards and interpretations which have been endorsed by the EU in accordance with the procedure defined in the EU Regulation (EY) No. 1606/2002.

The consolidated financial statements have been prepared under the historical cost convention, except for fund units and investments in shares and derivative financial instruments, which are recognised at fair value.

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group´s parent company.

The consolidated financial statements have been prepared according to the same accounting policies as in 2008 except the following new standards, interpretations and changes of standards on 1 January 2009.

- IAS 1 (Revised) - Presentation of financial statements. The Group presents Consolidated Statement of Comprehensive Income and has changed the presentation of consolidated statement of changes in equity.

- IAS 23 (Revised) Borrowing costs - Revised IAS 23 changes the accounting policy in respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Previously TVO recognised as an expense immediately all borrowing costs expect the borrowing costs of the power plant construction in progress.

- IFRS 8 - Operating Segments. According to the new standard segment information is based on reports for the chief operation decision maker. This has added the numbers of reported segments to two: Nuclear power and Coal-fired power.
- IFRS 7 (Change) - Financial Instruments: information presented in the financial statements. The change in accounting policy only results in additional disclosures the in consolidated financial statements.
- The annual improvements to IFRS standards. The impacts of the improvements varies with standards. Changes have not had significant relevance in the consolidated financial statements.

The following standards issued during the year 2009 have no impact in the consolidated financial statements :

- IFRIC 11, IFRS 2 -Group and treasury share transactions.
- IFRIC 13 - Customer Loyalty Programmes
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRS 2 (Amendment) - Share-based payment – vesting conditions and cancellations
- IAS 1 and IAS 32 (Amendment) - Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation
- IFRS 1 and IAS 27 (Amendments) - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate in Adoption of IFRS
- IAS 39 (Amendment) - Financial instruments: Recognition and measurement – Eligible Hedged Items

In addition to the new standards and interpretations presented in the annual financial statements for 2008, the following standards and interpretations and amendments to existing standards and interpretations issued during the year 2009 will be adopted by the group in 2010. These changes have been considered to have no significant impact on the consolidated financial statements.

- IFRIC 9 and IAS 39 (Amendment)* - Reassessment of embedded derivatives on reclassification.
- IFRIC 18* - Transfers of Assets from Customers
- IFRS 2 (Amendment)* - Share-based Payment – Group Cash-settled Share-based Payment Transactions
- The Improvements to IFRS standards*

The following standards, interpretations and amendments will be adopted by the Group in 2011 or later:

- IAS 32 (Amendment) - Financial Instruments: Presentation – Classification of Rights Issues
- IAS 24 (Revised) * - Related Party Disclosures
- IFRIC 19 * - Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 (Amendment)* - Prepayments of a Minimum Funding Requirement
- IFRS 9 * - Financial Assets – Classification and Measurement.

* The standard, interpretation or amendment to published standard or interpretation is still subject to endorsement by the European Union.

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Subsidiaries

The consolidated financial statements include Teollisuuden Voima Oyj (TVO) and its subsidiaries TVO Nuclear Services Oy, Olkiluodon Vesi Oy and Perusvoima Oy. Subsidiaries are companies in which the Group has control at the end of the financial period. Control exists if the Group holds more than a half of the voting rights or otherwise has control. Subsidiaries acquired are consolidated from the date on which control is transferred to the Group, and subsidiaries sold are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to consolidate subsidiaries into the Group. The purchase price is determined as the aggregate of the acquisition date fair values of the assets given as consideration and liabilities incurred or assumed plus costs directly attributable to the acquisition.

In the consolidation process, inter-company share ownership, inter-company transactions, receivables, liabilities, unrealised gains and internal distributions of profits are eliminated. Unrealised losses are not eliminated, if the losses are due to impairment of the asset being transferred. To ensure consistency, subsidiaries' accounting policies have, in all material respects, been changed to conform to the accounting policies adopted by the Group.

Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence. Significant influence is established when the Group holds over 20% of the voting rights of the entity or otherwise has significant influence, but not control. TVO has no associated companies. TVO´s associated company Polartest Oy was sold in 2008.

Joint ventures are entities over which the Group has contractually agreed to share the power to govern the financial and operating policies of that entity with another venturer or venturers. Posiva Oy is a joint venture of TVO, which has a 60% interest in it. Both venturers are liable for its main activities, waste management of spent fuel of nuclear power plants, in proportion to their own usage.

Interests in associated companies and joint ventures are accounted for by the equity method of accounting.

SEGMENT REPORTING

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

REVENUE RECOGNITION PRINCIPLES

TVO operates on the cost-price principle. Revenue is recognised based on the consideration received when electricity is delivered or services are rendered. Revenue is presented net of indirect sales taxes. Revenue is recognised as follows:

Sales of electricity and other revenue

Revenue on sales of electricity is recognised based on delivery. The recognised income for shareholders is based on the quantities delivered. The revenue from services is recognised on an accrual basis on the accounting period when the services are rendered to the customer.

Revenue on long-term consulting services projects that spread over several accounting periods is recognised based on the proportion of costs incurred from work performed up to the balance sheet date and the estimated total expenses of the project. If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Other income

Revenue from activities outside the ordinary course of business is reported as other income. This includes rental income and non-recurring items, such as gains from sales of property, plant and equipment. The accrual basis of accounting is applied in the recognition of this income.

GOVERNMENT GRANTS

Grants are recognised at their fair value, when the Group meets all the conditions attached to them and where there is a reasonable assurance that the grant will be received. Government grants relating to costs are deferred on the balance sheet and recognised in the income statement over the period in which their relevant costs are recorded. Government grants relating to the purchase of property, plant and equipment are deducted from the acquisition cost of the asset.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs (except R&D costs related to nuclear waste management) of the Group are recognised as an expense as incurred and included in other expenses in the income statement. Development costs are capitalised if it is assured that they will generate future income, in which case they are capitalised as intangible assets and amortised over the period of the income streams. Currently the Group does not have any development costs that would qualify for capitalisation.

Research costs that relate to nuclear waste management are discussed in paragraph Assets and provisions related to nuclear waste management obligations.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of the Group are stated on the consolidated balance sheet at historical cost less grants received, accumulated depreciation and impairment charges, if any. Historical cost includes expenditure that is directly attributable to the acquisition of an item.

In the historical costs of power plant projects and other significant investments (completion time more than a year) the financing costs incurred during the construction period will be included.

The historical costs of nuclear power plants include furthermore the estimated costs of dismantling and removing an item and restoring the site on which it is located (more information is included in paragraph Assets and provisions related to nuclear waste management obligations).

Land and water areas are not depreciated.

Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives.

Straight-line depreciation is based on the following estimated useful lives:

OL1 and OL2 nuclear power plant units

• Basic investment	61 years
• Investments made according to the modernization programme	21–35 years
• Automation investments associated with the modernization	15 years
• Additional investments	10 years
• TVO´s share in the Meri-Pori coal-fired power plant	25 years
• Wind power plant	10 years
• TVO´s share in the Olkiluoto gas turbine power plant	30 years.

The assets´ residual values and useful lives are reviewed, and adjusted if appropriate to reflect the changes in expectations of economic benefits.

Costs of renewal of an item or a part of an item of property, plant and equipment are capitalised if the part is accounted for as a separate item. Otherwise, the subsequent expenditure is included in the carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

Annual repair and maintenance costs are recognised in profit or loss, when they occur. Investments connected with the modernization and maintenance of the power plant units are capitalised.

OL3 is nuclear power plant unit under construction. All items related to OL3 project are shown as incomplete plant investment (see note 12).

INTANGIBLE ASSETS

Intangible assets are stated at historical cost less grants received accumulated amortisation and impairment losses if applicable. Historical cost includes costs directly attributable to the acquisition of the particular asset.

Other long-term expenditure included in intangible assets are amortised on a straight-line basis over their estimated useful lives. These include computer software and certain payments made for the use of assets. The Group does not have any goodwill or other intangible assets with indefinite useful lives.

The amortisation periods of the intangible assets are as follows:

- Computer software 10 years
- Other intangible assets 10 years.

The amortisation period of an intangible asset is changed where necessary if the estimated useful life changes from that previously estimated.

Furthermore, intangible assets include carbon dioxide (CO_2) emission rights. Emission rights are recognised at historical cost, and are presented under emission rights. Gratuitous emission rights are assets not included in the balance sheet. The current liability for returning emission rights is recognised at the carrying value of possessed emission rights. If there is a shortfall, a current liability is recognised to cover the acquisition of the missing emission rights. This current liability is valued at the current market value of the emission rights at the balance sheet date. The cost of the emission rights is recognised in the income statement under costs of materials and services. The gains from the sales of emission rights are refunded to the equity holders of the company.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At the balance sheet date it is reviewed whether there is any indication that the carrying amounts of assets would be impaired. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. A recognised impairment loss is reversed if there is a change in estimates used to determine the recoverable amount of the asset. However, the carrying amount of the asset after the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognised.

INVENTORIES

Inventories are measured at acquisition cost. The cost of coal is determined by using the FIFO (first in, first out) method and the cost of supplies is determined by using the rolling weighted average cost formula. The use of nuclear fuel is recognised according to calculated consumption.

The acquisition cost comprises raw materials, direct labour and other direct costs. The carrying amount of inventories is not reduced to a value that is less than its acquisition cost, as TVO operates at cost price, so the net realisable value of inventories always covers their acquisition cost.

LEASES

Finance leases

Leases that transfer to the Group substantially all the risks and rewards incidental to ownership are classified as finance leases. Assets acquired under finance leases are recognised in the balance sheet at the commencement of the lease term at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Leased assets are depreciated over the shorter of the useful life of the asset and the lease term. Lease obligations are recognised under interest-bearing liabilities.

Lease payments are apportioned during the lease term between the finance charge and the reduction of the outstanding liability to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases
Lease payments under other leases are recognised in the income statement as an expense under the accrual principle on a straight-line basis over the lease term.

Lease payments received are recognised as income on a straight line basis over the lease term and presented in the income statement under other income.

FINANCIAL ASSETS
The Group has classified its financial assets into four categories as following: Derivative financial instruments at fair value through profit or loss, loans and receivables, available-for-sale investments, and derivative financial instruments designated as cash flow hedges. The classification is based on the purpose of the acquisition of the assets, and the assets are classified at initial acquisition.

All purchases and sales of financial assets are recognised at fair value on the trading date including related transaction costs, except for items that are measured at fair value through profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows of the investment expire or have been transferred or the Group has substantially transferred all the risks and benefits of ownership.

Derivative financial instruments at fair value through profit or loss
Derivative financial instruments at fair value through profit or loss do not meet the criteria for hedge accounting according to IAS 39 and they are presented as current assets. Gains and losses from changes in fair value are recognised in the income statement in the period in which they arise, except when they relate to the construction of OL 3 power plant and are capitalised as part of the cost of the asset.

Loans and receivables
Loans and receivables include non-current loans and receivables as well as current trade and other receivables. Items due to be settled after more than 12 months are recognised in non-current assets. After initial recognition, all loans and receivables are measured at amortised cost using the effective interest method. Trade receivables are recognised on the balance sheet at their original nominal value, which reflects their fair value.

Available-for-sale investments
Available-for-sale investments include investments in shares and fund units. Items due to be settled after more than 12 months are recognised in non-current assets. Available-for-sale investments are measured at fair value, and the changes in fair value are recognised in the fair value reserve under equity. The changes in fair value are transferred from equity to the income statement when the investment is sold or when it is impaired so that an impairment loss needs to be recognised. Investments in unquoted shares whose fair value cannot be reliably determined are measured at acquisition cost.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, demand deposits and other current, highly liquid investments. Assets classified as cash and cash equivalents have a maturity of three months or less from the date of acquisition.

Impairment of financial assets
At each balance sheet date, the Group estimates whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any evidence exists of the impairment of a financial asset or group

of financial assets classified as available-for-sale, any loss accumulated in the fair value reserve is transferred into profit or loss. Impairment losses on equity investments classified as available-for-sale are not reversed through profit or loss, whereas subsequent reversals of impairment losses on interest-bearing instruments are recognised in profit or loss. The Group recognises an impairment loss on trade receivables when there is objective evidence that the receivable is not fully collectible.

FINANCE LIABILITIES

Financial liabilities are initially recognised at fair value including related transaction costs. After initial recognition, all finance liabilities are measured at amortised cost using the effective interest method. Finance liabilities include non-current and current liabilities, and they can be interest-bearing or non-interest-bearing. An item is included in current liabilities if it is due to be settled within 12 months. Finance liabilities also include derivative financial instruments which are discussed in a separate section.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses derivative financial instruments as hedges of the currency risk relating to purchases of fuel and of the interest rate risk of loans. Hedge accounting referred to in IAS 39 is applied to instruments entered into for the purpose of hedging of the currency risk of the Group´s firm commitments for purchases of uranium and coal (forward foreign exchange contracts) and to most of the interest rate swaps entered into for the purpose of hedging against the fluctuations in the interest cash flows relating to the loan contracts of the Group.

The derivative financial instruments are initially recognised at fair value on the date when the Group becomes a party to a derivative contract, and subsequently measured at fair value on the balance sheet date. The changes in the fair value of interest rate options (such as interest rate cap and floor) as well as of some interest rate swaps and forward foreign exchange contracts that do not qualify for hedge accounting are presented under finance income and expenses, unless they relate to the construction of OL 3 power plant and are capitalised as part of the cost of the asset.

Cash flow hedge accounting

Both at the inception of a hedge and thereafter, the Group documents its estimate on whether the derivative financial instruments used in the hedge transactions are highly effective in offsetting changes in the cash flows of the hedged items. The derivative financial instruments to which hedge accounting is applied are classified as non-current and current assets and liabilities on the basis of the timing of the cash flows of the hedging instrument in question.

The effective portion of the changes in the fair values of derivatives designated as and qualifying for cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised in profit or loss, except when they relate to the construction of OL 3 and are capitalised as part of the cost of the asset. The fair value changes accumulated in equity are recognised in profit or loss in the same period when the hedged item affects profit or loss. However, when the hedged anticipated transaction results in the recognition of a non-financial asset or non-financial liability, the gains and losses recognised in equity are removed from equity and included in the initial carrying amount of the asset or liability.

When a hedge no longer qualifies for hedge accounting, the cumulative gains or losses currently included in equity are recognised in profit or loss during the lifetime of the hedging instrument in question. When the hedging instrument initially recognised as a cash flow hedge matures or is sold, the cumulative gains or losses currently included in equity are recognised in profit or loss.

When an anticipated transaction is no longer expected to occur, the cumulative gain or loss included in equity is recognised in profit or loss. Gains and losses from hedges related to fuel purchases are recognised to adjust the fuel purchases under the Materials and services item.

BORROWING COSTS

Borrowing costs are recognised in profit or loss in the period when they have incurred, except when they relate to the construction of a power plant or any other investment, of which completion time exceeds one year. In that case, borrowing costs are capitalised as part of the cost of the asset. Such borrowing costs include, for example, interest and other financing costs incurred during construction of a power plant.

FOREIGN CURRENCY ITEMS

Transactions and financial items denominated in a foreign currency are recorded at the rates on the day when they occur. Receivables and liabilities denominated in a foreign currency are measured in the financial statements at an average rate on the date of the balance sheet. Exchange gains and losses from operating activities are included in the corresponding items above operating profit or loss. Exchange differences arising from financial items are recognised in finance income and expenses.

SHARE CAPITAL

TVO has in its possession three series of shares, A, B and C. The A series entitles the shareholder to the electricity generated by the existing OL1 and OL2 nuclear power plant units. The B series entitles the shareholder to the electricity that will be generated by the OL3 unit. The C series entitles the shareholder to the electricity generated by the TVO share in the Meri-Pori coal-fired power plant.

Payments received from shares in connection with setting up the TVO and in the form of increases in share capital are recognised under share capital, statutory reserve and share premium reserve.

EARNINGS PER SHARE

The group does not report earnings per share, as the parent company is operating at cost price. The shares of TVO are not traded on a public market.

PROVISIONS

The Group recognises a provision for environmental restorations, asset retirement obligations, as well as legal and other claims, when the Group has a legal or constructive obligation and it is likely that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. The provision is measured at the present value of the expenditure expected to be required to settle the obligation. The interest rate used in the measurement of provisions is the estimated long-term borrowing rate plus the ECP´s inflation target and an estimated company-specific risk premium. The increase in the provision due to the passage of time is recognised as interest expense.

The most significant provision is that for the nuclear waste management obligation under the Nuclear Energy Act. The provision covers all future expenditure arising from nuclear waste management, including the decommissioning of nuclear power plants, the disposal of spent fuel and a risk marginal.

Assets and provisions related to the nuclear waste management obligation

The parent company´s nuclear waste management obligation which is based on the Nuclear Energy Act is covered by payments made to the Finnish State Nuclear Waste Management Fund. The obligation covers all the future expenditures for nuclear waste management, including the decommissioning of nuclear power plants, the disposal of spent fuel, and a risk marginal. The amount of payments is determined by assuming that the decommissioning would start at the beginning of each year. The research relating to the disposal, as well as the actual disposal of TVO´s spent fuel, are carried out by Posiva Oy, which charges from TVO the costs arising from these activities, including the acquisition cost of property, plant and equipment.

In the consolidated financial statements, TVO´s share of the Finnish State Nuclear Waste Management Fund is shown as non-current assets and the related nuclear waste management obligation as a provision under non-current liabilities. They are accounted for in accordance with IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

The fair value of the nuclear waste management provision has been determined by discounting the future cash flows which are based on plans about future activity and the estimated expenditure relating to it, taking into account actions already taken.

The present initial value of the provision for the decommissioning of a nuclear power plant (at the time of commissioning the nuclear power plant) has been capitalised as property, plant and equipment and will be adjusted later for possible changes in the plan. The amount recognised relating to decommissioning will be depreciated over the estimated operating time of the nuclear power plant.

The provision for spent fuel covers the future disposal costs of fuel used by the end of each accounting period. The costs for the disposal are expensed during the operating time of the plant, based on fuel usage. The impact of any changes to the plan will be recognised immediately in the income statement based on fuel used by the end of the accounting period.

The timing factor is taken into account by recognising the interest expense related to discounting the nuclear waste management provision. The interest accruing on TVO´s share in the Finnish State Nuclear Waste Management Fund is presented as finance income.

TVO´s share in the Finnish State Nuclear Waste Management Fund is higher than the corresponding asset recognised in the balance sheet. The nuclear waste management obligation is covered by TVO´s share in the Fund, as required by the Nuclear Energy Act. The obligation for nuclear waste management is not discounted. The amount of the annual payment to the Finnish State Nuclear Waste Management Fund is based on the change on the nuclear waste management obligation and funding obligation target, the share of the profit or loss of the Fund, and the changes resulting from actions taken.

TAXES

The Group does not recognise deferred taxes, because TVO operates at cost price. According to this principle, TVO will not pay taxes on its operations, and therefore there is no taxable income. The tax recognised by the Group consists of tax relating to non-deductible expenses. It also includes any taxes for previous financial year.

EMPLOYEE BENEFITS

The pension benefits for Group personnel have been arranged with external pension insurance companies. The insurance policies relating to earnings-based pensions, as well as some voluntary pension insurance policies, have been accounted for as defined contribution plans.

Payments made to defined contribution plans as to pensions are recognised on an accrual basis in the income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires estimates and assumptions concerning the future. Estimates and assumptions have an effect on the reported amounts of assets and liabilities, and expenses and income during the accounting period. The actual results may differ from these estimates.

The provision for future obligations for the decommissioning of the nuclear power plant and for the disposal of spent fuel

Estimates and assumptions have been used when estimating the assets, liabilities, expenses and income related to the future decommissioning of the nuclear power plant and the disposal of spent fuel. These are based on long-term cash-flow forecasts of estimated future costs.

The main assumptions relate to technical plans, time factor, cost estimates and the discount rate. The technical plans are approved by State authorities. Any changes in the assumed discount rate would change the provision. If the discount rate used were lowered, the provision would increase.

TVO´s contributions to the Finnish State Nuclear Waste Management Fund are based on undiscounted legal liability. Any future increase in the provision would be offset by the recognition of an equal increase in TVO´s share in the assets of the Finnish State Nuclear Waste Management Fund. According to IFRS, the carrying amount of the assets is limited to the value of the provision, as TVO does not have control in the Finnish State Nuclear Waste Management Fund (see note 25 Assets and provisions related to nuclear waste management obligation).

Power plant construction in progress - OL3

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

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

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

3 SEGMENT REPORTING

Segment structure in TVO Group
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. 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 year 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 will be followed in group level.

TURNOVER BY SEGMENTS

1 000 €	**2009**	**2008**
Nuclear power	263 162	218 393
Coal-fired power	42 228	38 882
Total	305 390	257 275

DEPRECIATION AND IMPAIRMENT CHARGES BY SEGMENTS

1 000 €	**2009**	**2008**
Nuclear power	44 172	41 931
Coal-fired power	7 302	7 239
Depreciation and impairment charges (FAS)	51 474	49 170
The impact of the nuclear waste management obligation	2 250	2 282
Total (IFRS)	53 724	51 452

FINANCE INCOME AND EXPENSES BY SEGMENTS

1 000 €	**2009**	**2008**
Nuclear power	13 311	9 609
Coal-fired power	2 839	2 468
Finance income and expenses (FAS)	16 150	12 077
The impact of the nuclear waste management obligation	15 700	-2 908
The impact of financial instruments	13 736	15 594
Other IFRS adjustments	0	418
Total (IFRS)	45 586	25 181

PROFIT/LOSS FOR THE FINANCIAL YEAR BY SEGMENTS

1 000 €	**2009**	**2008**
Nuclear power	-19 172	-31 618
Coal-fired power	-5 212	-5 761
Profit/loss before appropriations (FAS)	-24 384	-37 379
The impact of the nuclear waste management obligation	-3 276	746
The impact of financial instruments	-13 735	-15 594
Other IFRS adjustments	0	-906
Total (IFRS)	-41 395	-53 133

ASSETS BY SEGMENTS

1 000 €	**2009**	**2008**
Nuclear power	4 284 411	3 494 957
Coal-fired power	93 412	123 503
Total (FAS)	4 377 823	3 618 460
The impact of the nuclear waste management obligation	703 238	672 819
The impact of financial instruments	-22 293	-967
Other IFRS adjustments	10 588	8 680
Total (IFRS)	5 069 356	4 298 992

Group-wide disclosures

Turnover shared to production of electricity and services

1 000 €	**2009**	**2008**
Production of electricity	295 886	245 063
Services	9 504	12 212
Total	305 390	257 275

Information about geographical areas

Teollisuuden Voima Oyj is company owned by Finnish industrial and power companies. TVO delivers electricity to its shareholders under the so-called Mankala principle (at cost price), i.e. delivers the electricity produced to its shareholders in proportion to their shareholdings in each series.

The Group assets are located in Finland except part of inventories of nuclear fuel acquisition.

4 WORK PERFORMED FOR OWN PURPOSE

1 000 €	**2009**	**2008**
Personnel expenses related to OL3	10 295	10 366
Water supply services related to OL3	27	24
Total	10 322	10 390

5 OTHER INCOME

1 000 €	**2009**	**2008**
Rental income	3 008	3 055
Profits from sales of shares	187	346
Profits from sales of property, plant and equipment	5	97
Profits from sales of associated companies	0	8 192
Received government grants	93	249
Sales of services	5 067	4 374
Other income	318	375
Total	8 678	16 688

6 MATERIALS AND SERVICES

1 000 €	**2009**	**2008**
Nuclear fuel	45 918	48 542
Coal	24 959	27 994
Materials and supplies	2 702	2 971
CO_2 emission rights	6 107	10 675
Nuclear waste management services	51 493	55 914
Increase (-) or decrease (+) in inventories	-5 632	-21 533
External services	7 049	7 278
Total	132 596	131 841

7 PERSONNEL EXPENSES

Employee benefit costs

1 000 €	2009	2008
Wages and salaries	46 209	44 776
Pension expenses - defined contribution plans	7 772	7 146
Other compulsory personnel expenses	1 962	3 782
Total	55 943	55 704

Employee bonus system

The Nomination and Remuneration Committee under the Board of Directors approves TVO´s commitment and remuneration systems. All permanent and long-term temporary employees are included in the employee bonus system. Some of the personnel have deposited their bonuses in the Teollisuuden Voima Personnel Fund.

Average number of personnel during financial year

	2009	2008
Office personnel	672	650
Manual workers	163	162
Total	835	812

Number of personnel on 31.12.

	2009	2008
Office personnel	655	639
Manual workers	147	144
Total	802	783

8 DEPRECIATION AND IMPAIRMENT CHARGES

1 000 €	2009	2008
Intangible assets		
Computer software	629	658
Other intangible assets	757	743
Total	1 386	1 401
Property, plant and equipment		
Buildings and construction	10 180	9 271
Machinery and equipment	36 952	36 592
Other property, plant and equipment	2 956	1 906
Decommissioning	2 250	2 282
Total	52 338	50 051
Total	53 724	51 452

9 OTHER EXPENSES

1 000 €	2009	2008
Maintenance services	18 802	17 100
Regional maintenance and service	9 421	8 757
Research services	2 890	4 000
Other external services	17 344	15 189
Real estate tax	3 770	3 590
Rents	1 625	1 693
ICT expenses	4 327	4 400
Personnel related expenses	3 973	4 373
Corporate communications	3 429	3 090
Other expenses	12 351	11 863
Total	77 932	74 055

Auditors´ fees and not audit-related services

1 000 €	2009	2008
Audit fees	93	89
Auditors´ statements	1	8
Tax services	0	1
Other services	92	105
Total	186	203

10 FINANCE INCOME AND EXPENSES

Items included in the income statement

1 000 €	**2009**	**2008**
Dividend income on available-for-sale investments	513	773
Sales profit from available-for-sale investments	0	71
Interest income from loans and other receivables		
Nuclear waste management loan receivables from equity holders of the company	17 651	30 930
Other	6 872	3 455
Hedge accounted derivatives		
Ineffective portion of the change in fair value *	19	0
Non-hedge accounted derivatives		
Change in fair value *	350	0
Realised derivative income, net	0	9 221
Interest income from assets related to nuclear waste management	26 366	40 047
Finance income, total	51 771	84 497
Loss from available-for-sale investments	0	745
Interest expenses and other finance expenses		
To the Finnish State Nuclear Waste Management Fund	17 651	30 930
To others	18 193	17 758
Hedge accounted derivatives		
Ineffective portion of the change in fair value *	95	165
Non-hedge accounted derivatives		
Change in fair value *	14 127	22 940
Realised derivative expenses, net	5 226	0
Interest expenses of provision related to nuclear waste management	42 065	37 140
Finance expenses, total	97 357	109 678
Total	-45 586	-25 181

* The figure for the year 2008 is presented as net value.

Other comprehensive items

Other comprehensive items related to financial instruments

1 000 €	**2009**	**2008**
Cash flow hedges		
Changes in fair value, profit or loss	-11 803	-38 937
Transfer to the consolidated income statement	-620	179
Transfer to the inventories	-2 132	-1 223
Transfer to the nuclear power plant under construction	-3 395	782
Available-for-sale investments		
Changes in the fair value, profit or loss	2 326	-3 748
Transfer to the consolidated income statement	0	675
Total other comprehensive items	-15 624	-42 272

11 INCOME TAX EXPENSE

1 000 €	**2009**	**2008**
Taxes based on the taxable income of the financial year	4	4
Total	4	4

TVO operates at cost price (so called Mankala principle, see note 1), so it does not pay income tax during its operations. Taxes for the financial year consists of non-deductible expenses in taxation.

12 PROPERTY, PLANT AND EQUIPMENT

1 000 €	Land and water areas	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Construction in progress and advance payments	Decom-missioning	Total
Acquisition cost 1.1.2009	8 633	268 118	1 148 992	33 805	1 892 492	115 817	3 467 857
Increase	272	4 616	9 813	1 281	822 425	0	838 407
Decrease	0	-1 049	-1 352	-4	-6 507	-1 025	-9 937
Transfer between categories	0	11 296	7 394	8 369	-27 059	0	0
Acquisition cost 31.12.2009	8 905	282 981	1 164 847	43 451	2 681 351	114 792	4 296 327
Accumulated depreciation and impairment charges according to plan 1.1.2009	0	164 028	760 437	16 002	0	42 787	983 254
Decrease	0	-978	-1 331	-2	0	0	-2 311
Depreciation for the period	0	10 180	36 951	2 956	0	2 250	52 337
Accumulated depreciation and impairment charges according to plan 31.12.2009	0	173 230	796 057	18 956	0	45 037	1 033 280
Book value 31.12.2009	**8 905**	**109 751**	**368 790**	**24 495**	**2 681 351**	**69 755**	**3 263 047**
Book value 1.1.2009	8 633	104 090	388 555	17 803	1 892 492	73 030	2 484 603

1 000 €	Land and water areas	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Construction in progress and advance payments	Decom-missioning	Total
Acquisition cost 1.1.2008	8 391	256 426	1 138 910	30 877	1 327 279	112 789	2 874 672
Increase	242	2 308	9 908	2 537	580 393	3 028	598 416
Decrease	0	-395	-4 477	-3	-356	0	-5 231
Transfer between categories	0	9 779	4 651	394	-14 824	0	0
Acquisition cost 31.12.2008	8 633	268 118	1 148 992	33 805	1 892 492	115 817	3 467 857
Accumulated depreciation and impairment charges according to plan 1.1.2008	0	154 850	728 206	14 096	0	40 505	937 657
Decrease	0	-93	-4 361	0	0	0	-4 454
Depreciation for the period	0	9 271	36 592	1 906	0	2 282	50 051
Accumulated depreciation and impairment charges according to plan 31.12.2008	0	164 028	760 437	16 002	0	42 787	983 254
Book value 31.12.2008	**8 633**	**104 090**	**388 555**	**17 803**	**1 892 492**	**73 030**	**2 484 603**
Book value 1.1.2008	8 391	101 576	410 704	16 781	1 327 279	72 284	1 937 015

The costs for the new plant (OL3) under construction constituted EUR 2.6 billion of the advance payments in 2009 (EUR 1.8 billion in 2008).

Property, plant and equipment leased by finance lease agreements:

1 000 €	Construction in progress
Book value 1.1.2009	2 141
Increase	16
Book value 31.12.2009	2 157

1 000 €	Construction in progress
Book value 1.1.2008	2 115
Increase	26
Book value 31.12.2008	2 141

The assets acquired through financial lease agreements are accumulated as advance payments and costs for construction in progress so there is no accumulated depreciation.

13 INTANGIBLE ASSETS

1 000 €	CO_2 emission rights	Computer software	Other intangible assets	Advance payments	Total
Acquisition cost 1.1.2009	10 620	19 526	20 458	116	50 720
Increase	6 150	56	89	85	6 380
Decrease	-10 620	0	0	0	-10 620
Transfer between categories	0	0	151	-151	0
Acquisition cost 31.12.2009	6 150	19 582	20 698	50	46 480
Accumulated depreciation and impairment charges according to plan 1.1.2009	0	16 274	12 659	0	28 933
Depreciation for the period	0	629	757	0	1 386
Accumulated depreciation and impairment charges according to plan 31.12.2009	0	16 903	13 416	0	30 319
Book value 31.12.2009	**6 150**	**2 679**	**7 282**	**50**	**16 161**
Book value 1.1.2009	10 620	3 252	7 799	116	21 787

1 000 €	CO_2 emission rights	Computer software	Other intangible assets	Advance payments	Total
Acquisition cost 1.1.2008	76	19 123	20 458	0	39 657
Increase	10 620	403	0	116	11 139
Decrease	-76	0	0	0	-76
Transfer between categories	0	0	0	0	0
Acquisition cost 31.12.2008	10 620	19 526	20 458	116	50 720
Accumulated depreciation and impairment charges according to plan 1.1.2008	0	15 616	11 916	0	27 532
Depreciation for the period	0	658	743	0	1 401
Accumulated depreciation and impairment charges according to plan 31.12.2008	0	16 274	12 659	0	28 933
Book value 31.12.2008	**10 620**	**3 252**	**7 799**	**116**	**21 787**
Book value 1.1.2008	76	3 507	8 542	0	12 125

Capitalised borrowing costs included in property, plant and equipment, and intangible assets
The borrowing costs of the power plant construction in progress, OL3, have been capitalized. Realized financial income and expenses have been divided by committed capital.

Capitalised interest costs during construction

1 000 €	Other intangible assets	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Advance payments	Total
Acquisition cost 1.1.2009	3 530	31 133	112 781	2 609	184 062	334 115
Increase	0	0	0	0	95 167	95 167
Decrease	0	0	0	0	-6 089	-6 089
Transfer between categories	0	0	0	0	0	0
Acquisition cost 31.12.2009	3 530	31 133	112 781	2 609	273 140	423 193
Accumulated depreciation and impairment charges according to plan 1.1.2009	2 195	20 456	73 916	1 722	0	98 289
Depreciation for the period	106	444	1 693	34	0	2 277
Accumulated depreciation and impairment charges according to plan 31.12.2009	2 301	20 900	75 609	1 756	0	100 566
Book value 31.12.2009	**1 229**	**10 233**	**37 172**	**853**	**273 140**	**322 627**
Book value 1.1.2009	1 335	10 677	38 865	887	184 062	235 826

Capitalised interest costs during construction

1 000 €	Other intangible assets	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Advance payments	Total
Acquisition cost 1.1.2008	3 530	31 133	112 781	2 609	119 694	269 747
Increase	0	0	0	0	64 368	64 368
Decrease	0	0	0	0	0	0
Transfer between categories	0	0	0	0	0	0
Acquisition cost 31.12.2008	3 530	31 133	112 781	2 609	184 062	334 115
Accumulated depreciation and impairment charges according to plan 1.1.2008	2 088	20 012	72 223	1 689	0	96 012
Depreciation for the period	107	444	1 693	33	0	2 277
Accumulated depreciation and impairment charges according to plan 31.12.2008	2 195	20 456	73 916	1 722	0	98 289
Book value 31.12.2008	**1 335**	**10 677**	**38 865**	**887**	**184 062**	**235 826**
Book value 1.1.2008	1 442	11 121	40 558	920	119 694	173 735

14 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

1 000 €	2009	2008
1.1.	1 009	2 296
Share of profit/loss for the financial year	0	751
Dividends received	0	-418
Associated companies sold	0	-1 620
31.12.	**1 009**	**1 009**

Assets, liabilities, turnover and profit/loss as presented by the Group´s joint venture are as follows

1 000 €	Place of incorporation	Assets	Liabilities	Turnover	Profit/loss	Group share (%)
2009						
Posiva Oy	Eurajoki	22 103	20 421	58 317	0	60
2008						
Posiva Oy	Eurajoki	21 122	19 440	55 389	0	60

TVO has a 60% shareholding in Posiva Oy. Posiva is responsible for the research and implementation of final disposal of spent nuclear fuel of its shareholders TVO and Fortum Power and Heat Oy (FPH). In the consolidated financial statements Posiva is accounted by the equity method of accounting.

TVO governs Posiva Oy jointly with FPH, based on Articles of Association and Shareholders Agreement. TVO is liable for approximately 74% of Posiva´s expenses. The duty of Posiva is to carry out all tasks related to the final disposal of spent nuclear fuel of its shareholder´s nuclear power plants in Finland in order to fulfill their nuclear waste management obligation as specified in the Nuclear Energy Act. The company´s operations also include research and construction related to the final disposal solution. Management of spent fuel is carried out according to the detailed plan examined by Finnish Centre for Radiation and Nuclear Safety and approved by The Ministry of Employment and the Economy.

15 BOOK VALUES OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

1 000 €	2009	Financial assets and liabilities at fair value through profit or loss	Derivative financial instruments designated as cash flow hedges	Loans and other receivables	Available-for-sale investments	Financial liabilities measured at amortized cost	Book value total	Fair value total	Note
Non-current financial assets									
Loans and other receivables				756 496			756 496	756 496	16
Investments in shares					12 183		12 183	12 183	17
Derivative financial instruments			649				649	649	20
Current financial assets									
Trade and other receivables				83 931			83 931	83 931	16
Derivative financial instruments		404	0				404	404	20
Total by category		**404**	**649**	**840 427**	**12 183**	**0**	**853 663**	**853 663**	
Non-current liabilities									
Loans from equity holders of the company						179 300	179 300	179 300	23
Loan from the Finnish State Nuclear Waste Management Fund						750 900	750 900	750 900	23
Other financial liabilities						1 906 043	1 906 043	1 999 930	23
Derivative financial instruments			40 324				40 324	40 324	20
Current liabilities									
Current financial liabilities						482 472	482 472	482 472	23
Trade payables						18 702	18 702	18 702	20
Other current liabilities						137 235	137 235	137 235	24
Derivate financial instruments		33 772	370				34 142	34 142	24
Total by category		**33 772**	**40 694**	**0**	**0**	**3 474 652**	**3 549 118**	**3 643 005**	

1 000 €	2008	Financial assets and liabilities at fair value through profit or loss	Derivative financial instruments designated as cash flow hedges	Loans and other receivables	Available-for-sale investments	Financial liabilities measured at amortized cost	Book value total	Fair value total	Note
Non-current assets									
Loans and other receivables				700 890			700 890	700 890	16
Investments in shares					9 855		9 855	9 855	17
Derivative financial instruments			4 883				4 883	4 883	20
Current assets									
Trade and other receivables				89 120			89 120	89 120	16
Derivative financial instruments		3 063	28				3 091	3 091	20
Total by category		**3 063**	**4 911**	**790 010**	**9 855**	**0**	**807 839**	**807 839**	
Non-current liablities									
Loans from equity holders of the company						179 300	179 300	179 300	23
Loan from the Finnish State Nuclear Waste Management Fund						695 775	695 775	695 775	23
Other financial liabilities						1 321 687	1 321 687	1 336 206	23
Derivative financial instruments			43 982				43 982	43 982	20
Current liabilities									
Current financial liabilities						451 455	451 455	451 455	23
Trade payables						15 421	15 421	15 421	24
Other current liabilities						140 857	140 857	140 857	24
Derivative financial instruments		6 221	2 689				8 910	8 910	20
Total by category		**6 221**	**46 671**	**0**	**0**	**2 804 495**	**2 857 387**	**2 871 906**	

Disclosure of fair value measurements by the level of fair value measurement hierarchy

1 000 € **2009**	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial instruments at fair value through profit or loss		404	
Derivative financial instruments designated as cash flow hedges		649	
Available-for-sale investments			
Investments in listed companies	10 472		
Investments in other stocks and shares			1 711
Total	**10 472**	**1 053**	**1 711**
Financial liabilities at fair value			
Derivative financial instruments at fair value through profit or loss		33 772	
Derivative financial instruments designated as cash flow hedges		40 694	
Total	**0**	**74 466**	**0**

Fair value estimation

The book values of the floating interest rate loan receivables and other receivables are measured at amortized cost using the effective interest rate method and they are reasonable approximations of their fair value. The fair value of the current trade and other receivables approximate to their book values since the discounting effect due to short maturities is not essential.

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 balance sheet date (Level 1). For unlisted shares the fair value cannot be measured reliably, in which case the investments are carried at cost (Level 3).

The derivative financial instruments are initially recognised at fair value on the date when TVO becomes a party to the contract, and a subsequently measured at fair value on the balance sheet date. The fair values are determined using a variety of methods and financial valuation techniques, and assumptions are based on market quotations on the relevant 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 foreign exchange contracts are measured using the market rates at the balance sheet date. The fair value of the interest rate options is calculated using market rates at the balance sheet date and by using the Black and Scholes option valuation model. The changes in fair value of the interest rate swaps and forward foreign exchange contracts are recognised in equity or profit of loss, depending on whether they are designated as and qualifying for cash flow hedges or not. The changes in fair value of interest rate options that do not qualify for hedge accounting are presented under the income statement.

The book values of the non-current financial liabilities and current interest-bearing liabilities are measured at amortized cost using the effective interest rate method. The book values of the floating interest rate loans are reasonable approximations of their fair value. The fair value of the fixed interest rate loans has been calculated by discounting future cash flows at the appropriate market interest rates prevailing at balance sheet date (premiums excluded), which were 0.4 - 4.0% (2.4 - 3.9%). The book values of the current non-interest-bearing liabilities are reasonable approximations of their fair value.

Pursuant to private placements, TVO has issued USD-, GBP-, SEK- and NOK-denominated fixed or floating rate Senior Unsecured Notes amounting to EUR 273,5 million which have been swapped into EUR floating or fixed rates using cross-currency interest rate swaps. Each transaction as a whole is treated as long-term fixed or floating rate EUR funding respectively in the financial statements.

16 LOANS AND OTHER RECEIVABLES

Loans and other receivables (non-current assets)

1 000 €	2009	2008
Nuclear waste management loan receivables from parent company	426 817	395 498
Nuclear waste management loan receivables from others	324 083	300 277
Loan receivables	5 596	5 115
Total	756 496	700 890

According to section 52 of the Nuclear Energy Act, TVO, in exchange for collateral payments, is entitled to receive fixed-term loans from the Finnish State Nuclear Waste Management Fund, the amount which cannot be larger than 75% of the latest confirmed TVO´s share in the Finnish State Nuclear Waste Management Fund. The nuclear waste management loan receivables formed by the amount loaned from the Finnish State Nuclear Waste Management Fund, has been further loaned (with the same terms and conditions) to the equity holders of the company and to Fortum Oyj.

There is no credit risk connected to loans and other receivables.

Trade and other receivables (current assets)

1 000 €	2009	2008
Trade receivables from parent company	32 772	25 943
Trade receivables from others	23 029	20 680
Loan receivables	374	1 094
Prepayments and accrued income from parent company	10 033	17 581
Prepayments and accrued income from others	12 755	23 082
Other receivables	4 968	739
Total	83 931	89 119

Prepayments and accrued income include prepaid interests, accrued interest income, other accrued income and other prepaid expenses.

During the current or the previous accounting period the Group has not recognised credit losses or impairments for trade or other receivables. The maximum credit loss risk of trade and other receivables corresponds to their book value. On 31 December 2009 the Group had EUR 1,161 (1,411) thousand overdue receivables of which EUR 940 (693) thousand was overdue more than six months. The overdue receivables are not expected to cause the Group credit losses or impairments.

17 AVAILABLE-FOR-SALE INVESTMENTS

1 000 €	**2009**	**2008**
Investments in listed companies	10 472	8 146
Investments in other stocks and shares	1 711	1 709
Total	12 183	9 855

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of on-hand cash, demand deposits and other current, liquid investments.

19 INVENTORIES

1 000 €	**2009**	**2008**
Coal		
Replacement cost	19 960	17 161
Book value	19 840	20 189
Difference	120	-3 028
Uranium		
Replacement cost	86 580	94 789
Book value	37 936	35 646
Difference	48 644	59 143
Coal	19 840	20 189
Raw uranium	37 936	35 646
Nuclear fuel	124 898	121 321
Supplies	4 230	4 116
Total	186 904	181 272

20 DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial agreements *		Maturity structure					
1 000 €	**2009**	< 1 year	1-3 years	3-5 years	5-7 years	> 7 years	Total
Interest rate option agreements							
Purchased		600 000	210 000	0	0	0	810 000
Written		600 000	210 000	0	0	0	810 000
Interest rate swaps		230 000	310 000	610 000	30 000	88 446	1 268 446
Forward foreign exchange contracts		28 731	37 487	42 684	21 659	0	130 561
Total		**1 458 731**	**767 487**	**652 684**	**51 659**	**88 446**	**3 019 007**

Nominal values of the derivative financial agreements *		Maturity structure					
1 000 €	**2008**	< 1 year	1-3 years	3-5 years	5-7 years	> 7 years	Total
Interest rate option agreements							
Purchased		480 000	780 000	30 000	0	0	1 290 000
Written		480 000	780 000	30 000	0	0	1 290 000
Interest rate swaps		380 000	160 000	370 000	580 000	88 446	1 578 446
Forward foreign exchange contracts		30 971	40 585	32 312	43 088	0	146 956
Total		**1 370 971**	**1 760 585**	**462 312**	**623 088**	**88 446**	**4 305 402**

Fair values of the derivative financial agreements *				
1 000 €	**2009**	Positive	Negative	Total
Interest rate option agreements (non-hedge accounted)				
Purchased		114	0	114
Written		0	-7 519	-7 519
Interest rate swaps (hedge-accounted)		0	-36 795	-36 795
Interest rate swaps (non-hedge accounted)		159	-25 712	-25 553
Forward foreign exchange contracts (hedge accounted)		649	-3 899	-3 250
Forward foreign exchange contracts (non-hedge accounted)		131	-541	-410
Total		**1 053**	**-74 466**	**-73 413**

Fair values of the derivative financial agreements *				
1 000 €	**2008**	Positive	Negative	Total
Interest rate option agreements (non-hedge accounted)				
Purchased		1 914	0	1 914
Written		0	-4 841	-4 841
Interest rate swaps (hedge-accounted)		0	-42 339	-42 339
Interest rate swaps (non-hedge accounted)		1 150	-1 380	-230
Forward foreign exchange contracts (hedge accounted)		4 911	-4 333	578
Forward foreign exchange contracts (non-hedge accounted)		0	0	0
Total		**7 975**	**-52 893**	**-44 918**

* Cross-currency interest rate swaps related to Private Placements not included (see note 15 Book values of financial assets and liabilities by categories).

21 EQUITY

The registered share capital of the company according to the Articles of Association is EUR 461,692,000 which was increased by EUR 100,000,000 during the financial year. On 31 December 2008 the share capital of the company was EUR 361,692,000. TVO does not have a maximum or minimum limit for the share capital. The number of the shares on 31 December 2009 was 1,257,280,792. The shares are divided into the three series of shares as follows: A series 680,000,000, B series 542,997,062 and C series 34,283,730 shares. During 2009 the number of the B series shares increased by 94,813,692. All shares have been fully paid. The shares have no nominal price as is stipulated in the Finnish Limited Liability Companies Act.

On 30 March 2009 the Shareholders´ Meeting decided on a share issue of 94,813,692 shares according to which the increase in B series share capital for EUR 100,000,000 was paid in November and registered in December 2009.

According to the Articles of Association, TVO delivers electricity to its shareholders on the so-called Mankala principle, i.e. it delivers the electricity produced or procured to its shareholders in proportion to their shareholding in each series. Each of the shareholders of each series is liable for the variable and fixed annual costs that are specified in detail in the Articles of Association. The Company prepares annually a balance sheet divided into series of shares. The balance sheet, which will be presented to the Shareholders´ Meeting, specifies the assets, liabilities and equity of the different series of shares.

Share number reconciliations:

1 000 €	Number of shares	Share capital	Share premium reserve	Share issue
1.1.2008	1 071 825 211	266 092	242 383	95 600
Share issue	90 641 889	95 600	0	-95 600
31.12.2008	1 162 467 100	361 692	242 383	0
Share issue	94 813 692	100 000	0	0
31.12.2009	**1 257 280 792**	**461 692**	**242 383**	**0**

The company has three registered share series: A, B and C.

Share number	**31.12.2009**	**31.12.2008**
A series	680 000 000	680 000 000
B series	542 997 062	448 183 370
C series	34 283 730	34 283 730
Total	1 257 280 792	1 162 467 100

The following list describes the equity components:

Share premium reserve
The share premium reserve contains the share premiums of the share issues, EUR 232,435 thousand.

Statutory reserve
The statutory reserve consists of EUR 9,948 thousand paid by Imatran Voima Oy, the predecessor of Fortum Power and Heat Oy, in 1979 when it became an equity holder in the company.

Fair value and other reserves
Profits and losses incurred by fair value changes of available-for-sale investments and derivatives used as cash flow hedges are entered in this reserve. The fair changes of derivatives are transferred to the profit/loss statement, when the cash flows they have been hedging have been realised. Fair value changes in available-for-sale investments are transferred to the income statement, when the investments are relinquished or their value diminishes.

Retained earnings
This item contains the earnings from previous financial periods and the profit/loss of the financial year.

22 PROVISIONS

Environmental provisions

1 000 €	**2009**	**2008**
1.1.	365	1 200
Increase during the year	0	0
Used during the year	-365	-835
31.12.	**0**	**365**

The nuclear waste management provision is presented in note 25 Assets and provision related to nuclear waste management obligations.

23 INTEREST-BEARING LIABILITIES

1 000 €	**2009**	**2008**
Non-current interest-bearing liabilities		
Shareholders´ loans to parent company *	107 995	107 995
Shareholders´ loans to others *	71 305	71 305
Loan from the Finnish State Nuclear Waste Management Fund	750 900	695 775
Bonds	926 893	0
Bank loans	890 638	1 233 106
Loans from others	88 446	88 446
Finance leasing liabilities	66	135
Derivative financial instruments	40 324	43 982
Total	2 876 567	2 240 744
Current interest-bearing liabilities		
Bank loans	173 170	113 464
Other interest-bearing liabilities (Commercial paper program)	309 233	337 572
Finance leasing liabilities	69	419
Derivative financial instruments	34 142	8 910
Total	516 614	460 365
Total	3 393 181	2 701 109

* Subordinated loans.

Maturity period of finance lease liabilities

1 000 €	**2009**	**2008**
Finance lease liabilities - minimum lease payments		
No later than one year	73	435
Later than one year and no later than five years	68	140
Total	141	575
Finance lease liabilities - current value of minimum rents		
No later than one year	69	419
Later than one year and no later than five years	66	135
Total	135	554

The finance lease liabilities of the Group comprise the lease agreement of the office building.

24 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Advances received

1 000 €	**2009**	**2008**
Advances received from parent company	11 770	10 382
Advances received from others	9 173	8 239
Total	20 943	18 621

Trade payables

1 000 €	**2009**	**2008**
Trade payables from parent company	106	1
Trade payables from others	18 596	15 420
Total	18 702	15 421

Other current liabilities

1 000 €	**2009**	**2008**
Accruals and deferred income to parent company	204	491
Accruals and deferred income to others	129 797	134 229
Other liabilities	7 234	6 137
Total	137 235	140 857

Accruals and deferred income to others are allocated as follows:

1 000 €	**2009**	**2008**
Finnish State Nuclear Waste Management Fund	61 236	64 895
Accrued interests	40 752	21 470
Accrued personnel expenses	13 116	11 470
Accruals related to CO_2 emission rights	7 134	18 033
Other accruals and deferred income	7 559	18 361
Total	129 797	134 229

25 ASSETS AND PROVISION RELATED TO NUCLEAR WASTE MANAGEMENT OBLIGATION

Share in the Finnish State Nuclear Waste Management Fund

Under the Nuclear Energy Act in Finland, TVO has a legal obligation to fully fund the legal liability for nuclear waste including the decommissioning of the power plant through the Finnish State Nuclear Waste Management Fund (=nuclear waste management obligation).

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 carrying value of the fund in TVO´s balance sheet is calculated according to the interpretation in IFRIC 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds".

Provision related to the nuclear waste management obligation

The provision is related to future obligations for decommissioning of the power plant and management of spent fuel and operating waste. The fair value of the provision is calculated according to IAS 37 based on discounted future cash flows which are based on estimated future expenses. The cost estimate is based on a nuclear waste management plan covering the management of spent nuclear fuel and operating waste and decommissioning of the nuclear power plant. The plan was updated in 2009 and the effect of functional changes like revised timetable has been included in the cash flows.

At the end of the year, the balance sheet contains the following assets and liabilities concerning the nuclear waste management obligation:

1 000 €	**2009**	**2008**
The carrying value of TVO´s share in the Finnish State Nuclear Waste Management Fund (non-current assets)	633 484	599 789
Provision related to nuclear waste management (non-current liabilities)		
Beginning of the year	599 789	568 121
Increase in provision	15 527	17 145
Used provision	-23 897	-22 616
Changes due to discounting	42 065	37 139
End of the year	633 484	599 788
The discount rate %	5.2	5.2

TVO´s legal liability and share in the Finnish State Nuclear Waste Management Fund

TVO´s legal liability as stated in the Nuclear Energy Act and the company´s share in the Finnish State Nuclear Waste Management Fund at the end of year are as follows:

1 000 €	**2009**	**2008**
Liability for nuclear waste management according to the Nuclear Energy Act	1 160 700	1 137 600
TVO´s funding target obligation 2009 (2008) to the Finnish State Nuclear Waste Management Fund	1 069 800	1 001 200
TVO´s share in the Finnish State Nuclear Waste Management Fund 31.12.2009 (31.12.2008)	1 026 180	968 551
Difference between the liability and TVO´s share of the fund 31.12.2009 (31.12.2008)	134 520	169 049

The legal liability calculated according to the Nuclear Energy Act in Finland and decided by the supervising authority (Ministry of Employment and the Economy) is EUR 1,160.7 (1,137.6) million on 31 December 2009 (31 December 2008). The carrying value of the liability in the balance sheet calculated according to IAS 37 is EUR 633.5 (599.8) million on 31 December 2009. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

TVO´s share in the Finnish State Nuclear Waste Management Fund is EUR 1,026.2 (968.6) million on 31 December 2009. The carrying value of the TVO´s share in the fund in the balance sheet is EUR 633.5 (599.8) million. The difference is due to the fact that IFRIC 5 limits the carrying amount of TVO´s interest in the Finnish State Nuclear Waste Management Fund to the amount of the related liability since TVO does not have control over the Finnish State Nuclear Waste Management Fund.

The difference between the funding target and the share in the Finnish State Nuclear Waste Management Fund at the end of 2009 is due to the annual adjustment of the liability amount and the funding target. The difference is due to timing, as the annual statutory funding target obligation will be paid during the first quarter of the following year. The difference between the legal liability calculated according to the Nuclear Energy Act and TVO´s funding target obligation for 2010 is due to the section 46 of the Nuclear Energy Act, the Council of State accepted to periodise the funding target obligation for the years 2008 - 2012. TVO has issued to 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 26: Obligations and other commitments.

TVO utilises the right to borrow funds back from the Finnish State Nuclear Waste Management Fund in accordance with the defined rules. The loans are included in the interest-bearing liabilities; see note 23: Interest-bearing liabilities.

26 OBLIGATIONS AND OTHER COMMITMENTS

Operating leases
Group as lessee
Minimum rents to be paid based on non-cancellable lease agreements:

1 000 €	2009	2008
No later than one year	237	245
Later than one year and no later than five years	246	104
Total	483	349

Then rents recognised as expenses during the period are as follows:

1 000 €	2009	2008
Rents	311	279
Total	311	279

Non-cancellable lease agreements have been made for the office equipment and vehicles.

Pledged promissory notes and financial guarantees

1 000 €	2009	2008
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	750 900	695 775
Guarantees given by shareholders related to the nuclear waste management obligation	253 570	264 700

The company under the nuclear waste management obligation is entitled to borrow an amount equal to 75% of its share in the Finnish State Nuclear Waste Management Fund. TVO has lent the funds borrowed from the fund to its shareholders and has pledged the receivables from the shareholders as collateral for the loan.

The absolute guarantees given by the equity holders of the company are given to cover the unfunded portion of the nuclear waste management obligation and unexpected events as determined in the Nuclear Energy Act.

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

1 000 €	2009	2008
OL1 and OL2	69 000	89 300
OL3	686 000	1 174 000
Total	755 000	1 263 300

Pending Court Cases and Disputes
In December 2008, TVO was informed by the International Chamber of Commerce (ICC) that the AREVA-Siemens Consortium (the Supplier) had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. The Supplier´s monetary claim is approximately EUR 1 billion. About one half of the claimed amount relates to alleged additional cost on account of the delay. The remainder relates to milestone payments pursuant to the OL3 Plant Contract that in TVO´s opinion had not yet become payable. TVO has considered and found the claim by the Supplier to be without merit.

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

TVO is also involved in another ICC arbitration proceeding under the ICC rules concerning the costs of a technically resolved issue in connection with the construction work at OL3. The amount is minor in the context of the value of the project.

Arbitration proceedings may continue for several years.

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

CO_2 emission rights
In principle TVO has, on 31 December, emission rights at least the same amount as the actual annual emissions are. If the actual emissions exceed the amount of the emission rights that TVO possesses, TVO has booked the expense for exceeding emission rights at the market value on 31 December.

	2009		2008	
	t CO_2	1 000 €	t CO_2	1 000 €
Granted emission rights	296 281		296 283	
Total annual emissions from production facilities	692 466		661 466	
Possessed emission rights	695 829		660 731	
Emission rights sold *	83 000	967	100 000	2 246
Emission rights and emission right reductions bought **	482 548	6 163	464 448	10 151
The SWAP trade of emission rights (EUA) and emission right reductions (CER) ***				
Emission rights sold (EUA)	0	0	33 000	748
Emission right reductions bought (CER)	0	0	33 000	524

TVO is, based on the electricity production during 2000 - 2003 of TVO´s share in the Meri-Pori coal-fired power plant, entitled to a correnponding share of gratuitous emission rights. TVO is responsible for the amount of emission rights corresponding to its share of the production of the plant.

* The sales of the emission rights are included in turnover.

*** The purchases of the emission rights are included in materials and services. The emission rights that TVO possesses on 31 December are included in intangible assets on the balance sheet.

*** SWAP-trade means sales of emission rights (EUA) and the concurrent purchase of emission right reductions (CER), which means the exchange of EUA-units to corresponding amount of CER-units.

27 RELATED PARTY

The Group´s related parties include parent company Teollisuuden Voima Oyj and its subsidiaries and joint venture. The related parties also include the Board of Directors and the Executive Management including the President and CEO and Deputy CEO.

Groups´ parent company and subsidiaries

Company	Home country	Ownership (%)	Share in voting rights (%)
Teollisuuden Voima Oyj	Finland		
TVO Nuclear Services Oy	Finland	100	100
Olkiluodon Vesi Oy	Finland	100	100
Perusvoima Oy	Finland	100	100

Transactions with related parties are as follows

2009	Sales	Purchases	Receivables	Liabilities
Posiva Oy (joint venture)	7 152	42 757	5 881	0

2008	Sales	Purchases	Receivables	Liabilities
Polartest Oy (associated company)	75	5 411	0	0
Posiva Oy (joint venture)	6 633	40 463	5 403	2

Teollisuuden Voima Oyj´s shareholders
In addition the Group related parties are TVO´s parent company Pohjolan Voima Oy (PVO) and UPM-Kymmene Oyj (UPM) which has significant ownership of PVO. The Group related parties are also Fortum Power and Heat Oy and its parent company Fortum Oyj.

The transactions between TVO and the parent company PVO are itemized in balance sheet item in question.

Senior management´s employee benefits
The senior management of TVO comprises the Board of Directors and the Executive Management including President and CEO and Deputy CEO. The Group has no business transactions with senior management.

1 000 €	**2009** Senior management	**2008** Senior management
Wages, salaries and other short-term benefits	1 664	1 904
Total	1 664	1 904

Some of the Executive Management have option to retire at the age of 60, some at the age of 63.

28 EVENTS AFTER THE BALANCE SHEET DATE

No major reportable events or changes have taken place after the end of year in review.

29 FINANCIAL RISK MANAGEMENT

Finance and financial risk management are centrally administered by the finance department of TVO in accordance with the Finance Policy approved by the Board of Directors. TVO´s activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk. These do not include the receivables and obligations between the Company and its owners, as the Company operates under the Mankala principle, see note 1: General information on the group.

TVO has two guiding financial principles. Firstly, to ensure TVO´s access to adequate liquidity reserves and secondly to reduce volatility in cash flows deriving form short- and medium-term changes in the financial markets.

In accordance with the Finance Policy of the Company, derivative financial instruments are entered into only with hedging purposes and the aim is that they qualify for hedge accounting under IFRS.

Liquidity risk

Liquidity and refinancing risk is defined as the amount by which earnings and/or cash flows are affected as a result of the Company not being able to secure sufficient financing. In addition to sufficient liquid assets and committed credit lines TVO seeks to diminish the refinancing risk by spreading the dates of maturities of its loans and financing sources as much as possible across different markets.

In accordance with the Finance Policy of TVO, the maturities and refinancing of long-term loans are planned so that not more than 25 per cent of the outstanding loans mature during the next 12 months. The loans borrowed from the Finnish State Nuclear Waste Management Fund, which have been lent further to the shareholders, form an exemption.

TVO uses its domestic commercial paper program for short-term funding purposes. There shall always exist committed credit lines with a minimum duration of 12 months for an amount corresponding to the funding needs of the Company for the following 12 months.

In addition to long-term committed credits the Company shall maintain liquid assets at an amount stated in the Finance policy. In accordance with the Finance Policy, bank deposits, certificates of deposits of banks, commercial papers, municipal papers and treasury notes as well as money market funds are used as investments. Investments are mostly for the short-term (under 12 months).

Undiscounted cash flows of financial liabilities
2009

1 000 €	2010	2011	2012	2013	2014-	Total
Loans from financial institutions *	173 170	11 645	241 243	90 485	557 942	1 074 485
Financing costs **	26 109	32 224	33 547	26 007	122 352	240 239
Loans from equity holders of the company					179 300	179 300
Financing costs	4 048	5 996	7 241	8 063	121 887	147 235
Loan from the Finnish State Nuclear Waste Management Fund ***					750 900	750 900
Financing costs	17 651	10 096	15 656	23 090	25 305	91 798
Bonds					935 086	935 086
Financing costs	49 080	54 606	54 131	54 555	181 649	394 021
Loans from others					88 446	88 446
Financing costs	2 453	3 173	3 986	4 370	25 953	39 935
Finance lease liabilities	73	68				141
Commercial papers	310 700					310 700
Other liabilities	53 745					53 745
Interest rate derivatives	40 966	21 338	11 828	6 537	2 440	83 109
Forward foreign exchange contracts	28 731	26 430	11 057	21 255	43 088	130 561
Total	706 726	165 576	378 689	234 362	3 034 348	4 519 701

1 000 €	2010	2011	2012	2013	2014-	Total
Net cash flow of Forward foreign exchange contracts (fair value)	-780	-1 990	-324	-183	-382	-3 659

* Repayments in 2010 are included in current liabilities in the balance sheet.
** In addition to interest costs financing costs include commitment fees.
*** The loan from the Finnish State Nuclear Waste Management Fund has no actual date of maturity, but is here treated as a five year loan.

As of 31 December 2009, TVO had committed credit facilities of EUR 2,217.1 million. The undrawn and available amount of the committed credit facilities amounted to EUR 1,721.7 million. The committed credit facilities matures in 2012. In addition, TVO´s B series shareholders are committed to provide a EUR 300 million subordinated shareholder´s loan to TVO. The commitment matures in 2013.

Undiscounted cash flows of financial liabilities
2008

1 000 €	2009	2010	2011	2012	2013-	Total
Loans from financial institutions *	113 464	132 628	11 645	579 311	517 178	1 354 226
Financing costs **	54 551	38 350	42 587	34 387	56 496	226 371
Loans from equity holders of the company				0	179 300	179 300
Financing costs	8 250	6 069	8 121	8 058	121 928	152 426
Loan from the Finnish State Nuclear Waste Management Fund ***				0	695 775	695 775
Financing costs	23 060	21 214	18 675	21 061	21 778	105 788
Bonds						0
Financing costs						0
Loans from others					88 446	88 446
Financing costs	5 116	3 789	4 064	4 620	30 457	48 046
Finance lease liabilities	434	73	68			575
Commercial papers	347 500					347 500
Other liabilities	69 422					69 422
Interest rate derivatives	5 252	22 059	9 995	7 676	8 487	53 469
Forward foreign exchange contracts	30 971	14 155	26 430	11 057	64 343	146 956
Total	658 020	238 337	121 585	666 170	1 784 188	3 468 300

1 000 €	2009	2010	2011	2012	2013-	Total
Net cash flow of Forward foreign exchange contracts (fair value)	-2 662	-223	-840	258	4 045	578

* Repayments in 2009 are included in current liabilities in the balance sheet.
** In addition to interest costs financing costs include commitment fees.
*** The loan from the Finnish State Nuclear Waste Management Fund has no actual date of maturity, but is here treated as a five year loan.

As of 31 December 2008, TVO had committed credit facilities of EUR 2,217.1 million. The undrawn and available amount of the committed credit facilities amounted to EUR 1,514.0 million. The committed credit facilities matures in 2012.

Market risk

Currency risk
TVO is exposed to currency risk mainly in connection with its fuel purchases. The currency of purchases of raw uranium, enrichment and coal is frequently USD. Hedging of a currency denominated purchase is commenced, when a fixed term agreement is entered into and the forecasted currency risk becomes highly probable. Both short-term and long-term loans are withdrawn mainly in euros. The capital of loans denominated in other currencies than euros are hedged latest at the date of loan withdrawal.

Currency swaps, forward foreign exchange contracts and options can be used to hedge the currency exposure.

Interest rate risk
Interest-bearing liabilities expose the Company to interest rate risk. The objective of the Company´s interest rate risk management to maintain the interest costs at as low level as possible and to diminish the volatility of interest costs. In accordance with the Finance Policy, the duration of the loan portfolio of the Company (including commitments) can fluctuate between 30 and 42 months. At the balance sheet date the duration was 38 (34) months.

The average interest rate duration can be changed with loans with fixed interest rates, interest rate swaps, interest rate forwards as well as with interest rate cap and floor instruments.

Sensitivity to market risks
Sensitivity to market risks arising from financial instruments as required by IFRS 7.

	2009		**2008**	
1 000 €	Income statement	Equity	Income statement	Equity
+ 10% change in EUR/USD exchange rate	-950	-10 820		-12 715
- 10% change in EUR/USD exchange rate	950	10 820		12 715
1% upward parallel shift in interest rates	2 389	24 507	-3 761	41 964
1% downward parallel shift in interest rates	-3 573	-24 482	201	-45 180

Assumptions:
The change in EUR/USD exchange rate is assumed to be +/- 10%.
The USD-denominated position includes the Forward foreign exchange contracts which are designated as cash flow hedges and recognised in equity and the Forward foreign exchange contracts not qualified as cash flow hedges, affecting the income statement.

The variation in interest rates is assumed to be 1% parallel shift in the interest rate curve.
The interest rate risk position includes the floating interest rate loan receivables, interest-bearing borrowing and the interest rate derivatives.
The income statement is affected by the interest-bearing loan receivables, floating interest rate borrowings and the interest rate derivatives, excluding those interest rate derivatives that are designated as and qualifying for cash hedges, which are recognised in eguity.

Credit risk
Credit risk arises from the potential failure of a counterparty to meet its contractual payment obligations. Commercial trade receivables as well as receivables from financial institutions that relate to investments and transactions involving financial instruments expose the Company to credit risk. In addition to money market funds, financial institutions with a long-term credit rating of at least A- (Standard&Poor´s) or A3 (Moody´s) or A- (Fitch) are accepted as counterparts. In addition, for OTC derivative financial instrument contracts, TVO has in place a master agreement in the form of an ISDA agreement with the counterparts.

Fuel price risk
Power generation of the group requires the use of fuels that are purchased from global markets. The main fuels used by Group are uranium and coal.

TVO purchases the uranium fuel from the global markets. Purchasing comprises four stages: purchases of uranium concentrate, conversion, enrichment and fuel fabrication. TVO uses in each of these stages long-term purchases from different suppliers. Purchase policy is used to guarantee the availability of fuel and to minimise price risk. This includes storage strategy, diversified long-term purchase agreements as well as using a variety of pricing formulas as an attempt to avoid and mitigate, especially, the impact of temporary large uranium price fluctuations.

Purchases of coal are made under purchase agreements so that the Company, at a maximum, maintains an inventory corresponding to approximately the amount of coal used in the production in one year.

TVO has not used financial instruments to hedge the price risk exposure.

Capital risk management
TVO´s objective when managing capital is to secure sufficient equity and equity-like funding that safeguards the company´s diversified sources of funding.

The Group´s objective is to have an equity ratio (IFRS) in the long-term at a level of approximately 25%. When calculating the equity ratio, the loan from the Finnish State Nuclear Waste Management Fund and the provision related to nuclear waste management are excluded. The loans from equity holders of the company are treated as equity.

TVO has no financial covenants in its loan agreements. However, according to the terms in some loan agreements, in a situation where TVO´s Equity ratio according to IFRS fall below 25%, the company is obligated to offer a repayment of the loan capital.

The equity ratio monitored by TVO´s management

	2009	2008
Equity ratio (%) (IFRS, Group) *	28.4	33.4
Equity ratio (%) (Parent company) **	28.8	33.1

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

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

TEOLLISUUDEN VOIMA OYJ

INCOME STATEMENT

1 000 €	Note	1.1. - 31.12.2009	1.1. - 31.12.2008
Turnover	1	**295 886**	**245 063**
Work performed for own purpose	2	10 295	10 366
Other income	3	16 080	27 744
Materials and services	4	-146 358	-131 036
Personnel expenses	5	-55 372	-55 024
Depreciation and write-downs	6	-51 468	-49 165
Other expenses	7	-78 262	-74 197
Operating profit/loss		**-9 199**	**-26 249**
Financial income and expenses	8	-16 152	-12 099
Profit/loss before extraordinary items		**-25 351**	**-38 348**
Extraordinary items +/-	9	967	969
Profit/loss before appropriations and taxes		**-24 384**	**-37 379**
Appropriations	10	24 384	46 739
Profit/loss for the financial year		**0**	**9 360**

BALANCE SHEET

1 000 €	Note		31.12.2009		31.12.2008
Assets					
Non-current assets					
Intangible assets	11		16 406		22 086
Tangible assets	11		3 134 091		2 387 843
Investments					
Holdings in Group companies	12	1 247		1 247	
Other investments	12	760 856	762 103	706 046	707 293
Total non-current assets			3 912 600		3 117 222
Current assets					
Inventories	13		186 904		181 272
Long-term receivables	14		750		756
Current receivables	15		162 615		116 376
Marketable securities	16		0		187 600
Cash and cash equivalents			114 628		14 043
Total current assets			464 897		500 047
Total assets			**4 377 497**		**3 617 269**
Equity and liabilities					
Equity					
Share capital	17		461 692		361 692
Share premium reserve	17		232 435		232 435
Statutory reserve	17		9 948		9 948
Retained earnings (loss)	17		9 360		0
Profit/loss for the financial year	17		0		9 360
Total equity			713 435		613 435
Appropriations			150 135		174 519
Provisions			0		365
Liabilities					
Non-current liabilities	18,19		1 924 848		1 329 209
Shareholders´ loans	18		179 300		179 300
Loan from the Finnish State Nuclear Waste Management Fund	18		750 900		695 775
Current liabilities	20		658 879		624 666
Total liabilities			3 513 927		2 828 950
Total equity and liabilities			**4 377 497**		**3 617 269**

CASH FLOW STATEMENT

1 000 €	2009	2008
Operating activities		
Operating profit/loss	-9 200	-26 249
Adjustments to operating profit /loss *	50 979	38 405
Changes in working capital **	-50 746	332
Interest paid and other financial expenses	-43 996	-33 292
Dividends received	513	1 190
Interest received	37 741	27 546
Cash flow from operating activities	**-14 709**	**7 932**
Investing activities		
Acquisition of shares	-4	-180
Acquisition of non-current assets	-801 320	-590 208
Proceeds from sale of other investments	198	10 578
Proceeds from sale of intangible and tangible assets	17	149
Loan receivables granted	-55 243	-48 259
Repayments of loans granted	356	311
Cash flow from investing activities	**-855 996**	**-627 609**
Financing activities		
Share issue	100 000	95 600
Withdrawals of long-term loans	1 331 441	848 389
Repayment of long-term loans	-620 972	-66 951
Increase (-) or decrease (+) in interest-bearing receivables	2	41
Increase (+) or decrease (-) in short-term interest-bearing liabilities	-28 339	-136 493
Group contribution received	1 558	45
Cash flow from financing activities	**783 690**	**740 631**
Change in cash and cash equivalents	**-87 015**	**120 954**
Cash and cash equivalents January 1	201 643	80 689
Cash and cash equivalents December 31	**114 628**	**201 643**

* Adjustments to operating profit/loss		
Depreciation and write-downs	51 469	49 165
Gain (-) or loss (+) from divestment of non-current assets	-125	-9 925
Other non-cash flow income and expenses	-365	-835
Total	50 979	38 405
** Changes in working capital		
Increase (-) or decrease (+) in inventories	-5 632	-21 533
Increase (-) or decrease (+) in non-interest-bearing receivables	-51 526	-10 485
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	6 412	32 350
Total	-50 746	332

TEOLLISUUDEN VOIMA OYJ
NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2009

ACCOUNTING PRINCIPLES

1 VALUATION PRINCIPLES

1.1 Non-current assets and their depreciation

Non-current assets have been capitalized at direct acquisition cost including interest costs over the period of construction less planned depreciation and received allowances. Depreciation according to plan is calculated on a straight-line basis according to the estimated useful economic lives.

The depreciation periods are as follows:

OL1 and OL2 nuclear power plant units	
Basic investment	61 years
Investments made according to the modernization programme	21–35 years
Automation investments associated with the modernization	15 years
Additional investments	10 years
TVO´s share in the Meri-Pori coal-fired power plant	25 years
Wind power plant	10 years
TVO´s share in the Olkiluoto gas turbine power plant	30 years.

1.2 Valuation of inventories

Materials and supplies have been valued at direct acquisition cost, coal on the basis of the FIFO principle (first in, first out), nuclear fuel according to calculated fuel consumption, and supply stocks at average acquisition cost. If the replacement value of inventories on 31 December is lower than the original acquisition cost, the difference will not be entered in the books as an expense because the company operates under the so-called Mankala principle (at cost price).

1.3 CO_2 emission rights

Emission rights are booked at historical cost. A current liability is recognised to cover the obligation to return acquired emission rights. If there are not enough emission rights to cover the return obligation, the current liability is booked for the deficit of emission rights at market price. The cost of emission rights is recognised in the income statement within materials and services. The income of the emission rights sold is compensated to the shareholders. Purchased emission rights have been entered in the balance sheet under intangible rights. Gratuitous emission rights are assets not included in the balance sheet.

1.4 Research and development costs

Research and development costs associated with production activity are entered as annual costs for the year in which they were incurred.

1.5 Items denominated in foreign currency

Transactions in foreign currency have been entered at the relevant exchange rate or at the transaction rate for purchase and sale of foreign currency. On the balance sheet date exchange rate differences on foreign currency accounts have been entered in the income statement under financial income and expenses.

1.6 Valuation of financial instruments

1.6.1 Marketable securities

Marketable securities comprise liquid shares in short-term money market funds and certificate of deposits. Marketable securities are valued in the balance sheet at their original acquisition cost. They are included in cash and cash equivalents in the cash flow statements.

1.6.2 Derivative financial instruments

Derivative financial instruments have not been entered on the balance sheet. Their nominal values and market values are presented in the notes to the financial statements.

Interest rate duration of floating rate loans has been prolonged with interest rate swap, cap and floor agreements. Interest costs of these agreements have been entered on accrual basis and shown in net amount under financial income and expenses. The premiums on interest options have been accrued for the period during which the agreements are valid.

Payments of USD denominated inventory acquisitions have been hedged with currency forward contracts. The realized exchange rate differences of derivative financial instruments have been entered to adjust the acquisition cost of inventories.

2 ITEMS RELATED TO NUCLEAR WASTE MANAGEMENT LIABILITY

Nuclear waste management obligation is provided for in the Nuclear Energy Act. The obligation covers all future costs from nuclear waste handling including decommissioning of nuclear power plant units, costs for final disposal of spent nuclear fuel and the risk margin, decommissioning being assumed to start at the end of the year in question.

At the beginning of the calendar year, the Ministry of Employment and the Economy confirms the legal liability of the company for nuclear waste management as of the end of the previous calendar year and the funding obligation target for the calendar year.

The company liable for nuclear waste management shall pay its contribution to the Finnish State Nuclear Waste Management Fund so that the company´s share in the Fund on 31 March is equal to the company funding obligation target confirmed for the calendar year in question.

The annual contribution to the Finnish State Nuclear Waste Management Fund and costs from nuclear waste management and services are entered as annual expenses. The nuclear waste management fee is based on the company´s proposal. If the nuclear waste management fee set by the Finnish State Nuclear Waste Management Fund differs from the amount proposed by the company, the difference is entered in the accounts for the following financial year.

Nuclear waste management liability and the company´s share in the Finnish State Nuclear Waste Management Fund are presented in the notes to the financial statements.

The company must supply the Ministry with guarantees to cover for the difference between the legal nuclear waste management liability and the company´s share in the Finnish State Nuclear Waste Management Fund as well as for unforeseen expenses in nuclear waste management. Guarantees are presented in the notes to the financial statements.

A company, liable for nuclear waste management, or its shareholders, are entitled to a loan from the Finnish State Nuclear Waste Management Fund corresponding to 75% of the company´s share in the Fund. TVO uses the right to borrow back and loans the funds borrowed from the Fund further to its shareholders.

3 PARENT COMPANY

Teollisuuden Voima Oyj is part of the Pohjolan Voima Group. The parent company of the Pohjolan Voima Group is Pohjolan Voima Oy, which is domiciled in Helsinki.

Copies of Pohjolan Voima´s consolidated financial statements are available from the headquarters of the Pohjolan Voima Group, Töölönkatu 4, 00100 Helsinki.

1 TURNOVER

1 000 €	2009	2008
Olkiluoto 1 and 2	253 658	206 181
Meri-Pori	42 228	38 882
Total	295 886	245 063

Electricity delivered to equity holders of the company (GWh)		
Olkiluoto 1	7 263	7 039
Olkiluoto 2	7 122	7 288
Total Olkiluoto *	14 385	14 327
Meri-Pori	845	817
Total	15 230	15 144

* Includes wind energy 1.5 (1.6 in 2008) GWh and energy produced by gas turbine 0.5 (0.5) GWh.

2 WORK PERFORMED FOR OWN PURPOSES

1 000 €	2009	2008
Personnel expenses related to OL3	10 295	10 366

3 OTHER INCOME

1 000 €	2009	2008
Rental income	3 010	3 058
Sales profit of tangible assets and shares	192	9 881
Sales of services	12 467	14 189
Other income	411	616
Total	16 080	27 744

4 MATERIALS AND SERVICES

1 000 €	2009	2008
Purchases, accrual basis		
Nuclear fuel	45 918	48 542
Coal	24 959	27 994
Materials and supplies	2 702	2 971
Increase (-) or decrease (+) in inventories	-5 632	-21 533
Total	67 947	57 974
CO_2 emission rights	6 108	10 675
Nuclear waste management		
Contribution to the Finnish State Nuclear Waste Management Fund *	42 270	33 419
Nuclear waste management services	23 897	22 616
Total	66 167	56 035
External services	6 136	6 352
Total	146 358	131 036

* Based on TVO´s proposal. If the contribution confirmed by the Finnish State Nuclear Waste Management Fund for the year differs from the proposal, the difference will be booked in the following financial year.

Consumption		
Nuclear fuel	40 051	38 174
Coal	25 309	17 425
Supplies	2 587	2 375
Total	67 947	57 974

5 NOTES CONCERNING PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES

	2009	2008
Average number of personnel		
Office personnel	667	644
Manual workers	163	162
Total	830	806

Number of employees 31.12.		
Office personnel	650	633
Manual workers	147	144
Total	797	777

1 000 €	2009	2008
Personnel expenses		
Wages and salaries	45 711	44 183
Pension expenses	7 712	7 079
Other compulsory personnel expenses	1 949	3 762
Total	55 372	55 024

Salaries and fees paid to management		
President and CEO and members of the Board of Directors	614	554

Management pension plan

Some of the Executive Management have option to retire at the age of 60, some at the age of 63.

6 DEPRECIATION AND WRITE-DOWNS

1 000 €	2009	2008
Depreciation according to plan		
Other capitalised long-term expenses	1 438	1 451
Buildings and construction	9 201	9 271
Machinery and equipment	36 951	35 010
Other tangible assets	2 900	1 851
Write-downs in value of goods of non-current assets (OL1 and OL2)	978	1 582
Total	51 468	49 165

7 OTHER EXPENSES

1 000 €	2009	2008
Maintenance services	18 166	17 099
Regional maintenance and service	9 421	8 757
Research services	2 881	3 980
Other external services	18 425	15 515
Real estate tax	3 770	3 590
Rents	1 625	1 693
ICT expenses	4 319	4 390
Personnel related expenses	3 953	4 346
Corporate communications	3 385	3 037
Other expenses	12 317	11 790
Total	78 262	74 197

Auditors´ fees and not audit-related services		
Audit fees	91	87
Auditors´ statements	0	1
Other services	92	105
Total	183	193

8 FINANCIAL INCOME AND EXPENSES

1 000 €	**2009**	**2008**
Dividend income		
From others	513	1 190
Total	513	1 190
Interest income on long-term investments		
From Group companies	10 186	17 777
From others	7 618	13 349
Total	17 804	31 126
Other interest and financial income		
From Group companies	1	57
From others	6 714	3 249
Total	6 715	3 306
Interest income on long-term investments and other interest and financial income, total	24 519	34 432
Interest expenses and other financial expenses		
To Group companies	3 772	6 312
To the Finnish State Nuclear Waste Management Fund	17 651	30 930
To others	112 711	67 606
Capitalised interest costs	-92 950	-57 127
Total	41 184	47 721
Total financial income (+) and expenses (-)	-16 152	-12 099
Financial income and expenses include exchange rate gains (+) and losses (-) (net)	8	-86

9 EXTRAORDINARY ITEMS

1 000 €	**2009**	**2008**
Extraordinary income/Group contribution	967	969

10 APPROPRIATIONS

1 000 €	**2009**	**2008**
The difference of depreciation according to plan and tax depreciation, increase (-) or decrease (+)	24 384	46 739

11 NON-CURRENT ASSETS

1000 €	Formation expenses	Intangible rights	Other capitalised long-term expenses	Advance payments	Total
Intangible assets					
Acquisition cost 1.1.2009	57 961	10 619	40 832	116	109 528
Increase	0	6 150	145	84	6 379
Decrease	0	-10 619	-2	0	-10 621
Transfer between categories	0	0	151	-151	0
Acquisition cost 31.12.2009	57 961	6 150	41 126	49	105 286
Accumulated depreciation according to plan 1.1.	57 961	0	29 481	0	87 442
Depreciation according to plan	0	0	1 438	0	1 438
Book value 31.12.2009	**0**	**6 150**	**10 207**	**49**	**16 406**
Accumulated depreciation difference 1.1.	0	0	8 598	0	8 598
Change in depreciation difference	0	0	-217	0	-217
Accumulated depreciation difference 31.12.	0	0	8 381	0	8 381
Undepreciated acquisition cost in taxation 31.12.2009	0	6 150	1 826	49	8 025

1000 €	Land and water areas	Buildings and construction	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Tangible assets						
Acquisition cost 1.1.2009	8 631	264 666	1 148 988	32 882	1 872 529	3 327 696
Increase	273	4 614	9 813	1 281	780 318	796 299
Decrease	0	-978	-1 351	-1	0	-2 330
Transfer between categories	0	11 296	7 393	8 368	-27 057	0
Acquisition cost 31.12.2009	8 904	279 598	1 164 843	42 530	2 625 790	4 121 665
Accumulated depreciation according to plan 1.1.	0	164 021	760 433	15 400	0	939 854
Accumulated depreciation from deduction	0	-978	-1 331	-1	0	-2 310
Depreciation according to plan and write-dows	0	10 179	36 951	2 900	0	50 030
Book value 31.12.2009	**8 904**	**106 376**	**368 790**	**24 231**	**2 625 790**	**3 134 091**
Accumulated depreciation difference 1.1.	0	15 804	150 876	-760	0	165 920
Change in depreciation difference	0	-444	-24 091	368	0	-24 167
Accumulated depreciation difference 31.12.	0	15 360	126 785	-392	0	141 753
Undepreciated acquisition cost in taxation 31.12.2009	8 904	91 016	242 005	24 623	2 625 790	2 992 338
Share of machinery and equipment from book value 31.12.2009			345 191			
Share of machinery and equipment from book value 31.12.2008			365 754			

Capitalised borrowing costs included in non-current assets

1000 €	Formation expenses	Other capitalised long-term expenses	Buildings and construction	Machinery and equipment	Other tangible assets	Construction in progress	Total
Interest during construction period							
Acquisition cost 1.1.2009	11 601	3 530	31 133	112 781	2 609	184 162	345 816
Increase	0	0	0	0	0	93 027	93 027
Acquisition cost 31.12.2009	11 601	3 530	31 133	112 781	2 609	277 189	438 843
Accumulated depreciation according to plan 1.1.	11 601	2 195	20 456	73 915	1 723	0	109 890
Depreciation according to plan	0	107	444	1 693	33	0	2 277
Book value 31.12.2009	**0**	**1 228**	**10 233**	**37 173**	**853**	**277 189**	**326 676**
Accumulated depreciation difference 1.1.	0	1 335	10 677	38 865	886	0	51 763
Change in depreciation difference	0	-107	-444	-1 693	-33	0	-2 277
Accumulated depreciation difference 31.12.	0	1 228	10 233	37 173	853	0	49 486
Undepreciated acquisition cost in taxation 31.12.2009	0	0	0	0	0	277 189	277 190

12 INVESTMENTS

1000 €	Holdings in Group companies	Other stocks and shares	Loan receivables, Group companies	Loan receivables, others	Total
Acquisition cost 1.1.2009	1 247	5 156	400 108	300 782	707 293
Increase	0	4	31 452	23 805	55 261
Decrease	0	-70	-381	0	-451
Acquisition cost 31.12.2009	1 247	5 090	431 179	324 587	762 103
Book value 31.12.2009	**1 247**	**5 090**	**431 179**	**324 587**	**762 103**
Loan from the Finnish State Nuclear Waste Management Fund lent further to the equity holders of the company			426 817	324 083	**750 900**

Group companies	Holding of the parent company %
Posiva Oy, Eurajoki	60
TVO Nuclear Services Oy, Eurajoki	100
Olkiluodon Vesi Oy, Helsinki	100
Perusvoima Oy, Helsinki	100

13 INVENTORIES

1 000 €	2009	2008
Coal		
Replacement cost	19 960	17 161
Book value	19 840	20 189
Difference	120	-3 028
Raw uranium and natural uranium		
Replacement cost	86 580	94 789
Book value	37 936	35 646
Difference	48 644	59 143
Coal	19 840	20 189
Raw uranium and natural uranium	37 936	35 646
Nuclear fuel	124 898	121 321
Supplies	4 230	4 116
Total	186 904	181 272

14 LONG-TERM RECEIVABLES

1 000 €	2009	2008
Receivables from Group companies	21	25
Loan receivables from others	729	731
Total	750	756

15 CURRENT RECEIVABLES

1 000 €	2009	2008
Trade receivables	22 163	18 027
Receivables from Group companies		
Trade receivables	32 771	26 857
Loan receivables	378	367
Accrued income	12 146	20 012
Total	45 295	47 236
Other receivables	4 967	1 898
Prepayments and accrued income		
Prepaid interests	19 337	10 828
Accrued interest income	8 901	14 573
Other accrued income	1 706	4 032
Other prepaid expenses	60 246	19 782
Total	90 190	49 215
Total	162 615	116 376

16 MARKETABLE SECURITIES

1 000 €	2009	2008
Money Market Funds and Certificate of Deposit		
Fair value	0	188 820
Book value	0	187 600
Difference	0	1 220

17 EQUITY

1 000 €	2009	2008
Share capital 1.1.	361 692	266 092
From share issue	100 000	95 600
Share capital 31.12.	461 692	361 692
Share issue 1.1.	0	95 600
Share issue	100 000	0
To share capital	-100 000	-95 600
Share issue 31.12.	0	0
Share premium reserve 1.1.	232 435	232 435
Change	0	0
Share premium reserve 31.12.	232 435	232 435
Statutory reserve 1.1.	9 948	9 948
Change	0	0
Statutory reserve 31.12.	9 948	9 948
Retained earnings (loss) 31.12.	9 360	0
Profit/loss for the financial year	0	9 360
Total	713 435	613 435

18 NON-CURRENT LIABILITIES

1 000 €	2009	2008
Bonds	935 086	0
Bank loans	901 315	1 240 762
Other loans	88 447	88 447
Shareholders´ loans *	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund**	750 900	695 775
Total	2 855 048	2 204 284

* Subordinated loans.
** Lent further to the shareholders.

BONDS
Euro Medium Term Note Programme Eur 2,000,000,000

			1 000 €	
Currency	**Capital (1 000)**	**Maturity date**	**2009**	**2008**
EUR	750 000	27.6.2016	750 000	0
NOK	550 000	22.2.2017	63 218	0
SEK	650 000	28.3.2017	63 601	0
SEK	600 000	30.10.2019	58 267	0
Total			935 086	0

OTHER LOANS
US Private Placements

			1 000 €	
Currency	**Capital (1 000)**	**Maturity date**	**2009**	**2008**
USD	55 000	19.8.2018	53 111	53 111
GBP	35 336	19.8.2018	35 336	35 336
Total			88 447	88 447

19 DEBTS DUE IN MORE THAN FIVE YEARS

1 000 €	**2009**	**2008**
Debts due in more than five years	1 715 399	706 371

20 CURRENT LIABILITIES

1 000 €	**2009**	**2008**
Bank loans	173 170	113 464
Advance payments	8 985	7 930
Trade payables	18 589	15 415
Liabilities to Group companies		
Advance payments	11 770	10 382
Trade payables	106	4
Accruals and deferred income	204	491
Total	12 080	10 877
Other liabilities		
Interest-bearing liabilities	309 233	337 573
Other liabilities	7 199	6 061
Total	316 432	343 634
Accruals and deferred income		
Finnish State Nuclear Waste Management Fund	61 236	64 895
Accrued interests	40 752	21 469
Accrued personnel expenses	12 992	11 289
Accruals related to CO_2 emission rights	7 134	18 033
Other accruals and deferred income	7 509	17 660
Total	129 623	133 346
Total	658 879	624 666

21 DISTRIBUTABLE EQUITY

1 000 €	2009	2008
Retained earnings	9 360	0
Profit/loss for the financial year	0	9 360
Total	9 360	9 360

22 COMMITMENTS

1 000 €	2009	2008
Leasing liabilities		
Leasing liabilities falling due in less than a year	237	404
Leasing liabilities falling due later	246	124
Total	483	528
Nuclear waste management		
Liability for nuclear waste management *	1 160 700	1 137 600
TVO´s share in the Finnish State Nuclear Waste Management Fund 31.3.2009/31.3.2008	1 069 800	1 001 200
Collateral for nuclear waste management contingencies	253 570	264 700
Nuclear waste management loan receivables pledged to the Finnish State Nuclear Waste Management Fund	750 900	695 775

* Based on the nuclear waste management programme and proposal for the liability made by the Company and which is to be confirmed by the Ministry of Employment and the Economy in the beginning of next year.

Pending Court Cases and Disputes

See note 26 Obligations and other commitments in the consolidated financial statements.

23 DERIVATIVE FINANCIAL INSTRUMENTS

1 000 €	2009	2008
Interest rate derivatives		
Option agreements, purchased (nominal value)	810 000	1 290 000
Fair value	114	1 914
Option agreements, sold (nominal value)	810 000	1 290 000
Fair value	-7 519	-4 841
Interest rate swaps (nominal value)	1 268 446	1 578 446
Fair value	-62 348	-42 569
Forward foreign exchange contracts		
Forward foreign exchange contracts (nominal value)	130 561	146 956
Fair value	-3 660	578

24 SERIES OF SHARES

Share capital and series of shares	Number		1 000 €	
A-series - OL1 and OL2	**2009**	**2008**	**2009**	**2008**
1.1.	680 000 000	680 000 000	115 600	115 600
Change	0	0	0	0
31.12.	680 000 000	680 000 000	115 600	115 600
B-series - OL3				
1.1.	448 183 370	357 541 481	240 264	144 664
Change	94 813 692	90 641 889	100 000	95 600
31.12.	542 997 062	448 183 370	340 264	240 264
C-series - TVO´s share in the Meri-Pori coal-fired power plant				
1.1.	34 283 730	34 283 730	5 828	5 828
Change	0	0	0	0
31.12.	34 283 730	34 283 730	5 828	5 828
Total	1 257 280 792	1 162 467 100	461 692	361 692

According to the Articles of Association, TVO delivers electricity to its shareholders on the so-called Mankala principle, i.e. it delivers the electricity produced or procured to its shareholders in proportion to their shareholding in each series. Each of the shareholders of each series is liable for the variable and fixed annual costs that are specified in detail in the Articles of Association. The Company prepares annually a balance sheet divided into series of shares. The balance sheet, which will be presented to the Shareholders´ Meeting, specifies the assets, liabilities and equity of the different series of shares.

25 CO_2 EMISSION RIGHTS

In principle TVO has, on 31 December, emission rights at least the same amount as the actual annual emissions are. If the actual emissions exceed the amount of the emission rights that company possesses, the company has booked the expense for exceeding emission rights at the market value on 31 December.

	2009 t CO_2	1 000 €	2008 t CO_2	1 000 €
Granted emission rights	296 281		296 283	
Total annual emissions from production facilities	692 466		661 466	
Possessed emission rights	695 829		660 731	
Emission rights sold *	83 000	967	100 000	2 246
Emission rights and emission right reductions bought **	482 548	6 163	464 448	10 151
The SWAP trade of emission rights (EUA) and emission right reductions (CER) ***				
Emission rights sold (EUA)	0	0	33 000	748
Emission right reductions bought (CER)	0	0	33 000	524

TVO is, based on the electricity production during 2000 - 2003 of TVO´s share in the Meri-Pori coal-fired power plant, entitled to a correnponding share of gratuitous emission rights. TVO is responsible for the amount of emission rights corresponding to its share of the production of the plant.

* The sales of the emission rights are included in turnover.

** The purchases of the emission rights are included in materials and services. The emission rights that company possesses on 31 December are included in intangible rights on the balance sheet.

*** SWAP-trade means sales of emission rights (EUA) and the concurrent purchase of emission right reductions (CER), which means the exchange of EUA-units to corresponding amount of CER-units.

Proposals to the Annual General Meeting

Teollisuuden Voima Oyj's distributable
equity is EUR 9,360,000.
The Board of Directors proposes to
the Shareholders' Meeting that no dividend shall be paid.

Signatures for the Report of the Board of Directors and Financial Statements

Helsinki, 19 February 2010

Timo Rajala
Tapio Kuula
Hannu Anttila
Jukka Hakkila
Mikael Hannus
Tapio Korpeinen
Juha Laaksonen
Seppo Ruohonen
Matti Ruotsala
Rami Vuola

Jarmo Tanhua
President and CEO

Auditor's Report

To the Annual General Meeting of Teollisuuden Voima Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Teollisuuden Voima Oyj for the year ended on 31 December, 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in total equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other Opinions

We support that the financial statements should be adopted. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 19 February 2010

Eero Suomela
Authorised Public Accountant

PricewaterhouseCoopers Oy
Authorised Public Accountants
Niina Vilske
Authorised Public Accountant

Financial Publications

Financial Publications in 2009

Annual Report 2008
Interim Report January–June 2009
Interim Report January–September 2009

Financial Publications in 2010

Corporate Governance Statement 2009 on 22 February 2010
Report of the Board of Directors and Financial Statement 2009 on 22 February 2010
Interim Report January–March on 16 April 2010
Interim Report January–June on 16 July 2010
Interim Report January–September on 18 October 2010

All publications are available in Finnish and in English.

In addition, Corporate Social Responsibility Report 2008 was published in 2009.
Corporate Social Responsibility Report 2009 will be published in March 2010.

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