



WELL-BEING WITH  
NUCLEAR ELECTRICITY



# Report of the Board of Directors and Financial Statements 2014

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## General

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In 2014 TVO's nuclear power plant in Olkiluoto achieved the best ever production volume in its history for the second year in a row. The power plant is in excellent production and technical condition thanks to the plant modifications and modernization made according to the principle of continuous improvement. The electricity production of 14.76 TWh (billion kilowatt-hours) accounted for 23 percent of all electricity generated in Finland and 18 percent of all electricity consumed in Finland.

TVO's consolidated turnover in 2014 was EUR 327.2 (365.9) million. The decrease in turnover was due to lower production of the Meri-Pori coal-fired power plant and lower costs of the Olkiluoto power plant compared to the previous year. The amount of electricity delivered to the shareholders was 15,140 (15,331) GWh. TVO operates on a cost-price principle (Mankala principle). TVO's goal is not to make profit or pay dividends. The shareholders are charged incurred costs in the price of electricity and thus in principle the profit/loss for the financial year is zero. Due to the Company's operating principle, key indicators based on financial performance will not be presented.

Modifications are being planned and implemented at the Olkiluoto 1 and Olkiluoto 2 plant units to prepare the units for the renewal of the operating license in 2018. The ongoing modifications will further improve the plant's ability to survive events caused by exceptional natural phenomena possibly involving simultaneous loss of several safety systems. There is also an ongoing project aiming to develop the Company's safety culture and related practises.

In the Olkiluoto 3 project the containment pressure and leak-tightness test was carried out successfully in the spring. The I&C systems proceeded, and tests were carried out.

The energy sector is in the midst of a major, rapid change which may last for years. The economic stagnation has led to a decline in demand while the electricity supply has increased as renewable energy is invested in by means of subsidies. At the same time the costs directed to nuclear power have risen. This development has led to a deterioration of the profitability of nuclear power generation.

## Operating environment

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The Finnish Parliamentary Committee on Energy and Climate Issues published in October an energy and climate roadmap up to 2050 aiming toward a carbon-neutral future. According to the roadmap, Finland's energy self-sufficiency can be increased to 80 percent when the nuclear power generated in Finland is included in the self-sufficiency.

The total consumption of electricity in Finland in 2014 was 83.3 terawatt hours (TWh). The consumption decreased by 0.8 percent compared to the previous year. The share of net electricity imports was high as in the previous year, well over one-fifth of the total consumption. The amount of nuclear power generated in 2014 was 22.7 TWh, which accounted for 27.2 percent of the electricity procured.

The Finnish Government withdrew introduction of the new power plant tax ("windfall profit tax") in June. The final decision on repealing the tax was made in Parliament in October 2014.

In December the Finnish Government submitted to Parliament a bill to amend the Nuclear Energy Act and Radiation Act. The bill proposes to extend the mandate of the Radiation and Nuclear Safety Authority, Finland (STUK) and authorize STUK to give binding regulations regarding safety related to the use of radiation.

The bill also suggests that the nuclear safety research fee collected from the operators of nuclear facilities and waste management fee collected from those liable for waste management should be increased for a fixed period. For TVO this could mean an increase in fees by an additional EUR 4 million per year, during 2016–2020.

The amended EU nuclear safety directive came into force in August. The directive has to be transposed to the national legislation within three years. The directive aims at strengthening the powers and independence of national safety authorities and introduces EU-wide safety objectives. It also sets up a European system of regular peer reviews. The directive is not expected to cause TVO any significant needs for changes or investments.

## Main events

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- In 2014 TVO's nuclear power plant (NPP) in Olkiluoto achieved the best ever production volume in its history for the second year in a row. At 14.76 TWh (billion kilowatt-hours), the total production of the NPP units tops the previous all time high of 14.63 TWh from the year 2013 by almost 130,000 MWh. The combined load factor of the units was 96.0 percent. The excellent production figures in 2014 were based on an exceptionally small number of production disruptions. Together with the share of the Meri-Pori coal-fired power plant TVO's production was 15.15 TWh. The electricity produced in Olkiluoto accounted for about 18 percent of all electricity consumed in Finland.
- The annual outages of the plant units were carried out as planned between May 11 and June 9, 2014.
- Modernization of the existing NPP units continued. In July TVO made a contract with Westinghouse Electric Sweden (WSE) for the replacement of the main circulation pumps in Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2). The contract covers 12 main circulation pumps. The pumps will be replaced during the annual outages in 2016–2018.
- Fuel contracts with AREVA and Westinghouse Electric Sweden (WSE) were renewed in November. The contracts cover fuel deliveries for the years 2016–2018.
- At the Olkiluoto 3 (OL3) NPP unit under construction, the containment pressure and leak-tightness tests were carried out successfully in February. Testing of the instrumentation and control (I&C) systems started in April in the test bay of Areva-Siemens in Germany. The purpose of the tests is to verify the operation of the I&C systems prior to their delivery to Olkiluoto.
- In September TVO received additional data about the schedule for the OL3 project from the Supplier, AREVA-Siemens Consortium. According to the Supplier, the start of regular electricity production of the OL3 NPP unit would take place in late 2018.
- In October TVO updated its estimate regarding the ICC arbitration proceedings concerning the delay of the OL3 project. The updated quantification estimate of TVO's costs and losses is approximately EUR 2.3 billion until the end of 2018. The updated quantification which the Supplier submitted in October and corrected in November brings the total amount claimed by the Supplier for events occurring during the construction period ending June 2011 to approximately EUR 3.4 billion. TVO has considered the Supplier's previously submitted claims being without merit.
- On September 25, 2014 the Finnish Government issued a negative decision-in-principle regarding TVO's application to extend the expiration deadline of the decision-in-principle on the Olkiluoto 4 (OL4) NPP unit. The decision-in-principle is still in force, and the deadline for submitting the construction license application is June 30, 2015.
- The Board of Directors of TVO appointed Marjo Mustonen as Senior Vice President, Nuclear Safety and Member of the Management Group of TVO as of January 1, 2014. Marjo Mustonen also chairs the Safety Committee of the Company and continues as the responsible director for the construction of OL3.

- Standard and Poor's Rating Services affirmed in May its BBB long-term and A-2 short-term corporate credit ratings to TVO but revised its outlook from stable to negative. At the same time Fitch Ratings affirmed its long-term issuer default rating (IDR) and senior unsecured rating of BBB and a short-term rating of F3 with a stable outlook.
- A 500 million-euro 7-year bond launched by TVO in March was clearly oversubscribed. More than 300 investors from all over Europe participated in the issue. This was TVO's third public Euro bond. The total value of bonds issued under the Euro Medium Term Note (EMTN) program of the Company is approximately EUR 2.3 billion.

## Financial performance

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TVO operates on a cost-price principle (Mankala principle). TVO's goal is not to make profit or pay dividends. The shareholders are charged incurred costs 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. Due to the Company's operating principle, key indicators based on financial performance will not be presented.

The consolidated turnover for 2014 was EUR 327.2 (365.9) million. The decrease in turnover was due to lower production of the Meri-Pori coal-fired power plant and lower costs of the Olkiluoto power plant compared to the previous year. The amount of electricity delivered to the shareholders was 15,140 (15,331) GWh.

The consolidated profit/loss was EUR -0.7 (30.5) million. An updated cost estimate based on a new nuclear waste management technical plan and schedule and the changes of the provision regarding nuclear waste management obligation had an effect on the profit/loss for the previous reporting period. The positive profit impact of the updates and changes was mainly non-recurring.

## Financing and liquidity

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TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) at the end of the year, excluding the loan from the Finnish State Nuclear Waste Management Fund relented to shareholders, totaled EUR 3,727.3 (December 31, 2013: 3,426.6) million, of which EUR 439.3 (339.3) million were subordinated shareholder loans. During 2014, TVO raised a total of EUR 801.8 (361.5) million in non-current liabilities, of which EUR 100.0 (110.0) million were subordinated shareholder loans. Repayments during the year amounted to EUR 580.0 (175.8) million.

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

TVO updated the Euro Medium Term Note Program (EMTN) in June. During the first half of the year, TVO has issued under its EMTN Program a EUR 500 million 7-year bond with an annual coupon of 2.5 percent. The proceeds were used to buy back a bond maturing in June 2016. Furthermore, the Company issued an 18-year EUR 45 million and a 10-year EUR 20 million private placement. Additionally a 6-year SEK 550 million private placement was issued in the Swedish market and the proceeds were used to buy back maturing SEK denominated bonds. During the third quarter of the year, the Company issued a 5.5-year SEK 650 million private placement.

In October TVO raised a EUR 100 million shareholder loan for the OL3 project. At the year end, the Company had undrawn credit facilities and cash and cash equivalents amounting to EUR 2,232 (2,362) million. From that amount EUR 620 million were subordinated shareholder loan commitments of which EUR 400 million is allocated to the financing needs of the OL3 project.

The OL3 project's share of financing costs has been capitalized 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. On December 31, 2014 the amount of the loan was EUR 982.8 (December 31, 2013: 931.7) million and it has been relented to the Company's A-series shareholders. On March 31, 2014 loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 51.1 million (April 2, 2013: EUR 50.0 million).

## Share capital

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TVO's share capital on December 31, 2014 was EUR 606.2 (606.2) million.

The Company has 1,394,283,730 (1,394,283,730) shares, of which 680,000,000 belong to the A series, 680,000,000 to the B series and 34,283,730 to the C series. The A series shares entitle to electricity generated at the OL1 and OL2 units and the B series shares to the electricity generated at the OL3 unit. The C series owners have right to acquire electricity generated by TVO's share of the Meri-Pori coal-fired power plant.

## Administrative principles

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Because TVO is a non-listed public company applying the cost-price principle, it observes the Corporate Governance Code for listed companies where applicable.

TVO is not obligated to observe the Corporate Governance Code nor therefore its Comply or Explain principle. According to the Securities Market Act (14.12.2012/746), the issuer of a security subject to public trading must provide a Corporate Governance Statement in its Annual Report or separately. TVO has given a separate Corporate Governance Statement which is published on its website, [www.tvo.fi](http://www.tvo.fi) at the same time with this Report of the Board of Directors.

## Administrative bodies

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TVO's administrative bodies and their operations in 2014 have been described in a separate Corporate Governance Statement to be found on the Company's website.

## Regulatory environment

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The purpose of the nuclear energy legislation is to ensure that the use of nuclear energy is conducted in a manner that benefits the overall good of society. The main rules of the use of nuclear energy, monitoring the use, and nuclear safety, are included in the Finnish Nuclear Energy Act and Nuclear Energy Decree as well as lower level statutes issued pursuant to them, such as the Radiation and Nuclear Safety Authority's YVL (NPP) guidelines. Other regulations pertaining to the exploitation of nuclear energy will be found in the Radiation Act.

New regulatory guides on nuclear safety (YVL Guides) came into effect in December 2013. The requirements of the guides are stricter than the previous ones and they are meant to improve the safety of nuclear facilities in Finland. The guides will be applied as they stand to all new nuclear power plant units. Later it will be decided how the new requirements will be applied to existing nuclear power plant units and those now under construction, such as OL3. Along with new YVL Guides, also the Nuclear Energy Decree and government decrees were revised and renewed. The changes to the Nuclear Energy Decree and government decrees came also into effect at the end of 2013.

In addition, the Nuclear Liability Act concerns the liability the operator of a nuclear plant has in the event of a nuclear accident. A temporary amendment to the Nuclear Liability Act came into force as of the beginning of 2012. According to the temporary amendment, the plant operator's liability for a nuclear incident in Finland is unlimited but limited to a maximum amount of 600 million Special Drawing Rights (SDR), corresponding to EUR 700 million, for nuclear damage outside of Finland. The operator has to have insurance up to a minimum of 600 million SDR.

The use of nuclear energy is subject to license. Applications are made to the Government for a decision-in-principle, construction license and operating license. The Radiation and Nuclear Safety Authority Finland (STUK) is responsible for monitoring the safety of nuclear energy use. STUK is also responsible for monitoring safety and emergency arrangements and nuclear material.

## Risk management, major risks and uncertainties

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### Risk management

Risk management is a systematic approach which aims to support the fulfillment of TVO's strategy and business objectives as well as to ensure the existence of TVO's operational preconditions. Risk management is executed based on the company's policies and corporate governance.

Risk management is supervised by the Board of Directors of the Company, which endorses the principles on which it is based. The CEO, with the help of the Company's Management Board, is in charge of the risk management according to TVO's objectives and strategy. Under the Management Group there is a risk management group that is in charge of ensuring adequate risk treatment in the company.

The organization units are responsible for risk identification, analyzing and risk treatment. Risk identification is carried out as part of TVO's strategic and operational planning and follow-up as well as part of project management.

TVO has launched a company-wide risk management process which the Company's organization units comply with. By operating in accordance with the risk management process TVO ensures that risks facing the Company are systematically identified and each risk is treated according to its significance. The objective of the risk treatment process is either to prevent the risk from materializing or to reduce its likelihood or consequence.

TVO reduces risks connected with safety and production by keeping the plant units in good condition. Safe and reliable production is ensured by efficient life-cycle management of the plant units and high-quality planning and implementation of the annual outages.

Indemnity and property risks are covered with insurances. The aim of insurance management is to keep the scope, cover and cost of insurance in an acceptable level. TVO is a member of European nuclear insurance associations. Statutory liability insurance is in force for nuclear liability.

Fuel for the production of electricity, uranium and coal, is bought on the global market. Risks connected with nuclear fuel have been reduced by making purchases from a variety of suppliers and by concluding long-term contracts.

At OL3, risk management during the construction stage is primarily a question of overseeing and guiding the work of the Supplier 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 Treasury department 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. The financial position has been strengthened by issuing long term private placements and bonds. TVO has reduced market risks by making use of interest rate and currency derivatives. According to the Company's financing policy, the loans denominated in foreign currencies will be hedged to the euro 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 27 (Financial Risk Management).

## Major risks and uncertainties

TVO's major risks are related to the schedule of the OL3 project. Originally the electricity production was scheduled to start at the end of April 2009. The completion of the project, however, has been delayed.

In September 2014 TVO received additional data about the schedule for the OL3 project from the Supplier. According to the Supplier, the start of regular electricity production of the plant unit would take place in late 2018. Detailed evaluation of the received data is ongoing.

The delay causes additional costs and losses, for which the Company has claimed compensation from the turnkey supplier of the OL3 plant.

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

## Pending court cases and disputes

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TVO submitted in 2012 a claim and defense in the International Chamber of Commerce (ICC) arbitration proceedings concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. The quantification estimate of TVO's costs and losses updated in October 2014 is approximately EUR 2.3 billion until the end of 2018, which according to the schedule submitted by the OL3 Supplier in September 2014, is the estimated start of the regular electricity production of OL3.

The proceedings were initiated in December 2008 by the OL3 Supplier. The updated quantification which the Supplier submitted in October 2014 and corrected in November 2014 brings the total amount claimed by the Supplier for events occurring during the construction period ending June 2011 to approximately EUR 3.4 billion. Among other things, this sum includes over EUR 1.2 billion in respect of penalty interest (calculated until October 2014) and payments allegedly delayed by TVO under the plant contract, as well as approximately EUR 150 million of alleged lost profit. TVO has considered the Supplier's previously submitted claims being without merit. TVO will scrutinize the new material which has been submitted, and respond to it in due course.

The companies belonging to the Plant Supplier Consortium (AREVA GmbH, AREVA NP SAS and Siemens) are jointly and severally liable for the Plant Contract obligations.



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

TVO has not recorded any receivables or provisions on the basis of claims presented in the arbitration proceedings.

## Nuclear power

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TVO owns and operates two nuclear power plant units, Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2), and is building a new plant unit, Olkiluoto 3 (OL3) at Olkiluoto in Eurajoki, Finland. The Finnish Parliament ratified in 2010 the Government's favorable decision-in-principle concerning the construction of the Olkiluoto 4 (OL4) nuclear power plant unit.

## Olkiluoto 1 and Olkiluoto 2

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In 2014 TVO's nuclear power plant in Olkiluoto achieved the best ever production result in its history for the second year in a row.

The electricity production of the Olkiluoto power plant units, OL1 and OL2, during 2014 was 14,763 (14,633) GWh. The total load factor was 96.0 (95.1) %.

The plant units operated safely and reliably. OL1's net production was 7,266 (7,470) GWh and load factor 94.5 (97.1) %. OL2's net production was 7,497 (7,163) GWh and load factor 97.4 (93.1) %.

The excellent production figures in 2014 were based on an exceptionally small number of production disruptions.

TVO has started to prepare for the upcoming operating license renewal of OL1 and OL2 in 2018 by initiating plant modifications, which will further improve the plant units' safety in possible but unlikely accidents in which several safety systems would be lost at the same time.

## Annual outages

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The annual outages of 2014 at the Olkiluoto nuclear power plant were carried out in May 11–June 9, 2014. OL1 underwent a maintenance outage that lasted more than 17 days, and OL2 had a refueling outage taking less than 8 days.

The main maintenance activities during the outage at OL1 included the replacement of low-voltage switchgears in two subsystems, piping modifications in the auxiliary feedwater system, installation of a new auxiliary transformer, and several other modification and maintenance tasks.

OL2 had a refueling outage of about one week. In addition to refueling, maintenance and repair work as well as tests were carried out, and two main seawater pumps were replaced.

Apart from TVO's own personnel, up to 800 subcontractor employees were involved in the annual outage work.

Both plant units have operated reliably after the annual outages.

## Olkiluoto 3

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Olkiluoto 3 (OL3), currently under construction, was procured as a fixed-price turnkey project from the consortium (referred to as the Supplier) formed by AREVA GmbH, AREVA NP SAS and Siemens AG. The said companies belonging to the consortium are jointly and severally liable for the Plant Contract obligations. Originally commercial electricity production was scheduled to start at the end of April 2009. The completion of the project, however, has been significantly delayed. The Supplier's installation works at the plant unit and engineering have not progressed according to the Supplier's schedules.

In December 2013 the Supplier informed that they will reduce the number of subcontractors and employees at the OL3 site due to, among other things, the incomplete planning of the plant unit. For this reason, the progress of the installations at the site has been very slow.

In September 2014 TVO received additional data about the schedule for the OL3 project from the Supplier. According to the Supplier, the start of regular electricity production of the plant unit would take place in late 2018. Detailed evaluation of the received data is ongoing.

The civil construction works of the plant unit have been mainly completed, cladding works of the buildings' exterior walls will be completed later.

The major components of the reactor plant have been installed, primary coolant circuit pipeline has been welded, and building technology systems are in the commissioning phase. Pipeline installation and welding works in the emergency power generating building continued throughout the year. Containment pressure and leak-tightness tests were completed in February. Some cabling works were continued in the fall when also the preservation of pipelines and equipment continued. I&C system tests in the test bay in Erlangen, Germany proceeded.

The first phase of the turbine plant commissioning is nearing completion. Conservation of the low-pressure turbine rotors was started.

The workforce at the site at the end of the year was about 780 persons, and the average during the year was 860. The occupational safety at the site remained at good level.

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

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

## Olkiluoto 4

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On July 1, 2010 the Finnish Parliament approved the favorable decision-in-principle made by the Finnish Government on May 6, 2010 regarding TVO's application to construct a fourth nuclear power plant unit (Olkiluoto 4) in Olkiluoto.

On May 20, 2014 TVO submitted an application to the Government asking for a new time limit for submitting the construction license application and for decision that despite changes in the timing of the project, the construction of the OL4 plant unit is still in accordance with the overall good of society. On September 25, 2014 the Government made a negative decision on TVO's application. The decision-in-principle is still in force, and the deadline for submitting the construction license application is June 30, 2015.

All the realized costs of the OL4 project that can be recognized in the cost of the asset have been entered as property, plant and equipment in the Group balance sheet.

## Nuclear fuel

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In 2014 the nuclear fuel purchases amounted to EUR 54.9 (56.5) million and the amount consumed to EUR 51.4 (48.2) million.

The nuclear fuel and uranium stock carrying value on December 31, 2014 was EUR 211.4 (December 31, 2013: 207.9) million.

## Nuclear waste management

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

Equipment of the underground ONKALO research facility with building technology facilities and systems is completed. Raise boring of the ventilation and elevator shafts is also completed. Construction of the second phase of the elevator and entrance building as well as detailed design of the encapsulation plant and its systems have been started.

In the technology development project DOPAS, construction of the concrete sealing plug, which is under Posiva's responsibility, has been started by preparation work for casting the plug. The DOPAS project, partly funded by the EU, is coordinated by Posiva and its purpose is to test plugging and sealing systems for final disposal tunnels. Testing of the machines and equipment to be used in the final disposal has proceeded to the final disposal depth in ONKALO after completing tests in the above-ground test hall.

The construction license application for the final disposal facility has been supplemented by additional clarifications required by the Radiation and Nuclear Safety Authority, Finland (STUK). STUK informed in June that assessing the long-term safety of the construction license application will take longer than planned. According to STUK's information, it will submit its statement on the long-term safety of the final disposal to MEE in January 2015. Posiva has started to prepare for initiating the implementation phase of the encapsulation plant and final repository.

The expansion of the interim storage facility for spent nuclear fuel in Olkiluoto was completed. The facility is intended for the interim storage of the spent fuel elements of both the existing plant units, OL1 and OL2, and OL3 under construction. With the expansion the capacity of the existing fuel pools was doubled.

The liabilities in the consolidated financial statement show a provision related to nuclear waste management liability of EUR 930.3 (December 31, 2013: 897.9) million, calculated according to the international IFRS accounting principles. A corresponding amount, under assets, represents the Company's share in the Finnish State Nuclear Waste Management Fund.

In order to cover the costs of nuclear waste management, TVO makes contributions to the Finnish State Nuclear Waste Management Fund. In December 2014, MEE set TVO's liability for nuclear waste management at EUR 1,349.1 (1,317.8) million to the end of 2014 and the Company's funding target for 2015 at EUR 1,345.4 (1,310.4) million.

In March 2014 the Finnish State Nuclear Management Fund confirmed TVO's nuclear waste management fee for 2013 at

EUR 56.1 (43.1) million, which was paid into the Fund on March 31, 2014 (April 2, 2013). The nuclear waste management fee for 2014 will be confirmed in March 2015.

A total of 6,214 (6,118) m<sup>3</sup> of low- and medium-level radioactive waste has accumulated from the OL1 and OL2 plant units during their operation. During 2014, the amount of waste increased by 96.5 m<sup>3</sup>. The waste is disposed of in the final repository for low- and medium-level waste (VLJ repository) in Olkiluoto.

The total amount of spent nuclear fuel by the end of the year was 1,397 (1,362) tons, of which 34 (36) tons accumulated in 2014. The spent fuel is stored in the fuel pools of the plant units and in an interim storage facility (the KPA storage facility) at Olkiluoto.

## Coal power

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TVO has a 45 percent holding in the Meri-Pori coal-fired power plant owned and operated by Fortum Power and Heat Oy. The Meri-Pori power plant is located on the Tahkoluoto island in Pori, Finland.

## Meri-Pori

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The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant was 399.7 (725.4) GWh requiring 144.9 (254.4) thousand tons of coal and 334.4 (592.0) thousand tons of carbon dioxide emission rights.

## Research and development

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Research and development costs were EUR 18.4 (20.8) million, most of which was used for R&D activities related to nuclear waste management.

TVO is a major financier of Finnish public sector research programs for reactor safety and nuclear waste management. In 2014 TVO's contribution to the Finnish State Nuclear Waste Management Fund, which finances such programs, amounted to EUR 4.7 (4.6) million.

## Acquisitions of tangible and intangible assets and shares

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Investments during 2014 were EUR 338.5 (335.1) million. Investments of the parent company were EUR 339.4 (302.5) million, of which EUR 292.9 (260.8) million was allocated to the OL3 project.

TVO continued to carry out modernization projects in the existing plant units:

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

- In July 2014 TVO made a contract with Westinghouse Electric Sweden (WSE) for the replacement of the main circulation pumps in OL1 and OL2. The contract covers 12 main circulation pumps. The replacement of the circulation pumps will take place on a turnkey basis. WSE will be responsible for installing the pumps and manufacturing of special tools as well as for design and engineering of the pumps in collaboration with their manufacturer. TVO will be responsible for organizing support services during the installation phase as specified in the contract. The main circulation pumps will be replaced during the annual outages in 2016–2018.

Carbon dioxide emission rights acquired for the Company's share of the Meri-Pori coal-fired power plant have been relinquished to the Energy Market Authority worth of EUR 2.7 (0.9) million. In 2014 emission rights were acquired worth 1.9 (2.7) million. The Company's need for carbon dioxide emission rights for the period under review was covered by acquired emission rights.

## Safety and environmental issues

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The Olkiluoto nuclear power plant units operated safely during the year. No incidents with a major impact on nuclear safety occurred. In 2014, three special reports were prepared for the Radiation and Nuclear Safety Authority (STUK). Two events were classified on the international INES scale (0–7) at level 0 (No safety significance), and one was classified at level 1 (Minor problem, significant safety margin remaining).

TVO's operations were 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 Standard and is EMAS registered.

The environmental load caused by the Olkiluoto nuclear power plant was minor. As in previous years, radioactive emissions into the atmosphere and water were extremely low, and significantly lower than the limits set by the authorities.

The operations were developed considering the requirements of the environmental permit and according to environmental management system. TVO has identified seven significant environmental aspects related to the Company's activities. For each these aspects, four long-term goals have been set. In order to achieve these goals, continuing or a few-year-long objectives are set. A total of 14 targets were set for the year 2014, and all of them were reached wholly or in part. Within the year, no significant environmental deviation occurred. Overall, 25 minor environmental observations or minor deviations were detected during the operating cycle. Those were related to chemicals or waste management. At the OL3 construction site, nine environmental observations were recorded.

TVO has a certified occupational health and safety system compliant with the OHSAS 18001 Standard, in which also the activities at the OL3 construction site are included. The occupational safety goal on the whole Olkiluoto island is zero accidents and common working methods. As in earlier years, actions to reach the zero-accident goal were continued, and the systems integration will provide a basis for common working methods.

More detailed information on the environmental issues and indicators as well as occupational safety indicators for 2014 will be reported in the Corporate Social Responsibility Report and Environmental Report which will be published on TVO's website [www.tvo.fi](http://www.tvo.fi). The contents of the reports will be verified by an outside body.

## Group personnel and training

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### Personnel

At the year-end, the total number of personnel in the Group was 809 (857), and the average during the year was 863 (894). The year-end total number of personnel in the Company was 805 (852), and the average during the year was 858 (890). The year-end total for permanent personnel was 751 (762).

TVO recruited 33 (25) employees in 2014. During the year, 73 (65) employees changed jobs and 44 (36) permanent employees left the Company, including 25 (24) who retired.

The collective agreements for different groups of personnel in the energy industry will be in force in accordance with the so called framework agreement of labor confederations until January 31, 2017.

The human resource issues and indicators for 2014 will be reported in more detail in the Corporate Social Responsibility Report on TVO's website, [www.tvo.fi](http://www.tvo.fi). The contents of the report will be verified by an outside body.

### Training

As in previous years, basic and supplementary training for TVO personnel was carried out in accordance with the training program for the year. The personnel was trained a total of 7,272 (7,892) days, on average of 8.5 (8.8) days per each TVO employee.

In accordance with their refresher training program, the OL1 and OL2 operators took part in operation training and advanced simulation training in spring and fall 2014. For the new operators who started their work in 2014, a basic course of nuclear engineering and system trainings were provided as planned.

The OL3 operators participated, in accordance with their refresher training program, in operation training in spring and fall 2014. Additionally, a simulation exercise was organized for the shift managers. At the same time, also TVO's operation trainers were trained and familiarized with the use and maintenance of the OL3 simulator. The OL3 operators work in shifts in the combined operation organization of the Supplier and TVO in the systems operation and control tasks. The OL3 operators and operation trainers have also participated in the I&C systems testing carried out by the Supplier.

Induction training is required from all those working at the Olkiluoto nuclear power plant area. The general training is meant for all persons working at the Olkiluoto site and the radiation protection training for those who work inside the controlled area. During 2014 a total of 2,238 persons took part in the general training and 900 in the radiation protection training (registered by January 13, 2015). Both trainings were given in Finnish and English.

More detailed information on the competence development of TVO's personnel and its indicators for 2014 will be reported in the Corporate Social Responsibility Report on TVO's website, [www.tvo.fi](http://www.tvo.fi). The contents of the report will be verified by an outside body.

## Subsidiaries and joint ventures

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TVO Nuclear Services Oy (TVONS) is a wholly-owned subsidiary of TVO. TVONS provides its customers with expertise and services related to high-level nuclear safety, cost-effective operations, and nuclear waste management. The special expertise of TVO personnel is at TVONS customers' disposal.

Posiva Oy, jointly owned by TVO and Fortum, is responsible for the research of the final disposal of spent nuclear fuel and implementation of the final repository of its shareholders' Olkiluoto and Loviisa NPPs. TVO owns 60 percent of Posiva. Posiva continued construction and equipment of the underground research facility for final disposal according to plan.

## Major events after the end of the year

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TVO and Posiva Oy agreed on a business transfer regarding the support functions of Posiva. The transfer came into force on January 8, 2015, and it concerned 30 employees. The business transfer is related to TVO Group's operations development project where centralized support functions and improved efficiency are planned and aimed at.

TVO announced on January 8, 2015 that it will commence an employee information and consultation process as of January 14, 2015 to find ways to improve its cost efficiency. The aim of the planned restructuring of the Company's functions is to ensure TVO's competitiveness in the challenging power generation market. The objective of TVO's plans is to achieve annual cost savings of EUR 15 million. Based on the preliminary assumptions the reduction need induced by the planned restructuring is 110 man working years at the most.

On January 21, 2015 Japan Credit Rating Agency affirmed to downgrade its rating for TVO from AA to AA- and to change the Company's outlook from negative to stable.

In February 2015 TVO issued a EUR 500 million ten-year bond with an annual coupon of 2.125 percent. The bond was issued under the Company's EMTN program, and listing on the Luxembourg Stock Exchange was applied.

In its statement submitted to the Ministry of Employment and the Economy (MEE) on February 11, 2015, the Radiation and Nuclear Safety Authority in Finland (STUK) noted that the encapsulation plant and final disposal facility for spent nuclear fuel designed by Posiva can be built to be safe. STUK's safety assessment is required for the decision on construction license that MEE will prepare and the Government will make.

## Prospects for the future

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

Realization of the OL3 nuclear power plant project and preparing the plant unit for production will be continued. TVO will continue to support the Supplier to complete the project.

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

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

## Proposals to the Annual General Meeting

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Teollisuuden Voima Oyj's distributable equity as of December 31, 2014 amounted to EUR 9,360,000. The Board of Directors proposes to the Annual General Meeting that no dividend shall be paid.



## Key figures of TVO Group

<b>TVO GROUP (IFRS) (M€)</b>	<b>2014</b>	2013	2012	2011	2010
Turnover	327	366	352	352	363
Profit/loss for the financial year	-1	31	-2	6	37
Research expenses	18	21	24	25	22
Investments	339	335	337	316	393
Equity	1 575	1 462	1 310	1 083	1 006
Subordinated shareholder loans (hybrid equity) (included in the former) 2) 4)	439	339	229	0	0
Non-current and current interest-bearing liabilities (excluding loan from VYR) 1)	3 428	3 221	3 166	2 847	2 621
Loans from equity holders of the company 2) 4)	0	0	0	179	179
Loan from VYR	983	932	882	843	802
Provision related to nuclear waste management	930	898	858	832	806
Balance sheet total	7 054	6 700	6 397	5 939	5 589
Equity ratio, % 3)	30,6	30,0	28,1	29,6	29,8
Average number of personnel	863	894	884	853	842

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

2) Subordinated loans

3) Equity ratio %	= 100 x	$\frac{\text{equity} + \text{loans from equity holders of the company}}{\text{balance sheet total} - \text{provision related to nuclear waste management} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$
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4) During the accounting period 2012, the terms of the loans of the equity holders of the Company have been changed and the loans are included in equity according to IFRS standards.

<b>CONSOLIDATED ADJUSTED PROFIT/LOSS FOR THE FINANCIAL YEAR (M€)</b>	<b>2014</b>	2013	2012	2011	2010
Profit/loss for the financial year (IFRS)	-1	31	-2	6	37
The impact of the nuclear waste management obligation 1) (profit -/loss +)	6	-29	4	3	-30
The impact of financial instruments 2) (profit -/loss +)	0	-1	-1	-1	0
Profit/loss before appropriations	5	1	1	8	7
Adjusted profit/loss for the financial year	5	1	1	8	7

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

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

	<b>2014</b>	2013	2012	2011	2010
TVO's share in the Finnish State Nuclear Waste Management Fund (VYR) (M€)	1 324,2	1 253,3	1 198,9	1 145,1	1 086,4
TVO's funding target obligation to the Finnish State Nuclear Waste Management Fund	1 345,4	1 310,4	1 242,3	1 179,1	1 123,4
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	930,3	897,9	857,6	831,8	806,3

The difference between the funding target and the share in the Finnish State Nuclear Waste Management Fund at the end of each year is due to the funding target being completed by paying the nuclear waste management fee only during the first quarter of the following year.

## Key figures of Teollisuuden Voima Oyj

### TEOLLISUUDEN VOIMA OYJ (FAS) (M€)

Parent company's financial statement has been prepared in accordance with the Finnish Accounting Standards (FAS).	2014	2013	2012	2011	2010
Turnover	325	363	347	347	355
Profit/loss before appropriations	5	1	1	8	7
Fuel costs	66	73	62	67	80
Nuclear waste management costs	51	89	77	68	65
Capital expenditure (depreciation and financial income and expenses)	59	61	65	68	68
Investments	339	303	337	314	339
Equity	858	858	858	858	793
Appropriations	173	167	166	165	157
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>1)</sup>	3 288	3 088	2 968	2 743	2 505
Loans from equity holders of the company <sup>2)</sup>	439	339	229	179	179
Loan from VYR	983	932	882	843	802
Balance sheet total	5 879	5 572	5 283	4 944	4 611
Equity ratio, % <sup>3)</sup>	30,0	29,4	28,5	29,3	29,7
Average number of personnel	858	890	879	847	837

<sup>1)</sup> The Finnish State Nuclear Waste Management Fund (VYR)

<sup>2)</sup> Subordinated loans

$$^3) \text{ Equity ratio \%} = 100 \times \frac{\text{equity + appropriations + loans from equity holders of the company}}{\text{balance sheet total - loan from the Finnish State Nuclear Waste Management Fund}}$$

### Electricity delivered to equity holders of the company (GWh)

Olkiluoto 1	7 254	7 458	6 935	7 253	6 936
Olkiluoto 2	7 486	7 148	7 441	6 876	7 127
Total Olkiluoto <sup>1)</sup>	14 740	14 606	14 376	14 129	14 063
Meri-Pori	400	725	477	815	1 622
Total	15 140	15 331	14 853	14 944	15 685

<sup>1)</sup> Includes wind power 0.7 (1.0 in 2013) GWh and gas turbine power 0.3 (0.3) GWh.

### Capacity factors, %

Olkiluoto 1	94,5	97,1	90,4	94,8	91,8
Olkiluoto 2	97,4	93,1	96,9	90,9	95,2
Total capacity factor	96,0	95,1	93,7	92,8	93,5

TVO share of the electricity used in Finland, %	18,2	18,2	17,4	17,7	17,9
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## TVO Group financial statements

### Consolidated income statement

EUR 1 000	Note	1 Jan-31 Dec 2014	1 Jan-31 Dec 2013
<b>Turnover</b>	3	<b>327 209</b>	365 865
Work performed for own purpose	4	13 100	14 878
Other income	5	9 600	9 311
Materials and services	6	-98 744	-121 583
Personnel expenses	7	-61 556	-63 318
Depreciation and impairment charges	3,8	-57 716	-57 369
Other expenses	9	-89 225	-84 922
<b>Operating profit/loss</b>		<b>42 668</b>	62 862
Finance income	10	26 214	30 870
Finance expenses	10	-69 572	-63 203
Total finance income and expenses	3	-43 358	-32 333
<b>Profit/loss before income tax</b>		<b>-690</b>	30 529
Income taxes	11	-2	-3
<b>Profit/loss for the financial year</b>		<b>-692</b>	30 526
<b>Profit/loss for the financial year attributable to:</b>			
Equity holders of the company		-692	30 526

### Consolidated statement of comprehensive income

EUR 1 000	1 Jan-31 Dec 2014	1 Jan-31 Dec 2013
Profit/loss for the financial year	-692	30 526
Other comprehensive items		
Items that may be reclassified to profit or loss in subsequent periods:		
Changes in fair values of the available-for-sale investments	1 910	6 963
Cash flow hedges	16 352	7 345
Total other comprehensive profit/loss items	18 262	14 308
<b>Total comprehensive profit/loss for the financial year</b>	<b>17 570</b>	44 834
<b>Total comprehensive profit/loss for the financial year attributable to:</b>		
Equity holders of the company	17 570	44 834

## Consolidated balance sheet

EUR 1 000	Note	31 Dec 2014	31 Dec 2013
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	4 628 318	4 358 082
Intangible assets	13	7 893	9 382
Loans and other receivables	16	986 367	935 633
Investments in joint ventures	14	1 009	1 009
Investments in shares	17	25 857	23 945
Derivative financial instruments	20	74 198	60 047
Share in the Finnish State Nuclear Waste Management Fund	24	930 260	897 919
<b>Total non-current assets</b>		<b>6 653 902</b>	<b>6 286 017</b>
<b>Current assets</b>			
Inventories	19	239 531	243 091
Trade and other receivables	16	33 900	25 465
Derivative financial instruments	20	13 395	1 553
Cash and cash equivalents	18	113 418	144 367
<b>Total current assets</b>		<b>400 244</b>	<b>414 476</b>
<b>Total assets</b>		<b>7 054 146</b>	<b>6 700 493</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	21	606 193	606 193
Share premium reserve and statutory reserve	21	242 383	242 383
Fair value and other reserves	21	16 082	-2 181
Subordinated shareholder loans (hybrid equity)	21	439 300	339 300
Retained earnings	21	271 160	275 927
<b>Total equity</b>		<b>1 575 118</b>	<b>1 461 622</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision related to nuclear waste management	24	930 260	897 919
Loan from the Finnish State Nuclear Waste Management Fund	22	982 800	931 725
Bonds	22	2 250 999	2 191 411
Other financial liabilities	22	723 997	784 216
Derivative financial instruments	20,22	46 003	34 999
<b>Total non-current liabilities</b>		<b>4 934 059</b>	<b>4 840 270</b>
<b>Current liabilities</b>			
Current financial liabilities	22	401 752	201 774
Derivative financial instruments	20,22	5 471	8 212
Advance payments received	23	19 425	21 365
Trade payables	23	8 327	10 823
Other current liabilities	23	109 994	156 427
<b>Total current liabilities</b>		<b>544 969</b>	<b>398 601</b>
<b>Total liabilities</b>		<b>5 479 028</b>	<b>5 238 871</b>
<b>Total equity and liabilities</b>		<b>7 054 146</b>	<b>6 700 493</b>

## Consolidated statement of changes in total equity

EUR 1 000	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
<b>Equity 1 Jan 2014</b>	<b>606 193</b>	<b>242 383</b>	<b>-2 181</b>	<b>339 300</b>	<b>275 927</b>	<b>1 461 622</b>	<b>1 461 622</b>
Profit/loss for the financial year	0	0	0	0	-692	-692	-692
Other comprehensive profit/loss items:							
Changes in fair values of the available-for-sale-investments	0	0	1 910	0	0	1 910	1 910
Cash flow hedges	0	0	16 352	0	0	16 352	16 352
Subordinated shareholder loans (hybrid equity)	0	0	0	100 000	0	100 000	100 000
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-4 075	-4 075	-4 075
<b>Equity 31 Dec 2014</b>	<b>606 193</b>	<b>242 383</b>	<b>16 082</b>	<b>439 300</b>	<b>271 160</b>	<b>1 575 118</b>	<b>1 575 118</b>

EUR 1 000	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
<b>Equity 1 Jan 2013</b>	<b>606 193</b>	<b>242 383</b>	<b>-16 489</b>	<b>229 300</b>	<b>248 539</b>	<b>1 309 926</b>	<b>1 309 926</b>
Profit/loss for the financial year	0	0	0	0	30 526	30 526	30 526
Other comprehensive profit/loss items:							
Changes in fair values of the available-for-sale-investments	0	0	6 963	0	0	6 963	6 963
Cash flow hedges	0	0	7 345	0	0	7 345	7 345
Subordinated shareholder loans (hybrid equity)	0	0	0	110 000	0	110 000	110 000
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-3 138	-3 138	-3 138
<b>Equity 31 Dec 2013</b>	<b>606 193</b>	<b>242 383</b>	<b>-2 181</b>	<b>339 300</b>	<b>275 927</b>	<b>1 461 622</b>	<b>1 461 622</b>

## Consolidated cash flow statement

EUR 1 000	Note	2014	2013
<b>Operating activities</b>			
Profit/loss for the financial year		-692	30 526
Adjustments:			
Income tax expenses		2	3
Finance income and expenses		43 358	32 333
Depreciation and impairment charges		57 716	57 369
Other non-cash flow income and expenses		-36 511	-58 441
Sales profit/loss of property, plant and equipment and shares		-156	-100
Changes in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables		-6 046	1 262
Increase (-) or decrease (+) in inventories		3 560	7 756
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities		-42 049	13 700
Interest paid and other finance expenses		-13 600	-26 150
Dividends received		1 036	853
Interest received		7 421	25 327
Taxes paid		-2	-1
<b>Cash flow from operating activities</b>		<b>14 037</b>	<b>84 437</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		-340 139	-300 307
Proceeds from sale of property, plant and equipment		7	18
Acquisition of intangible assets		-523	-951
Acquisition of shares		-33	-6
Proceeds from sale of shares		280	314
Loan receivables granted		-51 209	-50 136
Repayments of loans granted		422	390
<b>Cash flow from investing activities</b>		<b>-391 195</b>	<b>-350 678</b>
<b>Financing activities</b>			
Withdrawals of subordinated shareholder loans (hybrid equity)		100 000	110 000
Withdrawals of long-term loans		752 830	301 518
Repayment of long-term loans		-581 635	-177 496
Interest paid of subordinated shareholder loans (hybrid equity)		-3 854	-3 066
Increase (-) or decrease (+) in interest-bearing receivables		20	73
Increase (+) or decrease (-) in current financial liabilities		78 848	44 024
<b>Cash flow from financing activities</b>		<b>346 209</b>	<b>275 053</b>
<b>Change in cash and cash equivalents</b>		<b>-30 949</b>	<b>8 812</b>
Cash and cash equivalents 1 Jan		144 367	135 555
<b>Cash and cash equivalents 31 Dec</b>	18	<b>113 418</b>	<b>144 367</b>

## Notes to the consolidated financial statements

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### 1 General information on the Group

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Teollisuuden Voima Oyj together with its subsidiary 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 at cost price (so-called Mankala principle), i.e. delivers the electricity produced or procured to its shareholders in proportion to their shareholdings in each series. Each of the shareholders of 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) and has a third unit (OL3) under construction at Olkiluoto in the municipality of Eurajoki. The decision-in-principle for Olkiluoto 4 (OL4) is still in force, and the deadline for submitting the construction license application is June 30, 2015. 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.tv.fi](http://www.tv.fi).

These consolidated financial statements were authorized for issue by the Board of Directors of TVO in its meeting on 24 February 2015. Under the Finnish Limited Liability Companies Act the Shareholders' meeting may modify or reject the financial statements.

### 2 Accounting policies

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#### 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 2014. 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 recognized 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 2013. The Group has adopted the following new standards, interpretations and amendments to existing standards and interpretations on 1 January 2014:

- IFRS 10 Consolidated financial statements

The objective of this standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation.

The standard has not had significant impact on the consolidated financial statements.

■ **IFRS 11 Joint arrangements**

IFRS 11 standard replaces the previous IAS 31 Interests in joint ventures -standard. Classification of joint arrangements under IFRS 11 is determined through a separate vehicle, contractual terms between the parties and other facts and circumstances. The standard emphasizes the rights and obligations of the joint arrangement rather than its legal form in the accounting. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest.

When adopting the new IFRS 11 standard TVO has reassessed its control conclusions and re-evaluated its involvement in its joint venture. Joint venture Posiva Oy will continue to be recognised by applying the equity method and there will be no impact on the recognised assets, liabilities and comprehensive income.

■ **IFRS 12 Disclosures of interests in other entities**

The standard includes disclosure requirements for all forms of interests in other entities, including associates and joint arrangements. As a result of the standard the Group has expanded its disclosures about investments in joint ventures (see note 14).

■ **IFRS 10, 11 and 12 (amendment) Transition guidance**

These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative periods. The amendment has not had significant impact on the consolidated financial statements.

■ **IFRS 10, 12 and IAS 27 (amendment) Investment entities**

Many funds and similar entities will be exempt from consolidating most of their subsidiaries, if they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an investment entity definition and which display particular characteristics. The amendments have not had significant impact on the consolidated financial statements.

■ **IAS 27 (revised) Separate financial statements**

The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The amendment has not had significant impact on the consolidated financial statements.

■ **IAS 28 (revised) Associates and joint ventures**

The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The amendment has not had significant impact on the consolidated financial statements.

■ **IAS 32 (amendment) Financial instruments: Presentation**

These amendments are to the application guidance in IAS 32, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment has not had significant impact on the consolidated financial statements.

■ **IAS 36 (amendment) Impairment of assets**

This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment has not had significant impact on the consolidated financial statements.

■ **IAS 39 (amendment) Financial instruments: Recognition and measurement**

This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendment has not had significant impact on the consolidated financial statements.

The following new standards, interpretations and amendments to existing standards and interpretations issued during the



year 2014 will be adopted by the Group in 2015 or later:

- Annual improvements 2010-2012
- Annual improvements 2011-2013
- IAS 19 (amendment) Employee benefits: Defined benefit plans
- IFRIC 21 Levies
- IFRS 11 (amendment) Joint arrangements <sup>1)</sup>
- IAS 16 (amendment) Property, plant and equipment and IAS 38 Intangible assets <sup>1)</sup>
- IAS 16 (amendment) Property, plant and equipment and IAS 41 Agriculture <sup>1)</sup>
- IFRS 10 (amendment) Consolidated financial statements and IAS 28 Associates and joint ventures <sup>1)</sup>
- IAS 27 (amendment) Separate financial statements <sup>1)</sup>
- IFRS 14 Regulatory deferral accounts <sup>1)</sup>
- Annual improvements 2012-2014 <sup>1)</sup>
- IFRS 15 Revenue from contracts with customers <sup>1)</sup>
- IFRS 9 Financial instruments <sup>1)</sup>

Management is assessing the impact of these changes on the financial statements of the Group.

<sup>1)</sup> 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 subsidiary TVO Nuclear Services 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. Costs directly attributable to the acquisition are recognized in profit or loss.

In the consolidation, intercompany share ownership, intercompany transactions, receivables, liabilities, unrealized gains and internal distributions of profits are eliminated. Unrealized 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.

### Joint ventures

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. TVO has assessed the nature of its joint arrangement and determined it to be joint venture. Posiva Oy is a joint venture of TVO, which has a 60

per cent interest in it. Both ventures are liable for its main activities, final disposal of spent fuel of nuclear power plants, in proportion to their own usage. Interest in joint venture is accounted for by the equity method of accounting.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Account policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Segment reporting

The Group has two reportable segments; nuclear power and coal power. The Board of Directors is the chief operation decision maker.

## Revenue recognition principles

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

### **Sales of electricity and other revenue**

Revenue on sales of electricity is recognized based on delivery. The recognized income for shareholders is based on the quantities delivered. The revenue from services is recognized 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 recognized 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 recognized as an expense immediately.

### **Other income**

Revenue from activities outside the ordinary course of business is reported as other income. This includes joint ventures' revenue from services, rental income and non-recurring items, such as gains from sales of property, plant and equipment. Rental income is recognized on a straight line basis over the rental period and gains from sales of property, plant and equipment when the significant risks and rewards of ownership, interests and control have been transferred to the buyer.

## Government grants

Grants are recognized 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 recognized 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 recognized as an expense as incurred and included in other expenses in the income statement. Development costs are capitalized if it is assured that they will generate future income, in which case they are capitalized as intangible assets and amortized over the period of the income streams. Currently the Group does not have any development costs that would qualify for capitalization.

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 program	21 - 35 years
- Automation investments associated with the modernization	15 years
- Additional investments	10 years

Buildings and structures	10 - 40 years
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TVO's share in the Meri-Pori coal-fired plant:

- Basic investment	25 years
- Additional investments	10 years

Wind power plant	10 years
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TVO's share in the Olkiluoto gas turbine power plant	30 years
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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 capitalized 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 recognized in profit or loss, when they occur. Investments connected with the modernization and maintenance of the power plant units are capitalized.

OL3 is nuclear power plant unit under construction. All the realized costs on the OL3 project that meet recognition criteria are shown as incomplete plant investment. All the realized costs of the OL4 project that can be recognized in the cost of the asset have been entered as property, plant and equipment in the Group balance sheet. See note 12 Property, plant and Equipment.

## Intangible assets

Intangible assets are shown at historical cost less grants received, accumulated amortization 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 amortized on a straight-line basis over their estimated useful lives. These include computer software and certain payments made for the use of assets.

The amortization periods of the intangible assets are as follows:

- Computer software	10 years
- Other intangible assets	10 years

The amortization 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<sub>2</sub>) emission rights. Emission rights are recognized at historical cost, and are presented under emission rights. The current liability for returning emission rights is recognized at the carrying value of possessed emission rights. If there is a shortfall, a current liability is recognized 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 recognized 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

The Group assesses at each balance sheet date whether there are indications that the carrying amount of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset in question will be measured. For the purposes of assessing impairment, assets are examined at the level of cash-generating units, that is, at the lowest level that is mainly independent of other units and for which there are separately identifiable cash flows and largely independent from those of corresponding units.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. The value in use is determined by reference to discounted future cash flows expected to be generated by the asset. The discount rate used is pre-tax and reflects the time value of money and asset specific risks.

Impairment loss is recognized when the carrying amount of the asset is greater than its recoverable amount. Impairment loss is charged directly to the income statement. If a cash-generating unit is subject to an impairment loss, it is allocated first to decrease the goodwill and subsequently, to decrease the other assets of the unit. At recognition of the impairment loss, the useful life of the reamortized assets is reassessed. Impairment loss of other assets than goodwill is reversed in the case that a change has occurred in the estimates used in measuring the recoverable amount of the asset. The increased carrying

amount must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

## Inventories

Inventories are measured at acquisition cost. The acquisition cost comprises raw materials, direct labor 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 realizable value of inventories always covers their 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 recognized according to calculated consumption.

## Leases

### Finance leases

Leases are classified as finance leases when all substantial risks and rewards incidental to ownership are transferred to the Group. Assets acquired under finance leases are recognized 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 recognized 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 recognized in the income statement as an expense under the accrual principle on a straight-line basis over the lease term.

Lease payments received are recognized 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, derivative financial instruments designated as cash flow and fair value hedges, loans and other receivables, and available-for-sale investments. The classification is based on the purpose of the acquisition of the assets, and the assets are classified at initial acquisition.

Transaction costs are included at original book value of financial assets, except for items that are measured at fair value through profit or loss. All purchases and sales of financial assets are recognized at fair value on the trading date.

Financial assets are derecognized 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 that do not meet the criteria for hedge accounting according to IAS 39 are booked at fair value to profit or loss. Gains and losses from changes in fair value are recognized in the income statement in the period in which they arise, except when they relate to the construction of OL3 power plant and are capitalized as part of the cost of the asset.

### **Derivative financial instruments designed as cash flow and fair value hedges**

Financial assets include derivative financial instruments (see Derivative financial instruments and hedge accounting).

### **Loans and other receivables**

Loans and other receivables include non-current loans and other receivables as well as current trade and other receivables. Items that mature after 12 months are recognized in non-current assets. After initial recognition, all loans and other receivables are measured at amortized cost using the effective interest method. Trade receivables are recognized 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, fund units, and instruments that mature after 3 months excluding fixed-term deposits which are recognized in loans and other receivables. Items maturing after 12 months are recognized in non-current assets. Available-for-sale investments are measured at fair value, and the changes in fair value are recognized in other comprehensive items 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 recognized. 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 closing date, the Group estimates whether there is any objective evidence that a financial asset or group of financial assets is impaired. If the fair value of equity investment is significantly below its acquisition cost at the closing date, this is evidence of the impairment of equities classified as available-for-sale. If any evidence exists of the impairment, 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 recognized in profit or loss. The Group recognizes an impairment loss on trade receivables when there is objective evidence that the receivable is not fully collectible.

Evidence of impairment may include indications that the counterparty is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

## **Financial liabilities**

Financial liabilities are initially recognized at fair value including related transaction costs. After initial recognition, all financial liabilities are measured at amortized cost using the effective interest method. Financial 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 matures within 12 months from the closing date. Financial liabilities also include derivative financial instruments (see Derivative financial instruments and hedge accounting).

## **Derivative financial instruments and hedge accounting**

The Group uses derivative financial instruments as hedges of the currency risk relating to purchases of fuel and the currency

and interest rate risk of loans. The derivative financial instruments are recognized at fair value on the date when the Group becomes a party to a derivative contract, and subsequently measured at fair value on closing date.

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 commitments for purchases of uranium (forward foreign exchange contracts, currency swaps) and to part 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.

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. 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 maturity. The Group applies both cash flow and fair value hedge accounting.

### **Cash flow hedge**

The effective portion of the changes in the fair values of derivatives designated as and qualifying for cash flow hedges is recognized in other comprehensive items in the fair value reserve under equity. The gain or loss relating to the ineffective portion is recognized in profit or loss, except when they relate to the construction of OL3 power plant and are capitalized as part of the cost of the asset. The fair value changes accumulated in equity are recognized in profit or loss in the same period when the hedged item affects profit or loss.

Gains and losses from hedges of the currency risk related to fuel purchases are transferred from equity to adjust the cost of the item of inventory in question. Gains and losses from hedges related to fuel purchases are recognized to adjust the fuel purchases under the Materials and services item in accordance with inventory recognition principles.

When a hedge no longer qualifies for hedge accounting, or the hedging instrument initially recognized as a cash flow hedge matures or is sold, the cumulative gains or losses currently included in equity are recognized in profit or loss during the lifetime of the hedging instrument in question. When an anticipated transaction is no longer expected to occur, the cumulative gain or loss included in equity is recognized in profit or loss.

When a hedge of the currency risk related to fuel purchases no longer qualifies for hedge accounting, or the hedging instrument initially recognized as a cash flow hedge matures or is sold, the cumulative gains or losses currently included in equity are recognized in inventory at the same moment as the purchase of the inventory. When an anticipated transaction is no longer expected to occur, the cumulative gain or loss included in equity is recognized in profit or loss.

### **Fair value hedge**

The Group applies fair value hedge accounting for hedging fixed interest rate risk on publicly traded bonds. Changes in the fair value of derivative financial instruments that qualify as fair value hedges are recognized in the income statement under financial items, along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying amounts of hedged items and fair values of hedging instruments are included in interest-bearing liabilities and assets. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is recognized to profit or loss over the period to maturity.

### **Derivatives that do not qualify for hedge accounting**

The changes in the fair value of interest rate options, 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 OL3 power plant and are capitalized as part of the cost of the asset.

## Borrowing costs

Borrowing costs are recognized 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 significant investment, of which completion time exceeds one year. In that case, borrowing costs are capitalized as part of the cost of the asset.

## Foreign currency items

Transactions and financial items denominated in a foreign currency are recognized at the rates on the day when they occur. Receivables and liabilities denominated in a foreign currency are measured in the financial statements at the ECB's official exchange rate on the closing date. 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 recognized in finance income and expenses.

## Equity

### 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 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 recognized under share capital, statutory reserve and share premium reserve.

### Subordinated shareholder loans (hybrid equity)

Subordinated shareholder loans (hybrid equity) are treated as equity. Subordinated shareholder loans (hybrid equity) are initially recognized at fair value including related transaction costs. There is no maturity date for the subordinated shareholder loans (hybrid equity), but the borrower is entitled to repay the loan in one or several installments. The Board of Directors of the borrower has the right to decide not to pay interest during any current interest period. Unpaid interest does not accumulate to the following interest periods.

The interest of the subordinated shareholder loans (hybrid equity) are recognized in liabilities when the obligation to pay interest is incurred. Interest expenses are recognized in the retained earnings and are not recognized in profit or loss.

## 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 recognizes 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 recognized 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 the year following the assessment 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. It is accounted for in accordance with IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

The nuclear waste management obligation is shown as a provision under non-current liabilities. 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 capitalized as property, plant and equipment and will be adjusted later for possible changes in the plan. The amount recognized 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 recognized immediately in the income statement based on fuel used by the end of each accounting period.

The timing factor is taken into account by recognizing 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 recognized 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 recognize 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 recognized by the Group consists of tax relating to non-deductible expenses. It also includes any taxes for previous financial years.

## 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 recognized 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.

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 24 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. TVO has considered the Supplier's

previously submitted claims being without merit. TVO will scrutinize the new material which has been submitted, and respond to it in due course.

All the realized costs on the OL3 project that meet recognition criteria have been booked as acquisition costs of property, plant and equipment on the Group balance sheet.

### **Impairment testing**

Impairment testing of non-current assets is performed when there are indications that the carrying amount of an asset may not be recoverable. In testing, future discounted cash flows which can be recovered by use of the asset and its possible sale are used as an indicator.

TVO operates on a cost-price principle. According to the company documents, the shareholders are obliged to pay all the expenses of the Group in electricity prices including amortization of property, plant and equipment. When assessing by means of recoverable amounts possible impairment of assets and subsequent need for recognition of impairment loss, the recoverable amounts always correspond, with some exceptions, to the carrying amount of the asset and thus, as a rule, no need for recognition of impairment loss arises.

## 3 Segment reporting

### Segment structure in TVO Group

The Group has two reportable segments; nuclear power and coal 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 decision-in-principle for Olkiluoto 4 (OL4) is still in force, and the deadline for submitting the construction license application is June 30, 2015. The subsidiary of TVO, TVO Nuclear Services Oy (TVONS), of which operation is related to nuclear power, is also included in the nuclear power segment.

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

### Segment calculation principles

TVO Group discloses in the segment information; turnover, depreciation and impairment charges, finance income and expenses, 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 are reported in group level.

EUR 1 000	2014	2013
<b>Turnover by segments</b>		
Nuclear power	298 377	325 508
Coal-fired power	28 832	40 357
Total	327 209	365 865
<b>Depreciation and impairment charges by segments</b>		
Nuclear power	45 496	45 229
Coal-fired power	7 753	7 600
Depreciation and impairment charges (FAS)	53 249	52 829
The impact of the nuclear waste management obligation	4 467	4 540
Total (IFRS)	57 716	57 369
<b>Finance income and expenses by segments</b>		
Nuclear power	3 825	6 118
Coal-fired power	1 420	1 961
Finance income and expenses (FAS)	5 245	8 079
The impact of the nuclear waste management obligation	38 484	24 980
The impact of financial instruments	-147	-556
Other IFRS adjustments	-224	-170
Total (IFRS)	43 358	32 333

**Profit/loss for the financial year by segments**

Nuclear power	7 554	4 215
Coal-fired power	-2 177	-3 335
Profit/loss before appropriations (FAS)	5 377	880
The impact of the nuclear waste management obligation	-6 441	28 920
The impact of financial instruments	148	556
Other IFRS adjustments	224	170
Total (IFRS)	-692	30 526

**Assets by segments**

Nuclear power	5 840 090	5 508 441
Coal-fired power	39 152	64 565
Total (FAS)	5 879 242	5 573 006
The impact of the nuclear waste management obligation	1 046 407	1 020 507
The impact of financial instruments	54 212	29 070
The impact of finance leases	60 007	61 691
Other IFRS adjustments	14 278	16 219
Total (IFRS)	7 054 146	6 700 493

**GROUP-WIDE DISCLOSURES**

**Turnover shared to production of electricity and services**

Production of electricity	324 801	362 806
Services	2 408	3 059
Total	327 209	365 865

**Information about geographical areas**

Teollisuuden Voima Oyj is company owned by Finnish industrial and power companies. TVO delivers electricity to its shareholders at cost price (so-called Mankala principle) , 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

EUR 1 000	2014	2013
Personnel expenses related to OL3 and OL4	13 100	14 857
Water supply services related to OL3	0	21
<b>Total</b>	<b>13 100</b>	<b>14 878</b>

## 5 Other income

EUR 1 000	2014	2013
Rental income	2 828	3 168
Profits from sales of property, plant and equipment and shares	155	102
Sales of services	6 420	5 793
Other income	197	248
<b>Total</b>	<b>9 600</b>	<b>9 311</b>

## 6 Materials and services

EUR 1 000	2014	2013
Nuclear fuel	54 880	56 476
Coal	7 567	8 012
Materials and supplies	2 667	2 875
CO <sub>2</sub> emission rights	1 946	2 687
Nuclear waste management services <sup>1)</sup>	14 649	30 857
Increase (-) or decrease (+) in inventories	3 559	7 757
External services	13 476	12 919
<b>Total</b>	<b>98 744</b>	<b>121 583</b>

<sup>1)</sup> See note 24 Assets and provision related to nuclear waste management obligation.

## 7 Personnel expenses

EUR 1 000	2014	2013
<b>Employee benefit costs</b>		
Wages and salaries	50 398	52 014
Pension expenses - defined contribution plans	8 503	8 317
Other compulsory personnel expenses	2 655	2 987
<b>Total</b>	<b>61 556</b>	<b>63 318</b>

### 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.

	2014	2013
<b>Average number of personnel during financial year</b>		
Office personnel	716	740
Manual workers	147	154
<b>Total</b>	<b>863</b>	<b>894</b>

### Number of personnel on December 31

	2014	2013
Office personnel	672	717
Manual workers	137	140
<b>Total</b>	<b>809</b>	<b>857</b>

## 8 Depreciation and impairment charges

EUR 1 000	2014	2013
<b>Intangible assets</b>		
Computer software	401	447
Other intangible assets	856	822
<b>Total</b>	<b>1 257</b>	<b>1 269</b>
<b>Property, plant and equipment</b>		
Buildings and construction	9 864	10 037
Machinery and equipment	38 271	37 569
Other property, plant and equipment	3 857	3 954
Decommissioning	4 467	4 540
<b>Total</b>	<b>56 459</b>	<b>56 100</b>
<b>Total</b>	<b>57 716</b>	<b>57 369</b>

## 9 Other expenses

EUR 1 000	2014	2013
Maintenance services	18 170	19 117
Regional maintenance and service	8 943	8 964
Research services	2 624	1 658
Other external services	28 675	23 718
Real estate tax	5 544	4 954
Rents	1 708	1 599
ICT expenses	4 171	4 512
Personnel related expenses	4 230	4 578
Corporate communication expenses	1 074	1 516
Other expenses	14 086	14 306
<b>Total</b>	<b>89 225</b>	<b>84 922</b>

### Auditors' fees and not audit-related services

Audit fees	98	90
Other services	103	62
<b>Total</b>	<b>201</b>	<b>152</b>



## 10 Finance income and expenses

EUR 1 000	2014	2013
<b>Items included in the income statement</b>		
Dividend income on available-for-sale investments	1 036	853
Profit from available-for-sale investments	0	0
Interest income from loans and other receivables		
Nuclear waste management loan receivables from equity holders of the company	9 409	7 050
Other	377	11 381
Hedge accounted derivatives		
Ineffective portion of the change in fair value in cash flow hedge relationship	0	11
Ineffective portion of the change in fair value in fair value hedge relationship	10	21
Non-hedge accounted derivatives		
Change in fair value	340	563
Interest income from assets related to nuclear waste management	15 041	10 991
Finance income, total	26 214	30 870
Interest expenses and other finance expenses		
To the Finnish State Nuclear Waste Management Fund	9 409	7 050
To others	6 063	18 666
Hedge accounted derivatives		
Ineffective portion of the change in fair value in cash flow hedge relationship	1	2
Interest rate swaps, fair value hedges	21 841	7 551
Fair value adjustment of loan attributable to interest rate risk	-21 841	-7 551
Ineffective portion of the change in fair value in fair value hedge relationship	24	37
Non-hedge accounted derivatives		
Change in fair value	177	0
Realised derivative expenses, net	372	1 477
Interest expenses of provision related to nuclear waste management	53 525	35 970
Finance expenses, total	69 572	63 203
<b>Total</b>	<b>-43 358</b>	<b>-32 333</b>
<b>Other comprehensive items</b>		
Other comprehensive items related to derivative financial instruments:		
Cash flow hedges		
Changes in the fair value of which the following items have transferred	8 039	-9 280
Transfers to the consolidated income statement	-290	-940
Transfers to inventories	2 739	777
Transfers to the nuclear power plant under construction	-10 763	-16 463
Transferred items, total	-8 314	-16 625
Cash flow hedges, total	16 353	7 345
Changes in fair values of the available-for-sale investments	1 911	6 964
Total other comprehensive items	18 264	14 309

## 11 Income tax expense

EUR 1 000	2014	2013
Taxes based on the taxable income of the financial year	2	3
Total	2	3

TVO operates at cost price (so called Mankala principle, see note 1 General information on the Group), so TVO 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

2014 EUR 1 000	Land and water areas	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Construction in progress and advance payments	Decommissioning	Total
Acquisition cost 1 Jan	11 979	285 446	1 335 811	54 323	3 716 176	182 199	5 585 934
Increase	195	1 914	12 914	44	320 971	0	336 038
Decrease	-2	-142	-3 201	-75	-7 230	-1 973	-12 623
Transfer between categories	0	3 160	5 318	600	-9 078	0	0
Acquisition cost 31 Dec	12 172	290 378	1 350 842	54 892	4 020 839	180 226	5 909 349
Accumulated depreciation and impairment charges according to plan 1 Jan	0	213 205	921 657	33 378	0	59 612	1 227 852
Accumulated depreciation from deduction	0	-10	-3 197	-73	0	0	-3 280
Depreciation for the period	0	9 864	38 271	3 857	0	4 467	56 459
Accumulated depreciation and impairment charges according to plan 31 Dec	0	223 059	956 731	37 162	0	64 079	1 281 031
<b>Book value 31 Dec 2014</b>	<b>12 172</b>	<b>67 319</b>	<b>394 111</b>	<b>17 730</b>	<b>4 020 839</b>	<b>116 147</b>	<b>4 628 318</b>
Book value 1 Jan 2014	11 979	72 241	414 154	20 945	3 716 176	122 587	4 358 082

2013 EUR 1 000	Land and water areas	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Construction in progress and advance payments	Decommissioning	Total
Acquisition cost 1 Jan	11 509	286 011	1 324 680	53 573	3 445 960	148 739	5 270 472
Increase	470	352	6 064	751	290 129	33 460	331 226
Decrease	0	-917	-2 979	-1	-11 867	0	-15 764
Transfer between categories	0	0	8 046	0	-8 046	0	0
Acquisition cost 31 Dec	11 979	285 446	1 335 811	54 323	3 716 176	182 199	5 585 934
Accumulated depreciation and impairment charges according to plan 1 Jan	0	203 855	887 064	29 425	0	55 072	1 175 416
Accumulated depreciation from deduction	0	-687	-2 976	-1	0	0	-3 664
Depreciation for the period	0	10 037	37 569	3 954	0	4 540	56 100
Accumulated depreciation and impairment charges according to plan 31 Dec	0	213 205	921 657	33 378	0	59 612	1 227 852
<b>Book value 31 Dec 2013</b>	<b>11 979</b>	<b>72 241</b>	<b>414 154</b>	<b>20 945</b>	<b>3 716 176</b>	<b>122 587</b>	<b>4 358 082</b>
Book value 1 Jan 2013	11 509	82 156	437 616	24 148	3 445 960	93 667	4 095 056

The costs for the new plant unit (OL3) under construction constituted EUR 3.9 billion of the advance payments in 2013 (EUR 3.7 billion in 2013).

## Property, plant and equipment included finance lease agreements:

EUR 1 000	Construction in progress
Book value 1 Jan 2014	72 579
Increase	18
<b>Book value 31 Dec 2014</b>	<b>72 597</b>

EUR 1 000	Construction in progress
Book value 1 Jan 2013	72 339
Increase	240
<b>Book value 31 Dec 2013</b>	<b>72 579</b>

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

## 13 Intangible assets

2014 EUR 1 000	CO <sub>2</sub> emission rights	Computer software	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan	2 687	20 408	21 783	0	44 878
Increase	1 932	0	0	522	2 454
Decrease	-2 687	0	-1	0	-2 688
Acquisition cost 31 Dec	1 932	20 408	21 782	522	44 644
Accumulated depreciation and impairment charges according to plan 1 Jan	0	18 945	16 551	0	35 496
Accumulated depreciation from deduction	0	0	-1	0	-1
Depreciation for the period	0	401	855	0	1 256
Accumulated depreciation and impairment charges according to plan 31 Dec	0	19 346	17 405	0	36 751
<b>Book value 31 Dec 2014</b>	<b>1 932</b>	<b>1 062</b>	<b>4 377</b>	<b>522</b>	<b>7 893</b>
Book value 1 Jan 2014	2 687	1 463	5 232	0	9 382

2013 EUR 1 000	CO <sub>2</sub> emission rights	Computer software	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan	716	20 366	20 874	0	41 956
Increase	2 904	42	909	0	3 855
Decrease	-933	0	0	0	-933
Acquisition cost 31 Dec	2 687	20 408	21 783	0	44 878
Accumulated depreciation and impairment charges according to plan 1 Jan	0	18 498	15 729	0	34 227
Depreciation for the period	0	447	822	0	1 269
Accumulated depreciation and impairment charges according to plan 31 Dec	0	18 945	16 551	0	35 496
<b>Book value 31 Dec 2013</b>	<b>2 687</b>	<b>1 463</b>	<b>5 232</b>	<b>0</b>	<b>9 382</b>
Book value 1 Jan 2013	716	1 868	5 145	0	7 729

### Capitalized borrowing costs included in property, plant and equipment, and intangible assets

The borrowing costs of the power plant construction in progress, OL3 and OL4 project have been capitalized. Realized financial income and expenses have been divided by committed capital. The average share of capitalized borrowing costs in 2014 was 96.5 % (93.8 % in 2013). The average interest rate on loans and derivatives on 31 December, see note 27.

2014 Capitalized interest costs during construction EUR 1 000	Other intangible assets	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Advance payments	Total
Acquisition cost 1 Jan	3 530	31 133	112 781	2 609	784 574	934 627
Increase	0	0	0	0	167 510	167 510
Decrease	0	0	0	0	-3 228	-3 228
Acquisition cost 31 Dec	3 530	31 133	112 781	2 609	948 856	1 098 909
Accumulated depreciation and impairment charges according to plan 1 Jan	2 728	22 676	82 379	1 890	0	109 673
Depreciation for the period	107	444	1 693	33	0	2 277
Accumulated depreciation and impairment charges according to plan 31 Dec	2 835	23 120	84 072	1 923	0	111 950
<b>Book value 31 Dec 2014</b>	<b>695</b>	<b>8 013</b>	<b>28 709</b>	<b>686</b>	<b>948 856</b>	<b>986 959</b>
Book value 1 Jan 2014	802	8 457	30 402	719	784 574	824 954

2013 Capitalized interest costs during construction EUR 1 000	Other intangible assets	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Advance payments	Total
Acquisition cost 1 Jan	3 530	31 133	112 781	2 609	662 631	812 684
Increase	0	0	0	0	130 828	130 828
Decrease	0	0	0	0	-8 885	-8 885
Acquisition cost 31 Dec	3 530	31 133	112 781	2 609	784 574	934 627
Accumulated depreciation and impairment charges according to plan 1 Jan	2 621	22 232	80 686	1 857	0	107 396
Depreciation for the period	107	444	1 693	33	0	2 277
Accumulated depreciation and impairment charges according to plan 31 Dec	2 728	22 676	82 379	1 890	0	109 673
<b>Book value 31 Dec 2013</b>	<b>802</b>	<b>8 457</b>	<b>30 402</b>	<b>719</b>	<b>784 574</b>	<b>824 954</b>
Book value 1 Jan 2013	909	8 901	32 095	752	662 631	705 288

## 14 Investments in joint ventures

EUR 1 000	<b>2014</b>	2013
1 Jan	<b>1 009</b>	1 009
31 Dec	<b>1 009</b>	1 009

### Nature of investment in joint ventures 2014 and 2013:

Name of entity	Place of incorporation	Group-share (%)	Measurement method
Posiva Oy	Eurajoki	60	Equity

TVO has a 60 per cent 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).

TVO governs Posiva Oy jointly with FPH, based on Articles of Association and Shareholders Agreement. TVO is liable for approximately 74 per cent 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.

## Summarised financial information (FAS) for Posiva Oy

Posiva Oy is a private company and there is no quoted market price available for its shares. In the consolidated financial statements Posiva Oy is accounted by the equity method of accounting.

Summarised balance sheet	2014	2013
<b>Current</b>		
Cash and cash equivalents	15 852	14 883
Other current assets (excluding cash)	6 391	3 431
<b>Total current assets</b>	<b>22 243</b>	<b>18 314</b>
Financial liabilities (excluding trade payables)	-683	-633
Other current liabilities (including trade payables)	-18 425	-14 854
<b>Total current liabilities</b>	<b>-19 108</b>	<b>-15 487</b>
<b>Non-current</b>		
Assets	3 463	4 281
Financial liabilities	-4 916	-5 426
<b>Total non-current liabilities</b>	<b>-4 916</b>	<b>-5 426</b>
<b>Net assets</b>	<b>1 682</b>	<b>1 682</b>
<b>Summarised statement of comprehensive income</b>		
Turnover	66 203	63 220
Depreciation and impairment charges	364	340
Interest income	31	94
Interest expense	-71	-127
<b>Pre-tax profit from continuing operations</b>	<b>5</b>	<b>4</b>
Income tax expense	-5	-4
<b>Post-tax profit from continuing operations</b>	<b>0</b>	<b>0</b>
<b>Reconciliation of summarised financial information</b>		
<b>Operating net assets 1 Jan</b>	<b>1 682</b>	<b>1 682</b>
Profit/loss for the period	0	0
<b>Closing net assets</b>	<b>1 682</b>	<b>1 682</b>
Interest in joint venture 60 %	1 009	1 009
<b>Carrying value</b>	<b>1 009</b>	<b>1 009</b>

## 15 Book values of financial assets and liabilities by categories

2014 EUR 1 000	Derivative financial instruments at fair value through profit or loss	Derivative financial instruments designated as cash flow hedges	Derivative financial instruments designated as fair value hedges	Loans and other receivables	Available- for-sale investments	Financial liabilities measured at amortized cost	Book value total	Fair value total	Note
<b>Non-current financial assets</b>									
Loans and other receivables				986 367			986 367	986 367	16
Investments in shares					25 857		25 857	25 857	17
Derivative financial instruments	33 229	8 814	32 155				74 198	74 198	20
<b>Current financial assets</b>									
Trade and other receivables				33 900			33 900	33 900	16
Derivative financial instruments	4 374	9 021					13 395	13 395	20
<b>Total by category</b>	<b>37 603</b>	<b>17 835</b>	<b>32 155</b>	<b>1 020 267</b>	<b>25 857</b>	<b>0</b>	<b>1 133 716</b>	<b>1 133 716</b>	
<b>Non-current liabilities</b>									
Loan from the Finnish State Nuclear Waste Management Fund						982 800	982 800	982 800	22
Other financial liabilities						2 974 996	2 974 996	3 186 874	22
Derivative financial instruments	25 408	20 595					46 003	46 003	20
<b>Current liabilities</b>									
Current financial liabilities						401 752	401 752	401 752	22
Trade payables						8 327	8 327	8 327	23
Other current liabilities						109 994	109 994	109 994	23
Derivate financial instruments	417	5 053					5 471	5 471	20
<b>Total by category</b>	<b>25 825</b>	<b>25 649</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 477 869</b>	<b>4 529 343</b>	<b>4 741 221</b>	

2013 EUR 1 000	Derivative financial instruments at fair value through profit or loss	Derivative financial instruments designated as cash flow hedges	Derivative financial instruments designated as fair value hedges	Loans and other receivables	Available- for-sale investments	Financial liabilities measured at amortized cost	Book value total	Fair value total	Note
<b>Non-current assets</b>									
Loans and other receivables				935 633			935 633	935 633	16
Investments in shares					23 945		23 945	23 945	17
Derivative financial instruments	48 310	1 423	10 314				60 047	60 047	20
<b>Current assets</b>									
Trade and other receivables				25 465			25 465	25 465	16
Derivative financial instruments	12	1 542					1 553	1 553	20
<b>Total by category</b>	<b>48 321</b>	<b>2 965</b>	<b>10 314</b>	<b>961 098</b>	<b>23 945</b>	<b>0</b>	<b>1 046 643</b>	<b>1 046 643</b>	
<b>Non-current liabilities</b>									
Loan from the Finnish State Nuclear Waste Management Fund						931 725	931 725	931 725	22
Other financial liabilities						2 975 627	2 975 627	3 196 873	22
Derivative financial instruments	13 339	21 661					34 999	34 999	20
<b>Current liabilities</b>									
Current financial liabilities						201 774	201 774	201 774	22
Trade payables						10 823	10 823	10 823	23
Other current liabilities						156 427	156 427	156 427	23
Derivative financial instruments	3 304	4 909					8 212	8 212	20
<b>Total by category</b>	<b>16 642</b>	<b>26 570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 276 376</b>	<b>4 319 588</b>	<b>4 540 834</b>	



**Fair values of long-term loans, have been estimated as follows:**

The fair value of quoted bonds is based on the quoted market value as of 31 December (Level 1). The fair value of fixed rate and market-based floating rate loans is estimated using the expected future payments discounted at market interest rates (Level 2).

The carrying amounts of current financial assets and liabilities approximate their fair value, as the impact of discounting is not significant.

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

2014 EUR 1 000	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>			
Derivative financial instruments at fair value through profit or loss		37 603	
Derivative financial instruments designated as cash flow hedges		17 835	
Derivative financial instruments designated as fair value hedges		32 155	
Available-for-sale investments			
Investments in listed companies	23 811		
Investments in other stocks and shares			0
<b>Total</b>	<b>23 811</b>	<b>87 593</b>	<b>0</b>
<b>Financial liabilities at fair value</b>			
Derivative financial instruments at fair value through profit or loss		25 825	
Derivative financial instruments designated as cash flow hedges		25 649	
Derivative financial instruments designated as fair value hedges		0	
<b>Total</b>	<b>0</b>	<b>51 474</b>	<b>0</b>

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

2013 EUR 1 000	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>			
Derivative financial instruments at fair value through profit or loss		48 321	
Derivative financial instruments designated as cash flow hedges		2 965	
Derivative financial instruments designated as fair value hedges		10 314	
Available-for-sale investments			
Investments in listed companies	21 901		
Investments in other stocks and shares			0
<b>Total</b>	<b>21 901</b>	<b>61 600</b>	<b>0</b>
<b>Financial liabilities at fair value</b>			
Derivative financial instruments at fair value through profit or loss		16 642	
Derivative financial instruments designated as cash flow hedges		26 570	
Derivative financial instruments designated as fair value hedges		0	
<b>Total</b>	<b>0</b>	<b>43 212</b>	<b>0</b>

TVO has also 31 December 2014 unquoted shares EUR 2,046 (2,044) thousand whose fair value cannot be reliably determined are measured at acquisition cost.

## Fair value estimation

Available-for-sale investments include investments in shares and fund units. Listed shares and fund units are measured at fair value, which is the market price at closing date (Level 1). TVO has not level 3 investments (assets that are not based on observable market data).

The derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The fair values are determined using a variety of methods and financial valuation techniques, and assumptions are based on market quotations at the balance sheet date (Level 2). The fair value of the interest rate swaps is the present value of the estimated future cash flows. The forward contracts are measured using the market quotes at the closing date. The fair value of the interest rate options is calculated using market quotes at the closing date and by using the Black and Scholes option valuation model. The changes in fair value of the interest rate swaps and forward contracts are recognized in equity or profit or loss, depending on whether they qualify for cash flow hedges or not. The changes in fair value of interest rate options that do not qualify for hedge accounting are presented in the income statement.

2014 EUR 1 000	Gross amounts	Related amounts not set off	Net amount
<b>Offsetting financial assets and liabilities</b>			
Derivative financial assets	87 593	-31 090	56 503
Derivative financial liabilities	-51 474	31 090	-20 384

2013 EUR 1 000	Gross amounts	Related amounts not set off	Net amount
<b>Offsetting financial assets and liabilities</b>			
Derivative financial assets	61 600	-20 484	41 116
Derivative financial liabilities	-43 212	20 484	-22 728

For the financial derivative assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial derivative assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due.

## 16 Loans and other receivables

### Loans and other receivables (non-current assets)

EUR 1 000	2014	2013
Nuclear waste management loan receivables	982 800	931 725
Loan receivables	3 567	3 908
Total	986 367	935 633

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 per cent 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.

Nuclear waste management loan receivables are allocated as follows:

EUR 1 000	2014	2013
EPV Energia Oy	64 405	61 442
Fortum Oyj	261 257	247 583
Karhu Voima Oy	688	655
Kemira Oyj	18 270	17 437
Oy Mankala Ab	79 979	76 210
Pohjolan Voima Oy	558 201	528 398
<b>Total</b>	<b>982 800</b>	<b>931 725</b>

In accordance with its Articles of Association, TVO delivers electricity to its shareholders at cost price (so-called Mankala principle), i.e. delivers the electricity produced or procured to its shareholders in proportion to their shareholdings in each series. Each of the shareholders of each series is liable for variable and fixed annual costs that are specified in detail in the Articles of Association.

The loan receivables constitute mainly the loan receivables of Posiva Oy EUR 3,037 (3,357) thousand.

#### Trade and other receivables (current assets)

EUR 1 000	2014	2013
Trade receivables	10 043	8 833
Loan receivables	422	390
Prepayments and accrued income	13 613	10 060
Other receivables	9 822	6 182
<b>Total</b>	<b>33 900</b>	<b>25 465</b>

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

The maximum credit loss risk of trade and other receivables corresponds to their book value. On 31 December 2014 the Group had EUR 582 (155) thousand overdue receivables of which EUR 0 (42) 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

EUR 1 000	2014	2013
Investments in listed companies	23 811	21 901
Investments in other stocks and shares	2 046	2 044
<b>Total</b>	<b>25 857</b>	<b>23 945</b>

## 18 Cash and cash equivalents

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

## 19 Inventories

EUR 1 000	2014	2013
Coal		
Replacement cost	19 853	21 767
Book value	22 369	29 108
Difference	-2 516	-7 341
Raw uranium and natural uranium		
Replacement cost	73 152	65 277
Book value	53 356	51 198
Difference	19 796	14 079
Coal	22 369	29 108
Raw uranium and natural uranium	53 356	51 198
Nuclear fuel	158 024	156 723
Materials and supplies	5 782	6 062
<b>Total</b>	<b>239 531</b>	<b>243 091</b>

## 20 Derivative financial instruments

Nominal values of the derivative financial instruments	Maturity structure					Total
	< 1 year	1-3 years	3-5 years	5-7 years	> 7 years	
<b>2014</b>						
EUR 1 000						
Interest rate swaps	30 000	90 000	578 446	280 000	23 000	1 001 446
Forward foreign exchange contracts and swaps	34 896	33 668	43 498	34 357	44 798	191 216
Cross-currency swaps	73 522	214 481	375 232	211 069	56 117	930 421
<b>Total</b>	<b>138 418</b>	<b>338 149</b>	<b>997 177</b>	<b>525 425</b>	<b>123 915</b>	<b>2 123 084</b>

Nominal values of the derivative financial instruments	Maturity structure					Total
	< 1 year	1-3 years	3-5 years	5-7 years	> 7 years	
<b>2013</b>						
EUR 1 000						
Interest rate swaps	410 000	90 000	198 446	280 000	23 000	1 001 446
Forward foreign exchange contracts and swaps	26 163	49 063	35 377	43 960	57 045	211 607
Cross-currency swaps	0	128 730	531 447	137 380	56 117	853 674
<b>Total</b>	<b>436 163</b>	<b>267 793</b>	<b>765 270</b>	<b>461 340</b>	<b>136 161</b>	<b>2 066 727</b>

Fair values of the derivative financial instruments			
<b>2014</b>			
EUR 1 000	Positive	Negative	Total
Interest rate swaps			
Cash flow hedges	0	-21 509	-21 509
Fair value hedges	32 155	0	32 155
Non-hedges	0	-773	-773
Forward foreign exchange contracts and swaps			
Cash flow hedges	17 835	-4 139	13 695
Non-hedges	494	-426	69
Cross-currency swaps			
Non-hedges	37 109	-24 626	12 482
Currency options (non-hedges)			
Purchased	0	0	0
Written	0	0	0
<b>Total</b>	<b>87 593</b>	<b>-51 474</b>	<b>36 119</b>

Fair values of the derivative financial instruments			
<b>2013</b>			
EUR 1 000	Positive	Negative	Total
Interest rate swaps			
Cash flow hedges	471	-19 560	-19 089
Fair value hedges	10 314	0	10 314
Non-hedges	0	-4 445	-4 445
Forward foreign exchange contracts and swaps			
Cash flow hedges	2 494	-7 009	-4 516
Non-hedges	152	-33	119
Cross-currency swaps			
Non-hedges	48 157	-12 129	36 028
Currency options (non-hedges)			
Purchased	0	-35	-35
Written	12	0	12
<b>Total</b>	<b>61 600</b>	<b>-43 212</b>	<b>18 388</b>

## 21 Equity

### Share capital

The registered share capital of the Company according to the Articles of Association was EUR 606,193 thousand on 31 December 2014. TVO does not have a maximum or minimum limit for the share capital. The number of the shares on 31 December 2014 was 1,394,283,730. The shares are divided into the three series of shares as follows: A series 680,000,000, B series 680,000,000 and C series 34,283,730 shares. The shares have no nominal price as is stipulated in the Finnish Limited Liability Companies Act.

According to the Articles of Association, TVO delivers electricity to its shareholders at cost price, 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:

EUR 1 000	Number of shares	Share capital	Share premium reserve and statutory reserve
1 Jan 2013	1 394 283 730	606 193	242 383
31 Dec 2013	1 394 283 730	606 193	242 383
<b>31 Dec 2014</b>	<b>1 394 283 730</b>	<b>606 193</b>	<b>242 383</b>

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

Share number	31 Dec 2014	31 Dec 2013
A series	680 000 000	680 000 000
B series	680 000 000	680 000 000
C series	34 283 730	34 283 730
Total	1 394 283 730	1 394 283 730

### 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 realized. Fair value changes in available-for-sale investments are transferred to the income statement, when the investments are relinquished or their value diminishes.

### Subordinated shareholder loans (hybrid equity)

The carrying value of the subordinated shareholder loans in the balance sheet 31 December 2014 was EUR 439,300 thousand of which 379,300 thousand was interest-bearing and 60,000 thousand non-interest. There is no maturity date for the subordinated shareholder loans (hybrid equity), but the borrower is entitled to repay the loan in one or several installments. The Board of Directors of the borrower has the right to decide not to pay interest during any current interest period. Unpaid interest does not accumulate to the following interest periods.

Subordinated shareholder loans (hybrid equity) are unsecured and in a weaker preference position than promissory notes. Holders of a subordinated shareholder loans has no shareholder rights, nor does the bond dilute the ownership of the company's shareholders.

### Retained earnings

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

## 22 Interest-bearing liabilities

EUR 1 000	2014	2013
Non-current interest-bearing liabilities		
Loan from the Finnish State Nuclear Waste Management Fund	982 800	931 725
Bonds	2 250 999	2 191 411
Bank loans	414 255	500 620
Loans from others	250 582	222 744
Finance leasing liabilities	59 160	60 852
Derivative financial instruments	46 003	34 999
<b>Total</b>	<b>4 003 799</b>	<b>3 942 351</b>
Current interest-bearing liabilities		
Current portion of long-term bonds	77 402	0
Current portion of bank loans	89 095	45 376
Current portion of finance lease liabilities	1 692	1 683
Other interest-bearing liabilities (Commercial paper program)	233 563	154 715
Derivative financial instruments	5 471	8 212
<b>Total</b>	<b>407 223</b>	<b>209 986</b>
<b>Total</b>	<b>4 411 022</b>	<b>4 152 337</b>

TVO has issued EUR-, USD-, GBP-, SEK- and NOK-denominated Private Placements amounting to EUR 1,266.4 million. The Placements in foreign currency are treated as EUR floating or fixed rate loans that are adjusted at the closing date with ECB fixing rate. The Private Placements have been swapped by using cross-currency swaps. In 2014, the effect of foreign exchange hedges was negative amounting to EUR 23.5 million and correspondingly, the effect of foreign currency denominated loans was positive amounting to EUR 23.5 million.

## Maturity period of finance lease liabilities

EUR 1 000	2014	2013
Finance lease liabilities - minimum lease payments		
No later than 1 year	1 692	1 690
Later than 1 year and no later than 5 years	6 853	6 842
Over 5 years	52 307	54 065
<b>Total</b>	<b>60 852</b>	<b>62 597</b>
Finance expenses to be accrued		
	0	-62
Finance lease liabilities - current value of minimum rents		
No later than 1 year	1 692	1 683
Later than 1 year and no later than 5 years	6 853	6 819
Over 5 years	52 307	54 033
<b>Total</b>	<b>60 852</b>	<b>62 535</b>

The finance lease liabilities of the Group comprise the lease agreement of spare parts of the nuclear power plant.

## 23 Trade payables and other current liabilities

EUR 1 000	2014	2013
Advances received	19 425	21 365
Trade payables	8 327	10 823
Accruals and deferred income and other liabilities	109 994	156 427
<b>Total</b>	<b>137 746</b>	<b>188 615</b>

Accruals and deferred income and other liabilities are allocated as follows:

Finnish State Nuclear Waste Management Fund	30 630	64 430
Accrued interests	42 798	52 144
Accrued personnel expenses	15 321	16 543
Accruals related to CO <sub>2</sub> emission rights	1 946	2 687
Others	19 299	20 623
<b>Total</b>	<b>109 994</b>	<b>156 427</b>



## 24 Assets and provision related to nuclear waste management obligation

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### **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, 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.

When comparing the consolidated income statement and profit/loss for the financial year 2014 to the consolidated income statement for 2013 it has to be taken into account that the total cost estimate based on a new nuclear waste management technical plan and schedule was updated in June 2013. The updated cost estimate increased the provision related to the nuclear waste management and decreased the amount of materials and services and finance expenses.

The overall effect on profit for 2013 was positive because the amount of the share in the Finnish State Nuclear Waste Management Fund and the provision related to nuclear waste management are equal and the difference is entered as an adjustment to materials and services. Moreover, the costs for spent fuel disposal are expensed during the operating time of the plant, based on fuel usage, and the impact of any changes to the plan and schedules will be recognized immediately in the income statement based on fuel used by the end of each accounting period.

The provision on balance sheet for 2013 compared to the value at the end of the previous year was increased by EUR 24.8 million. The effect of revised cost estimate to the consolidated income statement for 2013 compared to the previous estimate were EUR 22.2 million decrease in materials and services and EUR 11.9 million decrease in finance expenses.

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

EUR 1 000	2014	2013
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	930 260	897 919
Provision related to nuclear waste management (non-current liabilities)		
Beginning of the year	897 919	857 643
Increase in provision	10 016	36 494
Used provision	-31 200	-32 188
Changes due to discounting	53 525	35 970
End of the year	930 260	897 919
The discount rate %	5,5	5,5

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

EUR 1 000	2014	2013
Liability for nuclear waste management according to the Nuclear Energy Act	1 349 100	1 317 800
TVO's funding target obligation 2015 (2014) to the Finnish State Nuclear Waste Management Fund	1 345 400	1 310 400
TVO's share in the Finnish State Nuclear Waste Management Fund 31.12.2014 (31.12.2013)	1 324 200	1 253 300
Difference between the liability and TVO's share of the fund 31.12.2014 (31.12.2013)	24 900	64 500

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 1,349.1 (1,317.8) million on 31 December 2014 (31 December 2013). The carrying value of the liability in the balance sheet calculated according to IAS 37 is EUR 930.3 (897.9) million on 31 December 2014. 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 1,324.2 (1,253.3) million on 31 December 2014. The carrying value of the TVO's share in the fund in the balance sheet is EUR 930.3 (897.9) million. The difference is due to the fact that IFRIC 5 limits the carrying amount of TVO's interest in the Finnish State Nuclear Waste Management Fund to the amount of the related liability 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 each year is due to the funding target being completed by paying the nuclear waste management fee only during the first quarter of the following year.

The Ministry of Employment and the Economy (MEE) has adopted the procedure mentioned in the Nuclear Energy Act (section 40, subsection 3) and specified in the Government Decision 1339/1996 for a temporary reduction of the funding target when confirming Teollisuuden Voima Oyj's funding target obligation for 2015.

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 25 Obligations and other commitments.

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund according to defined rules. TVO utilizes the right to borrow funds back and has pledged the receivables from the shareholders as security for the loans. The loans are renewed yearly. The loans are included in the interest-bearing liabilities, see note 22 Interest-bearing liabilities.

## 25 Obligations and other commitments

### Operating leases

#### Group as lessee

Minimum rents to be paid based on non-cancellable lease agreements:

EUR 1 000	2014	2013
No later than 1 year	326	349
Later than 1 year and no later than 5 years	313	354
<b>Total</b>	<b>639</b>	<b>703</b>

The rents recognized as expenses during the period are as follows:

Rents	324	376
<b>Total</b>	<b>324</b>	<b>376</b>

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

### Pledged promissory notes and financial guarantees

EUR 1 000	2014	2013
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	982 800	931 725
Guarantees given by shareholders related to the nuclear waste management obligation	152 710	153 160

The Company under the nuclear waste management obligation is entitled to borrow an amount equal to 75 per cent 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:

EUR 1 000	2014	2013
OL1 and OL2	135 000	75 000
OL3	779 000	774 000
OL4	0	2 000
<b>Total</b>	<b>914 000</b>	<b>851 000</b>

## Pending Court Cases and Disputes

TVO submitted in 2012 a claim and defense in the International Chamber of Commerce (ICC) arbitration proceedings concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. The quantification estimate of TVO's costs and losses updated in October 2014 is approximately EUR 2.3 billion until the end of 2018, which according to the schedule submitted by the OL3 Supplier in September 2014, is the estimated start of the regular electricity production of OL3.

The proceedings were initiated in December 2008 by the OL3 Supplier. The updated quantification which the Supplier submitted in October 2014 and corrected in November 2014 brings the total amount claimed by the Supplier for events occurring during the construction period ending June 2011 to approximately EUR 3.4 billion. Among other things, this sum includes over EUR 1.2 billion in respect of penalty interest (calculated until October 2014) and payments allegedly delayed by TVO under the plant contract, as well as approximately EUR 150 million of alleged lost profit. TVO has considered the Supplier's previously submitted claims being without merit. TVO will scrutinize the new material which has been submitted, and respond to it in due course.

The companies belonging to the Plant Supplier Consortium (AREVA GmbH, AREVA NP SAS and Siemens) are jointly and severally liable for the Plant Contract obligations.

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

TVO has not recorded any receivables or provisions on the basis of claims presented in the arbitration proceedings.

## CO<sub>2</sub> 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.

	2014		2013	
	t CO <sub>2</sub>	EUR 1 000	t CO <sub>2</sub>	EUR 1 000
Total annual emissions from production facilities	<b>334 839</b>		592 448	
Possessed emission rights	<b>335 237</b>		597 125	
Emission rights and emission right reductions bought <sup>1)</sup>	<b>330 075</b>	<b>1 946</b>	595 000	2 687

TVO is responsible for the amount of emission rights corresponding to its share of the production of the plant.

<sup>1)</sup> The purchases of the emission rights and emission right reductions are included in materials and services. The emission rights that TVO possesses on 31 December are included in intangible assets on the balance sheet.

## 26 Related party

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

### Group's parent company and subsidiaries

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

### Transactions with related parties are as follows

#### 2014

EUR 1 000	Sales	Purchases	Interests	Receivables	Liabilities
Posiva Oy (joint venture)	9 190	47 881	43	5 757	1 656

#### 2013

EUR 1 000	Sales	Purchases	Interests	Receivables	Liabilities
Posiva Oy (joint venture)	8 174	46 453	78	4 739	10

### Teollisuuden Voima Oyj's shareholders

According to IAS 24 -standard in addition the Group related parties are TVO's two biggest shareholders Pohjolan Voima Oy (PVO) and Fortum Power and Heat Oy (FPH) which have significant authority and PVO's biggest owner UPM-Kymmene Oyj (UPM) and FPH's owner Fortum Oyj.

### Transactions with related parties are as follows

#### 2014

EUR 1 000	Sales	Purchases	Interests	Receivables	Liabilities
PVO, Fortum Oyj, Fortum Power and Heat Oy	270 148	7 848	11 321	835 181	340 637

#### 2013

EUR 1 000	Sales	Purchases	Interests	Receivables	Liabilities
PVO, Fortum Oyj, Fortum Power and Heat Oy	301 729	11 054	8 782	788 918	258 689

### 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.

	2014	2013
EUR 1 000	Senior management	Senior management
Wages, salaries and other short-term benefits	2 279	2 183
Total	2 279	2 183

## 27 Financial risk management

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Financing and financial risks are centrally managed by the finance department of TVO in accordance with the Finance Policy approved by the Board of Directors. TVO is exposed to a variety of financial risks: liquidity-, market- and credit risk. These do not include the receivables and obligations between the Company and its owners, as the Company operates at cost price (see note 1 General information on the Group).

TVO's guiding financial principles are to ensure access to adequate liquidity reserves and, secondly, to reduce volatility in cash flows deriving from short- and medium-term fluctuations in the financial markets.

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

### **Liquidity risk**

Liquidity and refinancing risk is defined as the amount by which earnings and 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 aims to diminish the refinancing risk by spreading the maturity dates of its loans and different financing sources as much as possible.

In accordance with the Finance Policy of TVO, the maturities and refinancing of long-term loans are planned so that no more than 25 per cent of the outstanding loans mature during the next rolling 12-month period. The loans borrowed from the Finnish State Nuclear Waste Management Fund, which have been lent further to the shareholders, form an exception.

TVO issues commercial papers under the 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 credit lines, 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, commercial papers, municipal papers, and treasury notes as well as money market funds are accepted as investments, and they are mostly for the short-term purposes with maximum duration of 12 months.

## Undiscounted cash flows of financial liabilities

2014 EUR 1 000	2015	2016	2017	2018	2019-	Total
Loans from financial institutions <sup>1)</sup>	89 095	104 583	44 413	94 413	184 864	517 367
Financing costs <sup>2)</sup>	16 357	13 812	10 273	5 592	6 215	52 249
Loan from the Finnish State Nuclear Waste Management Fund <sup>3)</sup>					982 800	982 800
Financing costs	9 430	2 893	4 347	6 126	7 971	30 767
Bonds <sup>4)</sup>	73 522	270 632	214 481	228 519	1 526 221	2 313 376
Financing costs	74 116	73 072	55 682	51 326	152 177	406 373
Loans from others <sup>4)</sup>				88 446	135 231	223 677
Financing costs	4 223	4 126	4 135	4 107	7 044	23 636
Finance lease liabilities	1 692	6 853			52 306	60 851
Commercial papers	234 000					234 000
Other liabilities	44 893					44 893
Interest rate derivatives	8 195	6 684	6 081	5 820	1 651	28 431
<b>Total</b>	<b>555 523</b>	<b>482 655</b>	<b>339 412</b>	<b>484 349</b>	<b>3 056 479</b>	<b>4 918 418</b>

  

EUR 1 000	2015	2016	2017	2018	2019-	Total
Forward foreign exchange contracts	4 299	0	0	0	309	4 608

<sup>1)</sup> Repayments in 2015 are included in current liabilities in the balance sheet.

<sup>2)</sup> In addition to interest costs, financing costs include commitment fees.

<sup>3)</sup> The loan is renewed yearly and connected interest payments are calculated for five years.

<sup>4)</sup> The placements in foreign currency have been swapped into EUR-floating or fixed cash flow using cross-currency swaps.

On December 31, 2014, TVO had undrawn credit facilities amounting to EUR 1,500 million (2013: 1,500 million). In addition, the Group has subordinated shareholder loan (hybrid equity) commitments totaling EUR 620 million of which EUR 220 million is allocated to the financing of the bidding and engineering phase of the OL4 project and EUR 400 million to the financing needs of the OL3 project. In addition, TVO had cash equivalents amounting EUR 112 million.

## Undiscounted cash flows of financial liabilities

2013 EUR 1 000	2014	2015	2016	2017	2018-	Total
Loans from financial institutions 1)	45 376	89 095	104 583	44 413	274 476	557 942
Financing costs 2)	17 857	16 921	14 334	10 726	13 116	72 954
Loan from the Finnish State Nuclear Waste Management Fund 3)					931 725	931 725
Financing costs	7 050	10 010	15 650	20 606	23 599	76 915
Bonds 4)		128 730	750 000	214 481	1 057 786	2 150 997
Financing costs	89 506	88 755	87 133	40 777	121 287	427 458
Loans from others 4)					223 677	223 677
Financing costs	4 556	4 608	4 622	4 632	12 492	30 910
Finance lease liabilities	1 690	6 842			54 065	62 597
Commercial papers	155 000					155 000
Other liabilities	50 676					50 676
Interest rate derivatives	16 137	6 320	4 868	4 346	4 505	36 175
<b>Total</b>	<b>387 847</b>	<b>351 280</b>	<b>981 189</b>	<b>339 981</b>	<b>2 716 728</b>	<b>4 777 025</b>
EUR 1 000	2014	2015	2016	2017	2018-	Total
Forward foreign exchange contracts	1 021	242	209	289	6 342	8 103

<sup>1)</sup> Repayments in 2014 are included in current liabilities in the balance sheet.

<sup>2)</sup> In addition to interest costs financing costs include commitment fees.

<sup>3)</sup> The loan is renewed yearly and connected interest payments are calculated for five years.

<sup>4)</sup> The placements in foreign currency have been swapped into EUR-floating or fixed cash flow using cross-currency swaps.

## 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 an 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 loans denominated in other currencies than euros are hedged latest at the withdrawal date. Currency swaps, forward 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 is 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 can vary between 18 and 30 months. At the closing date the duration was 21 months.

The average interest rate duration is managed with fixed interest rate loans, interest rate swaps, forward rate agreements as well as with interest rate caps and floors.

The average interest rate on loans and derivatives on 31 December 2014 was 2.72 % (2013: 3.91 %).

Borrowings issued at variable rates expose TVO to cash flow interest rate risk. Borrowings issued at fixed rates expose TVO to fair value interest rate risk. TVO shall apply hedge accounting as far as practical. Based on the various scenarios, TVO manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. TVO also enters into fixed-to-floating interest rate swaps to hedge the fair value interest rate risk.



### Expected cash flows from financial instruments under cash flow hedge accounting

2014 EUR 1 000	2015	2016	2017	2018	2019-	Total
Interest rate swaps						
Cash flows	-7 534	-6 352	-6 081	-5 820	-1 651	-27 439

### Expected cash flows from financial instruments under cash flow hedge accounting

2013 EUR 1 000	2014	2015	2016	2017	2018-	Total
Interest rate swaps						
Cash flows	-11 084	-6 309	-5 056	-4 931	-5 089	-32 469

### Sensitivity to market risks

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

EUR 1 000	2014		2013	
	Income statement	Equity	Income statement	Equity
+ 10% change in EUR/USD exchange rate	0	-18 513	0	-17 075
- 10% change in EUR/USD exchange rate	0	18 513	0	17 075
1% upward parallel shift in interest rates	-4 464	19 272	-3 847	11 649
1% downward parallel shift in interest rates	4 864	-7 630	3 133	-12 198

#### Assumptions:

The change in EUR/USD exchange rate is assumed to be +/- 10 per cent.

The USD-denominated position includes the forward foreign exchange contracts which are designated as cash flow hedges and recognized 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 percentage point parallel shift in the interest rate curve.

The interest rate risk position includes the floating rate loan receivables, interest-bearing borrowing, the interest rate derivatives and cash equivalents.

The income statement is affected by the interest-bearing loan receivables, floating rate borrowings and the interest rate derivatives, excluding those interest rate derivatives that are designated as and qualifying for cash hedges, which are recognized in equity. The gain or loss is recognized in profit or loss, except when they relate to the construction of OL3 and are capitalized in the balance sheet.

## Bonds

### Euro Medium Term Note Programme EUR 3.500.000.000

EUR 1 000	2014		2013		Interest rate %	Maturity date
	Nominal amount	Carrying amount	Nominal amount	Carrying amount		
EUR	270 632	270 632	750 000	750 000	6,00	27 June 2016
EUR	500 000	500 000	500 000	500 000	4,625	4 Feb 2019
EUR	500 000	500 000	0	0	2,50	17 March 2021
EUR	30 000	30 000	30 000	30 000	3,88	9 May 2022
EUR	100 000	100 000	100 000	100 000	Euribor 6M+1,58	12 Sep 2022
EUR	23 000	23 000	23 000	23 000	4,08	1 Dec 2022
EUR	20 000	20 000	0	0	2,80	8 May 2024
EUR	75 000	75 000	75 000	75 000	3,60	14 Dec 2027
EUR	23 000	23 000	23 000	23 000	3,50	3 May 2030
EUR	45 000	45 000	0	0	3,90	31 March 2032
EUR	20 000	20 000	20 000	20 000	3,875	8 Nov 2032
NOK	550 000	63 218	550 000	63 218	6,20	22 Feb 2017
SEK	100 000	9 794	100 000	9 794	Stibor 3M+1,25	20 Jan 2015
SEK	30 000	2 938	320 000	31 342	4,00	20 Jan 2015
SEK	210 000	20 751	210 000	20 751	4,00	12 Feb 2015
SEK	240 000	24 742	500 000	51 546	4,00	12 Feb 2015
SEK	147 000	15 297	147 000	15 297	3,65	23 June 2015
SEK	650 000	63 601	650 000	63 601	5,30	28 March 2017
SEK	300 000	33 899	300 000	33 899	5,30	28 March 2017
SEK	500 000	53 763	500 000	53 763	4,50	8 Nov 2017
SEK	875 000	99 977	875 000	99 977	3,875	13 Sep 2018
SEK	1 125 000	128 542	1 125 000	128 542	Stibor 3M+1,40	13 Sep 2018
SEK	600 000	58 267	600 000	58 267	5,30	30 Oct 2019
SEK	650 000	70 945	0	0	Stibor 3M+1,09	17 March 2020
SEK	550 000	61 009	0	0	2,84	19 May 2020
<b>Total</b>		<b>2 313 376</b>		<b>2 150 997</b>		

### 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 relating to investments, deposits and derivative transactions expose the Company to credit risk. In addition to money market funds, financial institutions that meet the credit rating requirements of the Group's Financial Policy are accepted as counterparties. Furthermore TVO has in place a master agreement (ISDA) with all derivative contract counterparties.

### Fuel price risk

The main fuels used for electricity production by the Group are uranium and coal.

TVO purchases the uranium fuel from the global markets. The purchasing process consists of four stages: purchase of uranium concentrate, conversion, enrichment and fuel fabrication. Purchasing Policy is used to guarantee the availability of fuel and to minimise price risk. This includes storage strategy and diversified long-term purchasing agreements with different suppliers.

TVO has not used commodity derivatives to hedge fuel price risk.

## Capital risk management

TVO's objective is to secure sufficient equity and equity-like funding that guarantees diversified funding sources.

The equity ratio of the Company varies along investment cycles. The Group targets to have a minimum equity ratio (IFRS) of 25 per cent in the long-term. When calculating the equity ratio, the loan from the Finnish State Nuclear Waste Management Fund (lent further to the shareholders) and the provision related to nuclear waste management obligation are excluded. Additionally, subordinated loans or equivalent loans from the shareholders are regarded as equity.

According to the terms of some loan agreements, the Company is obliged to offer a repayment of the loan if TVO's equity ratio (IFRS) falls below 25 per cent. There are no other key ratio-related covenants in the loan contracts.

The equity ratio monitored by TVO's management	2014	2013
Equity ratio, % (IFRS, Group) 1)	30,6	30,0
Equity ratio, % (Parent company) 2)	30,0	29,4

$$^1) \text{ Equity ratio \%} = 100 \times \frac{\text{equity + loans from equity holders of the company}}{\text{balance sheet total - provision related to nuclear waste management - loan from the Finnish State Nuclear Waste Management Fund}}$$

$$^2) \text{ Equity ratio \%} = 100 \times \frac{\text{equity + appropriations + loans from equity holders of the company}}{\text{balance sheet total - loan from the Finnish State Nuclear Waste Management Fund}}$$

## 28 Events after the balance sheet date

TVO and Posiva Oy agreed on a business transfer regarding the support functions of Posiva. The transfer came into force on January 8, 2015, and it concerned 30 employees. The business transfer is related to TVO Group's operations development project where centralized support functions and improved efficiency are planned and aimed at.

TVO announced on January 8, 2015 that it will commence an employee information and consultation process as of January 14, 2015 to find ways to improve its cost efficiency. The aim of the planned restructuring of the Company's functions is to ensure TVO's competitiveness in the challenging power generation market. The objective of TVO's plans is to achieve annual cost savings of EUR 15 million. Based on the preliminary assumptions the reduction need induced by the planned restructuring is 110 man working years at the most.

On January 21, 2015 Japan Credit Rating Agency affirmed to downgrade its rating for TVO from AA to AA- and to change the Company's outlook from negative to stable.

In February 2015 TVO issued a EUR 500 million ten-year bond with an annual coupon of 2.125 percent. The bond was issued under the Company's EMTN program, and listing on the Luxembourg Stock Exchange was applied.

In its statement submitted to the Ministry of Employment and the Economy (MEE) on February 11, 2015, the Radiation and Nuclear Safety Authority in Finland (STUK) noted that the encapsulation plant and final disposal facility for spent nuclear fuel designed by Posiva can be built to be safe. STUK's safety assessment is required for the decision on construction license that MEE will prepare and the Government will make.

## Parent company's financial statements

### Parent company's income statement

EUR 1 000	Note	1 Jan-31 Dec 2014	1 Jan-31 Dec 2013
<b>Turnover</b>	2	<b>324 801</b>	362 806
Work performed for own purpose	3	13 004	14 781
Other income	4	11 470	11 812
Materials and services	5	-135 149	-179 766
Personnel expenses	6	-61 180	-62 911
Depreciation and write-downs	7	-53 249	-52 824
Other expenses	8	-89 557	-85 205
<b>Operating profit/loss</b>		<b>10 140</b>	8 693
Financial income and expenses	9	-5 246	-8 077
<b>Profit/loss before extraordinary items</b>		<b>4 894</b>	616
Extraordinary items +/-	10	483	67
<b>Profit/loss before appropriations and taxes</b>		<b>5 377</b>	683
Appropriations	11	-5 377	-683
<b>Profit/loss for the financial year</b>		<b>0</b>	0

## Parent company's balance sheet

EUR 1 000	Note	31 Dec 2014	31 Dec 2013
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12	7 925	9 451
Tangible assets	12	4 474 637	4 189 710
Investments			
Holdings in group companies	13	8	8
Holdings in joint ventures	13	1 009	1 009
Other investments	13	990 925	940 263
<b>Total non-current assets</b>		<b>5 474 504</b>	<b>5 140 441</b>
<b>Current assets</b>			
Inventories	14	239 531	243 091
Long-term receivables	15	25	45
Current receivables	16	52 604	45 943
Cash and cash equivalents		111 915	142 142
<b>Total current assets</b>		<b>404 075</b>	<b>431 221</b>
<b>Total assets</b>		<b>5 878 579</b>	<b>5 571 662</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	17	606 193	606 193
Share premium reserve	17	232 435	232 435
Statutory reserve	17	9 948	9 948
Retained earnings (loss)	17	9 360	9 360
Profit (loss) for the financial year	17	0	0
<b>Total equity</b>		<b>857 936</b>	<b>857 936</b>
<b>Appropriations</b>		<b>172 515</b>	<b>167 138</b>
<b>Liabilities</b>			
Non-current liabilities	18,19	2 891 802	2 887 240
Shareholders' loans	18	439 300	339 300
Loan from the Finnish State Nuclear Waste Management Fund	18	982 800	931 725
Current liabilities	20	534 226	388 323
<b>Total liabilities</b>		<b>4 848 128</b>	<b>4 546 588</b>
<b>Total equity and liabilities</b>		<b>5 878 579</b>	<b>5 571 662</b>

## Parent company's cash flow statement

EUR 1 000	2014	2013
<b>Operating activities</b>		
Operating profit/loss	10 140	8 693
Adjustments to operating profit /loss <sup>1)</sup>	53 093	52 724
Changes in working capital <sup>2)</sup>	-43 563	21 194
Interest paid and other financial expenses	-17 452	-29 213
Dividends received	1 036	853
Interest received	7 419	25 327
<b>Cash flow from operating activities</b>	<b>10 673</b>	<b>79 578</b>
<b>Investing activities</b>		
Acquisition of shares	-33	-6
Acquisition of non-current assets	-342 346	-302 917
Proceeds from sale of other investments	280	314
Proceeds from sale of intangible and tangible assets	7	18
Loan receivables granted	-51 209	-50 136
Repayments of loans granted	422	390
<b>Cash flow from investing activities</b>	<b>-392 879</b>	<b>-352 337</b>
<b>Financing activities</b>		
Withdrawals of long-term loans	852 830	411 518
Repayment of long-term loans	-579 952	-175 837
Increase (-) or decrease (+) in interest-bearing receivables	20	73
Increase (+) or decrease (-) in short-term interest-bearing liabilities	78 848	44 024
Group contribution received	233	305
<b>Cash flow from financing activities</b>	<b>351 979</b>	<b>280 083</b>
<b>Change in cash and cash equivalents</b>	<b>-30 227</b>	<b>7 324</b>
Cash and cash equivalents 1 Jan	142 142	134 759
Cash and cash equivalents received in merger	0	59
<b>Cash and cash equivalents 31 Dec</b>	<b>111 915</b>	<b>142 142</b>
<sup>1)</sup> Adjustments to operating profit/loss		
Depreciation and write-downs	53 249	52 824
Gain (-) or loss (+) from divestment of non-current assets	-156	-100
<b>Total</b>	<b>53 093</b>	<b>52 724</b>
<sup>2)</sup> Changes in working capital		
Increase (-) or decrease (+) in inventories	3 560	7 757
Increase (-) or decrease (+) in non-interest-bearing receivables	-5 785	-1 111
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	-41 338	14 548
<b>Total</b>	<b>-43 563</b>	<b>21 194</b>

# Notes to the parent company's financial statements

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## 1 Accounting principles

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### Valuation principles

#### 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 program	21 - 35 years
- Automation investments associated with the modernization	15 years
- Additional investments	10 years
Buildings and structures	10 - 40 years

TVO's share in the Meri-Pori coal-fired plant:

- Basic investment	25 years
- Additional investments	10 years

Wind power plant 10 years

TVO's share in the Olkiluoto gas turbine power plant 30 years

#### 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 at cost price.

#### CO<sub>2</sub> emission rights

Carbon dioxide (CO<sub>2</sub>) emission rights are included in the intangible assets. Emission rights are recognized at historical cost. The current liability for returning emission rights is recognized at the carrying value of possessed emission rights. If there is a shortfall, a current liability is recognized 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 recognized 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.

#### 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.

### **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.

### **Money market instruments**

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

### **Derivative financial instruments**

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

Interest rate duration of floating rate loans has been managed with interest rate swaps, caps and floors. Interest costs of these instruments have been entered on accrual basis and shown in net amount under financial income and expenses. The premiums on interest rate options have been accrued over the period to maturity.

Payments of foreign currency denominated inventory acquisitions have been hedged with currency derivatives. The realized exchange rate differences of derivative financial instruments have been entered to adjust the acquisition cost of inventories. Cross currency swaps have been used to hedge foreign currency denominated long term loans.

## **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.

The Ministry of Employment and the Economy confirms annually at the end of the calendar year the liability for nuclear waste management for the current year and the target reserve for the next 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 TVO's funding target obligation to 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 shareholder, is entitled to a loan from the Finnish State Nuclear Waste Management Fund corresponding to 75 per cent 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.

## 2 Turnover

EUR 1 000	2014	2013
Olkiluoto 1 and Olkiluoto 2	295 969	322 449
Meri-Pori	28 832	40 357
<b>Total</b>	<b>324 801</b>	<b>362 806</b>
<b>Electricity delivered to equity holders of the company (GWh)</b>		
Olkiluoto 1	7 254	7 458
Olkiluoto 2	7 486	7 148
<b>Total Olkiluoto 1)</b>	<b>14 740</b>	<b>14 606</b>
Meri-Pori	400	725
<b>Total</b>	<b>15 140</b>	<b>15 331</b>

<sup>1)</sup> Includes wind energy 0.7 (1.0 in 2013) GWh and energy produced by gas turbine 0.3 (0.3) GWh.

## 3 Work performed for own purpose

EUR 1 000	2014	2013
Personnel expenses related to OL3 and OL4	13 004	14 781

## 4 Other income

EUR 1 000	2014	2013
Rental income	2 828	3 170
Sales profit of tangible assets and shares	155	102
Sales of services	8 290	8 327
Other income	197	213
<b>Total</b>	<b>11 470</b>	<b>11 812</b>

## 5 Materials and services

EUR 1 000	2014	2013
Purchases, accrual basis		
Nuclear fuel	54 880	56 476
Coal	7 567	8 012
Materials and supplies	2 667	2 875
Increase (-) or decrease (+) in inventories	3 560	7 757
<b>Total</b>	<b>68 674</b>	<b>75 120</b>
CO <sub>2</sub> emission rights		
	1 946	2 687
Nuclear waste management		
Contribution to the Finnish State Nuclear Waste Management Fund 1)	19 959	57 109
Nuclear waste management services	31 201	32 188
<b>Total</b>	<b>51 160</b>	<b>89 297</b>
External services		
	13 369	12 662
<b>Total</b>	<b>135 149</b>	<b>179 766</b>

<sup>1)</sup> 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	51 422	48 216
Coal	14 306	24 344
Materials and supplies	2 946	2 560
<b>Total</b>	<b>68 674</b>	<b>75 120</b>

## 6 Notes concerning personnel and members of administrative bodies

	2014	2013
Average number of personnel		
Office personnel	711	736
Manual workers	147	154
<b>Total</b>	<b>858</b>	<b>890</b>

Number of employees 31 Dec		
Office personnel	668	712
Manual workers	137	140
<b>Total</b>	<b>805</b>	<b>852</b>

EUR 1 000	2014	2013
Personnel expenses		
Wages and salaries	50 075	51 667
Pension expenses	8 459	8 266
Other compulsory personnel expenses	2 646	2 978
<b>Total</b>	<b>61 180</b>	<b>62 911</b>

Salaries and fees paid to management		
President and CEO deputy and members of the Board of Directors	968	882

## 7 Depreciation and write-downs

EUR 1 000	2014	2013
Depreciation according to plan		
Other capitalised long-term expenses	1 293	1 306
Buildings and construction	9 864	10 036
Machinery and equipment	38 271	37 568
Other tangible assets	3 821	3 914
<b>Total</b>	<b>53 249</b>	<b>52 824</b>

## 8 Other expenses

EUR 1 000	2014	2013
Maintenance services	18 170	19 116
Regional maintenance and service	8 943	8 964
Research services	2 624	1 658
Other external services	29 091	24 052
Real estate tax	5 543	4 954
Rents	1 708	1 599
ICT expenses	4 168	4 508
Personnel related expenses	4 214	4 565
Corporate communication expenses	1 055	1 494
Other expenses	14 041	14 295
<b>Total</b>	<b>89 557</b>	<b>85 205</b>
Auditors' fees and not audit-related services		
Audit fees	96	88
Other services	100	59
<b>Total</b>	<b>196</b>	<b>147</b>

## 9 Financial income and expenses

EUR 1 000	2014	2013
<b>Dividend income</b>		
From others	1 036	853
<b>Total</b>	<b>1 036</b>	<b>853</b>
<b>Interest income on long-term investments</b>		
From joint ventures	43	78
From others	9 409	7 050
<b>Total</b>	<b>9 452</b>	<b>7 128</b>
<b>Other interest and financial income</b>		
From others	332	11 302
<b>Total</b>	<b>332</b>	<b>11 302</b>
<b>Interest income on long-term investments and other interest and financial income, total</b>	<b>9 784</b>	<b>18 431</b>
<b>Interest expenses and other financial expenses</b>		
To the Finnish State Nuclear Waste Management Fund	9 409	7 050
To others	179 030	156 514
Capitalised interest costs	-172 373	-136 203
<b>Total</b>	<b>16 066</b>	<b>27 361</b>
<b>Total financial income (+) and expenses (-)</b>	<b>-5 246</b>	<b>-8 077</b>
Financial income and expenses include exchange rate gains (+) and losses (-) (net)	21	-15

## 10 Extraordinary items

EUR 1 000	2014	2013
Extraordinary income/Group contribution	483	263
Extraordinary expense/Loss on merger	0	-196
<b>Total</b>	<b>483</b>	<b>67</b>

## 11 Appropriations

EUR 1 000	2014	2013
The difference between depreciation according to plan and tax depreciation, increase (-) or decrease (+)	-5 377	-683

## 12 Non-current assets

EUR 1 000	Formation expenses	Intangible rights	Other capitalised long-term expenses	Advance payments	Total
<b>Intangible assets</b>					
Acquisition cost 1 Jan 2014	57 961	2 687	42 970	0	103 618
Increase	0	1 932	0	522	2 454
Decrease	0	-2 687	0	0	-2 687
Acquisition cost 31 Dec 2014	57 961	1 932	42 970	522	103 385
Accumulated depreciation according to plan 1 Jan	57 961	0	36 206	0	94 167
Depreciation according to plan	0	0	1 293	0	1 293
<b>Book value 31 Dec 2014</b>	<b>0</b>	<b>1 932</b>	<b>5 471</b>	<b>522</b>	<b>7 925</b>
Accumulated depreciation difference 1 Jan	0	0	5 173	0	5 173
Change in depreciation difference	0	0	-928	0	-928
Accumulated depreciation difference 31 Dec	0	0	4 245	0	4 245
Undepreciated acquisition cost in taxation 31 Dec 2014	0	1 932	1 226	522	3 680

EUR 1 000	Land and water areas	Buildings and construction	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
<b>Tangible assets</b>						
Acquisition cost 1 Jan 2014	11 978	282 817	1 335 807	53 471	3 673 079	5 357 152
Increase	194	1 877	12 913	43	321 860	336 887
Decrease	0	0	-3 197	0	0	-3 197
Transfer between categories	0	3 160	5 318	600	-9 078	0
Acquisition cost 31 Dec 2014	12 172	287 854	1 350 841	54 114	3 985 861	5 690 842
Accumulated depreciation according to plan 1 Jan	0	213 195	921 653	32 594	0	1 167 442
Accumulated depreciation from deduction	0	0	-3 193	0	0	-3 193
Depreciation according to plan and write-downs	0	9 864	38 271	3 821	0	51 956
<b>Book value 31 Dec 2014</b>	<b>12 172</b>	<b>64 795</b>	<b>394 110</b>	<b>17 699</b>	<b>3 985 861</b>	<b>4 474 637</b>
Accumulated depreciation difference 1 Jan	0	1 926	158 818	1 221	0	161 965
Change in depreciation difference	0	-3 989	9 921	373	0	6 305
Accumulated depreciation difference 31 Dec	0	-2 063	168 739	1 594	0	168 270
Undepreciated acquisition cost in taxation 31 Dec 2014	12 172	66 858	225 371	16 105	3 985 861	4 306 367

Share of machinery and equipment from book value 31 Dec 2014	377 103
Share of machinery and equipment from book value 31 Dec 2013	396 034

**Capitalised borrowing costs included in non-current assets**

EUR 1 000	Formation expenses	Other capitalised long-term expenses	Buildings and construction	Machinery and equipment	Other tangible assets	Construction in progress	Total
<b>Interest during construction period</b>							
Acquisition cost 1 Jan 2014	11 601	3 530	31 133	112 781	2 609	800 853	962 507
Increase	0	0	0	0	0	170 850	170 850
Acquisition cost 31 Dec 2014	11 601	3 530	31 133	112 781	2 609	971 703	1 133 357
Accumulated depreciation according to plan 1 Jan	11 601	2 728	22 676	82 378	1 890	0	121 273
Depreciation according to plan	0	107	444	1 693	33	0	2 277
<b>Book value 31 Dec 2014</b>	<b>0</b>	<b>695</b>	<b>8 013</b>	<b>28 710</b>	<b>686</b>	<b>971 703</b>	<b>1 009 807</b>
Accumulated depreciation difference 1 Jan	0	802	8 457	30 403	719	0	40 381
Change in depreciation difference	0	-107	-444	-1 693	-33	0	-2 277
Accumulated depreciation difference 31 Dec	0	695	8 013	28 710	686	0	38 104
Undepreciated acquisition cost in taxation 31 Dec 2014	0	0	0	0	0	971 703	971 703

## 13 Investments

EUR 1 000	Holdings in group companies	Holdings in joint ventures	Other stocks and shares	Loan receivables, joint ventures	Loan receivables, others	Total
Acquisition cost 1 Jan 2014	8	1 009	4 677	3 356	932 230	941 280
Increase	0	0	33	133	51 075	51 241
Decrease	0	0	-127	-452	0	-579
Acquisition cost 31 Dec 2014	8	1 009	4 583	3 037	983 305	991 942
<b>Book value 31 Dec 2014</b>	<b>8</b>	<b>1 009</b>	<b>4 583</b>	<b>3 037</b>	<b>983 305</b>	<b>991 942</b>

<b>Loan from the Finnish State Nuclear Waste Management Fund lent further to the equity holders of the company</b>	<b>982 800</b>	<b>982 800</b>
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Group companies	Group share (%)
TVO Nuclear Services Oy, Eurajoki	100

Joint ventures	Holding of the parent company (%)
Posiva Oy, Eurajoki	60

## 14 Inventories

EUR 1 000	2014	2013
<b>Coal</b>		
Replacement cost	19 853	21 767
Book value	22 369	29 108
Difference	-2 516	-7 341
<b>Raw uranium and natural uranium</b>		
Replacement cost	73 152	65 277
Book value	53 356	51 198
Difference	19 796	14 079
Coal	22 369	29 108
Raw uranium and natural uranium	53 356	51 198
Nuclear fuel	158 024	156 723
Supplies	5 782	6 062
<b>Total</b>	<b>239 531</b>	<b>243 091</b>

## 15 Long-term receivables

EUR 1 000	2014	2013
Loan receivables from others	25	45
<b>Total</b>	<b>25</b>	<b>45</b>



## 16 Current receivables

EUR 1 000	2014	2013
<b>Receivables from group companies</b>		
Accrued income	1 483	1 323
<b>Total</b>	<b>1 483</b>	<b>1 323</b>
<b>Receivables from joint ventures</b>		
Trade receivables	0	11
Interest receivables	1	1
Loan receivables	422	390
Prepayments and accrued income	2 297	991
<b>Total</b>	<b>2 720</b>	<b>1 393</b>
<b>Receivables from others</b>		
Trade receivables	9 401	8 451
Other receivables	9 818	6 160
<b>Total</b>	<b>19 219</b>	<b>14 611</b>
<b>Prepayments and accrued income</b>		
Prepaid interests	17 871	19 605
Accrued interest income	9 793	7 464
Other accrued income	1 508	1 547
Other prepaid expenses	10	0
<b>Total</b>	<b>29 182</b>	<b>28 616</b>
<b>Total</b>	<b>52 604</b>	<b>45 943</b>

## 17 Equity

EUR 1 000	2014	2013
Share capital 1 Jan 2014	606 193	606 193
Share capital 31 Dec 2014	606 193	606 193
Share premium reserve 1 Jan 2014	232 435	232 435
Share premium reserve 31 Dec 2014	232 435	232 435
Statutory reserve 1 Jan 2014	9 948	9 948
Statutory reserve 31 Dec 2014	9 948	9 948
Retained earnings/loss 31 Dec 2014	9 360	9 360
Profit/loss for the financial year	0	0
<b>Total</b>	<b>857 936</b>	<b>857 936</b>

## 18 Non-current liabilities

EUR 1 000	2014	2013
Bonds	2 239 853	2 150 997
Bank loans	423 472	512 566
Other loans	228 477	223 677
Shareholders' loans 1)	439 300	339 300
Loan from the Finnish State Nuclear Waste Management Fund 2)	982 800	931 725
<b>Total</b>	<b>4 313 902</b>	<b>4 158 265</b>

1) Subordinated loans.

2) Lent further to the shareholders.

### BONDS

#### Euro Medium Term Note Programme

EUR 3.500.000.000

Currency	Capital	Maturity date	EUR 1 000 2014	EUR 1 000 2013
EUR	270 632	27 Jun 2016	270 632	750 000
EUR	500 000	4 Feb 2019	500 000	500 000
EUR	500 000	17 Mar 2021	500 000	0
EUR	30 000	9 May 2022	30 000	30 000
EUR	100 000	12 Sep 2022	100 000	100 000
EUR	23 000	1 Dec 2022	23 000	23 000
EUR	75 000	14 Dec 2027	75 000	75 000
EUR	20 000	8 Nov 2032	20 000	20 000
EUR	23 000	3 May 2030	23 000	23 000
EUR	20 000	8 May 2024	20 000	0
EUR	45 000	31 Mar 2032	45 000	0
NOK	550 000	22 Feb 2017	63 218	63 218
SEK	100 000	20 Jan 2015 1)	9 794	9 794
SEK	30 000	20 Jan 2015 1)	2 938	31 342
SEK	210 000	12 Feb 2015 1)	20 751	20 751
SEK	240 000	12 Feb 2015 1)	24 742	51 546
SEK	147 000	23 Jun 2015 1)	15 297	15 297
SEK	650 000	28 Mar 2017	63 601	63 601
SEK	300 000	28 Mar 2017	33 899	33 899
SEK	500 000	8 Nov 2017	53 763	53 763
SEK	875 000	13 Sep 2018	99 977	99 977
SEK	1 125 000	13 Sep 2018	128 542	128 542
SEK	600 000	30 Oct 2019	58 267	58 267
SEK	650 000	17 Mar 2020	70 945	0
SEK	550 000	19 May 2020	61 009	0
<b>Total</b>			<b>2 313 375</b>	<b>2 150 997</b>

1) Current portion of long-term bond EUR 73,522 (0) thousand.

## OTHER LOANS

### US Private Placements

Currency	Capital	Maturity date	EUR 1 000 2014	EUR 1 000 2013
USD	55 000	19 Aug 2018	53 111	53 111
GBP	35 336	19 Aug 2018	35 336	35 336
USD	5 000	26 Aug 2020	39 557	39 557
USD	50 000	26 Aug 2020	39 557	39 557
GBP	50 000	15 Nov 2022	56 116	56 116
<b>Total</b>			<b>223 677</b>	<b>223 677</b>
Collateral received			4 800	0
<b>Total</b>			<b>228 477</b>	<b>223 677</b>

## 19 Debts due in more than five years

EUR 1 000	2014	2013
Debts due in more than 5 years	1 682 936	1 483 861

## 20 Current liabilities

EUR 1 000	2014	2013
<b>Liabilities from joint ventures</b>		
Accruals	1 656	10
<b>Total</b>	<b>1 656</b>	<b>10</b>
<b>Liabilities from others</b>		
Advances received	19 425	21 364
Trade payables	9 373	11 868
<b>Total</b>	<b>28 798</b>	<b>33 232</b>
<b>Interest-bearing liabilities</b>		
Bonds	73 522	0
Bank loans	89 095	45 376
Interest-bearing liabilities	233 563	154 715
<b>Total</b>	<b>396 180</b>	<b>200 091</b>
<b>Accruals and deferred income</b>		
Finnish State Nuclear Waste Management Fund	21 200	57 380
Accrued interests	52 228	59 225
Accrued personnel expenses	15 193	16 380
Accruals related to CO <sub>2</sub> emission rights	1 946	2 687
Other accruals and deferred income	17 025	19 318
<b>Total</b>	<b>107 592</b>	<b>154 990</b>
<b>Total</b>	<b>534 226</b>	<b>388 323</b>

## 21 Distributable equity

EUR 1 000	2014	2013
Retained earnings	9 360	9 360
Profit/loss for the financial year	0	0
<b>Total</b>	<b>9 360</b>	<b>9 360</b>

## 22 Commitments

EUR 1 000	2014	2013
<b>Leasing liabilities</b>		
Leasing liabilities falling due in less than a year	2 018	2 039
Leasing liabilities falling due later	59 473	61 261
<b>Total</b>	<b>61 491</b>	<b>63 300</b>

TVO has the right to redeem the lease object for EUR 42.7 million in 2025.

### Nuclear waste management

Liability for nuclear waste management according to the Nuclear Energy Act 1)	1 349 100	1 317 800
TVO's funding target obligation 2015 (2014) to the Finnish State Nuclear Waste Management Fund	1 345 400	1 310 400
Collateral for nuclear waste management contingencies	152 710	153 160
Nuclear waste management loan receivables pledged to the Finnish State Nuclear Waste Management Fund	982 800	931 725

<sup>1)</sup> 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 at the end of the year.

### Pending Court Cases and Disputes

See note 25 Obligations and other commitments in the consolidated financial statements.

## 23 Derivative financial instruments

EUR 1 000	2014	2013
<b>Interest rate derivatives</b>		
Interest rate swaps (nominal value)	1 001 446	1 001 446
Fair value	9 872	-13 220
<b>Forward foreign exchange contracts</b>		
Forward foreign exchange contracts (nominal value)	191 216	211 607
Fair value	13 764	-4 397
Currency options, purchased		
Fair value	0	-35
Currency options, written		
Fair value	0	12
<b>Cross-currency swaps</b>		
Cross-currency swaps (nominal value)	930 421	853 674
Fair value	12 482	36 028

## 24 Series of shares

### Share capital and series of shares

	Number	Number	EUR 1 000	EUR 1 000
	2014	2013	2014	2013
<b>A-series - OL1 and OL2</b>				
1 Jan	680 000 000	680 000 000	115 600	115 600
Change	0	0	0	0
31 Dec	680 000 000	680 000 000	115 600	115 600
<b>B-series - OL3</b>				
1 Jan	680 000 000	680 000 000	484 765	484 765
Change	0	0	0	0
31 Dec	680 000 000	680 000 000	484 765	484 765
<b>C-series - TVO's share in the Meri-Pori coal-fired power plant</b>				
1 Jan	34 283 730	34 283 730	5 828	5 828
Change	0	0	0	0
31 Dec	34 283 730	34 283 730	5 828	5 828
<b>Total</b>	<b>1 394 283 730</b>	<b>1 394 283 730</b>	<b>606 193</b>	<b>606 193</b>

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 Carbon dioxide 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.

	2014 t CO <sub>2</sub>	EUR 1 000	2013 t CO <sub>2</sub>	EUR 1 000
Total annual emissions from production facilities	<b>334 839</b>		592 448	
Possessed emission rights	<b>335 237</b>		597 125	
Emission rights and emission right reductions bought <sup>1)</sup>	<b>330 075</b>	<b>1 946</b>	595 000	2 687

TVO is responsible for the amount of emission rights corresponding to its share of the production of the plant.

<sup>1)</sup> The purchases of the emission rights and emission right reductions are included in materials and services. The emission rights that company possesses on 31 December are included in intangible rights on the balance sheet and emission right reductions.

## Proposals to the Annual General Meeting

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

## Signatures for the report of the Board of Directors and financial statements

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Helsinki, February 24, 2015

Matti Ruotsala

Lauri Virkkunen

Hannu Anttila

Jukka Hakkila

Tapio Korpeinen

Pekka Manninen

Markus Rauramo

Juha Taavila

Tiina Tuomela

Rami Vuola

Jarmo Tanhua

President and CEO

## The Auditor's Note

Our auditor's report has been issued today.

Helsinki, February 24, 2015

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jouko Malinen

Authorised Public Accountant

## Auditor's report

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(Translation from the Finnish Original)

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 31 December, 2014. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

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

Helsinki, 24 February, 2015

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Jouko Malinen  
Authorised Public Accountant

## Financial information in 2015

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**In 2015 Teollisuuden Voima Oyj will publish the interim reports as follows:**

Interim Report for January–March 2015 on April 27, 2015

Interim Report for January–June 2015 on July 17, 2015

Interim Report for January–September 2015 on October 20, 2015