Report of the Board of Directors and Financial Statements 2010

Teollisuuden Voima Oyj – Well-being with Nuclear Electricity

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Report of the Board of Directors of Teollisuuden Voima Oyj

Operating Environment

Approximately 30 per cent of all electricity in the European Union is generated in nuclear power plants; a total of some 150 reactors are in operation in 15 different Member States. Most of these NPPs were built in the 1970s and 1980s. In recent years, the interest in building new NPPs has strongly increased, in particular in countries that have not previously utilized nuclear power. An extension of the service life of existing plants is also being planned in many countries.

The EU's energy strategy for 2011–2020 emphasizes the importance of increasing energy production with low carbon emissions. The strategy states that nuclear energy is currently the largest single source of low-carbon energy in the EU, representing two-thirds of all electricity produced without carbon emissions. The Framework Directive on Nuclear Safety was adopted in the EU in 2009. In the fall of 2010, the EU Commission submitted its proposal for a Framework Directive on Nuclear Waste Management. Both directives will further strengthen the role of nuclear power in the energy supply for the EU.

Work is also in progress in the EU for an Energy Roadmap up to 2050. Several published energy forecasts take the view that the relative share of nuclear power will be maintained at its current level of approximately one-third of all electricity produced in the EU. This means that major investments will be required both for extending the service life of existing NPPs, and for building new generation NPPs.

At the end of 2010, a total of 441 nuclear power plant units were in operation in 30 different countries throughout the world. They produced about 14 per cent of all electricity consumed in the world. In addition, 65 new reactors are under construction. It is expected that in the next few years, new NPP projects will be initiated, besides in Europe, in Asia in particular (China, India, South Korea, Japan) as well as in the United States. By 2030, the world's total capacity of nuclear power is expected to increase from the current 400 GW to the level of 500–600 GW.

A year of major energy decisions in Finland

As a continuation to the long-term climate and energy strategy approved by the Government in 2008 and debated in Parliament in 2009, the Government made decisions regarding various sectors of the energy policy in 2010. In February 2010, the Government issued a decision-in-principle on energy efficiency measures. The purpose of the proposed measures is to improve the efficiency of end-use of energy by 37 terawatt-hours by 2020. The package of obligations regarding renewable energy was published in April 2010. It is aimed at increasing the usage of renewable energy sources by 38 terawatt-hours by 2020. In May 2010, the Government issued two favorable decisions-in-principle for building additional nuclear power capacity. The favorable decisions concerned the application of Teollisuuden Voima Oyj (TVO) regarding the construction of a new nuclear power plant unit in Eurajoki and the application of Fennovoima Oy regarding the construction of a new nuclear power plant in Simo or Pyhäjoki. Posiva Oy's application for constructing an extended final disposal repository for spent nuclear fuel in Olkiluoto also received a favorable decision-in-principle. The extension will cater for the management of spent nuclear fuel from TVO's project. Parliament approved the decisions-in-principle on July 1, 2010.

In 2010, the total consumption of electricity in Finland grew by 7.6 per cent from the previous year. This was due to the increase in industrial production and the cold weather in early 2010. Domestic production covered a higher share of electricity procurement than before. The growth was particularly large in separate production of energy, which grew by some 50 per cent from the previous year. The cold weather, in turn, affected the combined heat and power generation (CHP), increasing it by 15 per cent. The generation of nuclear power decreased slightly and the generation of wind power increased. Net imports of electricity decreased from the previous year's level (15%) and ended up being about 12 per cent of the total consumption. The increase in own production of electricity was largely covered by using fossil fuels. That is why electricity-linked carbon dioxide emissions grew by one-third from the previous year.

Main Events

Year after another, the two plant units, Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) have been among the best NPP units in the world. They have provided the Finns with basic energy in a safe, economical and environmentally friendly manner. In all, the two plant units in Olkiluoto have produced more than 380 billion kilowatt-hours of electricity. In 2010, the electricity produced in Olkiluoto accounted for about 16 per cent of all electricity consumed in Finland.

The day of February 18, 2010 marked the 30th anniversary of nuclear electricity production at OL2. During the three decades, OL2 has produced more than 180 billion kilowatt-hours of electricity.

In 2010, the Olkiluoto NPP produced a total of 14.1 TWh (billion kilowatt-hours) of electricity. Together with the share of the Meri-Pori coal-fired power plant, TVO's production was 15.8 TWh.

The annual outages of OL1 and OL2 took place between May 2 and June 12, 2010. The annual outage at OL1 was the most extensive maintenance outage ever at the Olkiluoto power plant. Following the modernization work undertaken during the annual outage lasting about 26 days, the efficiency of the turbine plant improved and the electricity output of the plant unit increased. As from the beginning of July, the rated net output of OL1 was increased from 860 to 880 megawatts. OL2 had a normal refueling outage lasting just over 11 days. In 2011, OL2 will be subject to similar extensive modernization work that was carried out at OL1 in 2010.

Most of the construction work of the Olkiluoto 3 plant unit (OL3) has been completed, and the installation work at the reactor plant continues. At the end of the year, the number of personnel working at the site was just over 4,000. Safety at the site remained good throughout the year.

The OL3 Supplier informed TVO that most of the works at the plant unit will be completed in 2012. According to the Supplier, the commissioning phase will take about eight months and the plant unit will commence operation during the latter half of 2013.

On July 1, 2010, Parliament approved the positive decision-in-principle made by the Government in May regarding TVO's application for a decision-in-principle for the construction of a fourth NPP unit (OL4) in Olkiluoto. The work for planning and preparing the OL4 project and assessing its implementation alternatives continued.

In September, TVO initiated the construction work for extending the spent nuclear fuel storage in Olkiluoto by three new storage pools. The extension can be used for the needs of OL1, OL2 and OL3.

TVO's joint venture Posiva Oy has progressed according to plans in constructing the underground research facility ONKALO. In June, the excavation work for the repository transport tunnel and the research facility reached the final disposal depth for spent nuclear fuel, about 420 meters.

In 2010, the Company recruited 29 (in 2009: 31) new employees. During the year, 32 (23) permanent employees left the company, 18 (13) of them due to retirement.

Financial Performance

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

The consolidated turnover for the period under review was EUR 362.6 (305.4) million. The amount of electricity delivered to shareholders was 15,685 (15,230) GWh. The increase in revenue (EUR 57.2 million) was mainly due to the increase in charges, by which the expenses were covered, and the increased amount of energy delivered by the Meri-Pori coal-fired power plant compared to the previous year.

The consolidated profit/loss was EUR 37.3 (-41.4) million. Changes in the cost estimates and accounting principles of the provision regarding nuclear waste management cash flows have an effect on the profit/loss for the period (see Notes: Assets and provision related to nuclear waste management obligation). The adjusted consolidated profit/loss EUR 7.1 (-24.4) million differs from the consolidated profit/loss in respect of the profit/loss effects from the nuclear waste management according to IFRS standard and on the comparison period in respect of the valuation of non-hedge accounted derivative financial instruments (see: Key Figures).

Financing and Liquidity

TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) totaled EUR 2,683.8 (2,586.6) million at the end of the year excluding the loan from the Finnish State Nuclear Waste Management Fund, relent to shareholders. During 2010, TVO raised a total of EUR 456.1 (1,276.3) million in non-current liabilities, while repayments amounted to EUR 143.0 (621.0) million. The loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 51.5 (55.1) million. The OL3 project's share of financing costs has been capitalized on the balance sheet.

TVO uses its right to borrow funds back from the Finnish State Nuclear Waste Management Fund within the framework of legal regulations. The amount of the loan is EUR 802.4 (750.9) million and it is included in interest-bearing liabilities. The loan has been relent to the Company's A series owners.

In June, TVO updated and increased the size of the Euro Medium Term Note Program (EMTN) to EUR 2.5 billion. During 2010, TVO has issued seven SEK private placements under the program totaling SEK 2,620 million and one EUR 23 million private placement. At the end of the reporting period the total amount issued under the program was approximately EUR 1,226 million. In addition, the Company issued during the fall USD 100 million and GBP 50 million US private placements.

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

The Annual General Meeting on March 24, 2010 decided on a private offering to the Company's B series owners, by which the company share capital was raised by EUR 79.3 million. The subscription price was paid in December 2010. The increase in share capital is based on the OL3 financing plan, according to which the equity required by investment accrues as the project proceeds.

Share Capital and Share Issues

TVO's share capital on December 31, 2010 was EUR 541.0 (461.7) million.

The Company has 1,332,468,049 (1,257,280,792) shares, of which 680,000,000 are in the A series. These entitle to electricity generated at the OL1 and OL2 units. The C series consists of 34,283,730 shares, which grant entitlement to electricity generated by TVO's share of the Meri-Pori coal-fired power plant. In addition, the Company may have a maximum of 680,000,000 B series shares granting entitlement to electricity generated at OL3.

The subscription price EUR 79.3 million of the private offering (75,187,257 shares) to the Company's B series owners decided by the Annual General Meeting held on March 24, 2010 was paid and the increase in share capital was recorded in the trade register in December. Following this, the total number of B series shares is 618,184,319 (542,997,062).

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

Administrative Principles

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

Administrative Bodies

TVO's administrative bodies and their functions in 2010 have been described in a separate Corporate Governance Statement to be found on the Company's website.

Regulatory Environment

One fundamental principle in the legislation on nuclear energy is that its exploitation must be in the overall good of society as a whole. The main rules on the use of nuclear energy, monitoring use and nuclear safety, are contained in the Finnish Nuclear Energy Act and the 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 are to be found in the Radiation Act. In addition, the Nuclear Liability Act concerns the liability the operator of a nuclear plant has in the event of a nuclear accident. Parliament is currently debating the Government proposal regarding a temporary amendment to the Nuclear Liability Act. According to the proposed amendment, the plant operator's obligation to take out insurance cover would be set at approximately EUR 700 million while the plant operator's liability would be unlimited. The amendment is proposed to take effect at the beginning of 2012.

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 is responsible for monitoring the safe use of nuclear energy and it is also responsible for monitoring safety and emergency arrangements and nuclear material.

Risk Management, Major Risks and Uncertainties

Risk Management

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

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

The organization units are responsible for the practical implementation of risk management. Corporate security, risk management guidelines, reporting, nuclear safety and insurance are dealt with centrally.

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

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

TVO reduces risks connected with safety and production by keeping the plant units in good condition. The high-quality planning and implementation of the annual outages is particularly important. The Company has also taken out nuclear and other property damage insurance policies to limit risks to property. Statutory liability insurance is valid for cases involving nuclear liability. There are no obstacles in sight for increasing the amount of security to the approximately EUR 700 million prescribed in the pending amendment of the Nuclear Liability Act. Fuel for TVO's 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 the work of the plant supplier according to the terms of the turnkey contract. Property damage risks and possible delays caused by them are covered by insurance.

TVO's financing and financial risk management is dealt with centrally by the company's financing unit, in accordance with the financing policy adopted by the Board of Directors. The financing risks of TVO's business include liquidity and market and credit risks. By diversifying sources of finance, and with long-term credit commitments and liquid funds, financing risks can be reduced. 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 29, (Financial Risk Management).

Major Risks and Uncertainties

TVO's major risks are related to the schedule of the OL3 project. The Supplier informed TVO that most of the works at the plant unit will be completed in 2012. According to the Supplier, commissioning will take about eight months and operation will start during the latter half of 2013. Originally commercial electricity production was scheduled to start at the end of April 2009. The delay causes additional costs and losses, for which the Company has claimed compensation from the turnkey supplier of the OL3 plant.

A large-scale annual outage at OL2 in 2011 will include replacements of the low-pressure turbines and the generator, the internal isolation valves of the main steam lines, and the seawater pumps of the condenser. These replacements involve risks related to the schedule and technical solutions.

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

Pending Court Cases and Disputes

In December 2008, TVO was informed by the International Chamber of Commerce (ICC) that the Supplier had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. The Supplier's monetary claim by the end of the reporting period was approximately EUR 1.2 billion. The claim is primarily based on additional costs due to delays. The earlier claimed milestone payments pursuant to the OL3 Plant Contract have become due and have been paid. TVO has considered and found the claim by the Supplier to be without merit.

In April 2009, TVO submitted to the ICC its answer and counterclaim as a result of the Supplier's request for arbitration filed with the ICC in December 2008 concerning the delay at OL3 and the ensuing costs incurred. TVO's counterclaim in money by the end of the reporting period was approximately EUR 1.4 billion. The arbitration proceeding may continue for several years.

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

No receivables or provisions have been recorded on the basis of claims presented in the arbitration proceedings.

Nuclear Power

Olkiluoto 1 and Olkiluoto 2

The electricity production of the Olkiluoto power plant units, OL1 and OL2, during 2010 was 14,144 (14,452) GWh. The total capacity factor was 93.5 (96.0) per cent.

The plant units operated safely and reliably during the period under review. OL1's net production was 6,977 (7,296) GWh and the capacity factor 91.8 (97.0) per cent. OL2's net production was 7,167 (7,156) GWh and the capacity factor 95.2 (95.1) per cent.

As from the beginning of July, the rated net output of OL1 was increased from 860 to 880 megawatts.

Annual Outages

The 2010 annual outages of the Olkiluoto nuclear power plant were completed on June 12. The inspections proved both power plant units to be in safe and reliable condition for the next operation cycle.

The outage conducted at OL1 in 2010 was the most extensive maintenance outage in the history of the Olkiluoto power plant. Major work carried out during the outage included, for example, replacement of all the four low-pressure turbines, refurbishment of the generator cooling system, the main seawater pumps and the inner extraction ducts of the turbine condenser as well as replacement of the inner isolation valves in the steam lines of the reactor. Due to the modernization work, the efficiency of the turbine plant improved. The outage lasted about 26 days.

OL2 had a refueling outage which took about 11 days. In addition to refueling, the major works included a periodical leak test of the reactor containment and inspection of two low-pressure turbines.

Besides TVO's own personnel there was a peak of about 1,500 external outage workers, of which approximately 1,200 were Finnish.

Olkiluoto 3

OL3, currently under construction, was commissioned as a fixed price turnkey project from the Consortium (referred to as the Supplier) formed by AREVA NP GmbH, AREVA NP SAS and Siemens AG. Originally commercial electricity production was scheduled to start at the end of April 2009. The completion of the project, however, has been delayed. The Supplier informed TVO that most of the works at the plant unit will be completed in 2012. According to the Supplier, commissioning will take about eight months and operation will start during the latter half of 2013. According to the turnkey delivery contract the Supplier is responsible for the time schedule.

The civil construction works have been completed to a large extent. Several major components, such as the reactor pressure vessel, pressurizer and three steam generators, were installed during 2010. Manufacture of the remaining ones is approaching their completion. Installation and pipeline welding works continued at the reactor plant.

The arbitration proceedings initiated in 2008 concerning the delay of the plant unit and the costs resulting from the delay as well as, separately, the cost of a technically resolved issue connected with construction work continued. The arbitration proceedings may continue for several years. No receivables or provisions have been recorded on the basis of claims presented in the arbitration proceedings.

The workforce at the site at the end of the period under review was slightly above 4,000. The safety level at the site remained good.

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 on the Group balance sheet.

Olkiluoto 4

On July 1, 2010 the Finnish Parliament approved the favorable decision-in-principle made by the Finnish Government regarding the construction of a fourth nuclear power plant unit (OL4) in Olkiluoto.

Preparation of the tender material for the OL4 project, project planning, verification of licensing practices, and assessment of implementation alternatives continued. Recruitment for increasing the resources for the project was initiated in late 2010. The ground surveys began at the plant site.

Nuclear Fuel

During the period under review, nuclear fuel purchases amounted to EUR 50.3 (45.9) million and the amount consumed to EUR 41.2 (40.1) million.

The nuclear fuel and uranium stock carrying value on December 31, 2010 was EUR 171.9 (December 31, 2009: 162.8) million, of which the value of the fuel in the reactors was EUR 63.3 (61.9) million.

Nuclear Waste Management

Under the Finnish Nuclear Energy Act, the Company is responsible for the measures related to nuclear waste management and the related costs. Posiva Oy, jointly owned by TVO and Fortum Power and Heat Oy, is responsible for taking care of the final disposal of TVO's spent nuclear fuel. The final disposal depth of spent nuclear fuel, approximately 420 meters in constructing the transport and research tunnel (ONKALO), which will be part of the final disposal repository, was reached in June. Also the construction of a ventilation and hoist equipment building connected with the final disposal repository was started in the summer. The spent fuel generated by OL1, OL2, Loviisa 1, Loviisa 2, and OL3 will be disposed of in the Olkiluoto disposal facility. TVO accounts for about 74 per cent of the waste and contributes the same amount to the disposal costs.

On July 1, 2010 Parliament approved Posiva Oy's favorable decision-in-principle made by the Government for constructing an extended final disposal repository for spent nuclear fuel in Olkiluoto. The extension will cater for the management of spent nuclear fuel arising from OL4 plant unit under planning.

In September, TVO started construction work in order to extend the interim storage facility of spent nuclear fuel with three new storage pools. The extension can be used for the needs of OL1, OL2, and OL3.

The liabilities, in the consolidated financial statement, show a provision related to nuclear waste management liability of EUR 806.3 (633.5) million, calculated according to international IFRS accounting principles. A corresponding amount, under assets, represents the Company's share in the Finnish State Nuclear Waste Management Fund.

In order to cover the costs of nuclear waste management, TVO makes contributions into the Finnish State Nuclear Waste Management Fund. The Ministry of Employment and the Economy set TVO's liability for nuclear waste management at EUR 1,179.1 (1,160.7) million to the end of 2010 and the Company's target reserve in the Fund for 2011 at EUR 1,123.4 (1,069.8) million. The difference is covered by guarantees.

A total of 6,587 (6,406) m^3 of low- and medium-level radioactive waste has accumulated from the OL1 and OL2 plant units during their operation, of which 181 (167) m^3 was produced in 2010. The waste is disposed of in the final repository for low- and medium-level waste (the VLJ repository) at Olkiluoto.

The total amount of spent nuclear fuel by the end of the year was 1,253 (1,217) tons, of which 36 (37) tons accumulated in 2010. Most of the spent fuel is kept in an interim storage facility at Olkiluoto (the KPA storage facility).

Coal Power

Meri-Pori

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant was 1,621.7 (845.3) GWh requiring 561.5 (299.3) thousand tons of coal and 1,318.1 (692.0) thousand tons of carbon dioxide emission rights.

The Company's share of the free emission rights for the Meri-Pori coal-fired power plant totaled 1,479.7 thousand tons in 2008–2012. In 2010, the share was 295.9 (295.9) thousand tons.

Research and Development

Research and development costs were EUR 21.6 (21.2) 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 2010, TVO's contribution to the Finnish State Nuclear Waste Management Fund, which finances such programs, amounted to EUR 4.3 (3.1) million.

Acquisitions of Tangible and Intangible Assets and Shares

Investments during 2010 were EUR 392.9 (844.8) million. Investments of the parent company were EUR 338.9 (802.7) million, of which EUR 252.5 (749.5) million was allocated to the OL3 project.

At OL1, the installations (low-pressure turbines, inner isolation valves, seawater pumps) connected to the modernization project scheduled for 2010 and 2011 were carried out. At OL2, the modernization project will be carried out in 2011.

Carbon dioxide emission rights worth 6.1 (10.6) million, acquired for the company's share of the Meri-Pori coal-fired power plant, have been relinquished to the Energy Market Authority. For 2010, emission rights and certified emission reductions worth 14.5 (6.2) million were acquired. The Company's need for carbon dioxide emission rights for the period under review will be covered by acquired and free emission rights.

Safety and Environment

The Olkiluoto nuclear power plant units operated safely during the year. No incidents with a major impact on nuclear safety occurred. In 2010, two special reports and one reactor trip report were prepared for the Finnish Radiation and Nuclear Safety Authority (STUK). Two of the incidents were rated as 1, exceptional incidents affecting safety on the international INES scale (0–7).

TVO's operations were in accordance with the Company's environmental policy, environmental permits, and environmental management system, except for the minor exceeding of concentration limit of the waste water treatment plant. Its environmental management system, which also covers the construction phase of the OL3 unit, complies with the international ISO 14001:2004 standard and is EMAS registered.

The environmental impacts of the Olkiluoto nuclear power plant were 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, especially paying attention to energy efficiency issues. Five of the six environmental improvement targets set for 2010 were achieved. Within the year, one significant environmental deviation occurred when oil was spilled on the ground. Corrective actions were started immediately after the incident and the environmental impacts remained minor.

TVO has a certified occupational health and safety system compliant with the OHSAS 18001:2007 in use. Actions to reach the zero-accident goal were continued, and the occupational safety index has developed favorably.

A Corporate Social Responsibility Report will give more detailed information on the environmental issues and indicators as well as occupational safety indicators for 2010. The report will be verified by an outside body.

Group Personnel and Training

Personnel

At the year-end, the total number of personnel in the Group was 803 (802), and the average during the year was 842 (835). The year-end total number of personnel in the Company was 798 (797), and the average during the year was 837 (830). The year-end total for permanent personnel was 714 (717).

TVO recruited 29 (31) employees in 2010. During the year, 31 (28) employees changed jobs and 32 (23) permanent employees left the Company, including 18 (13) who retired.

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

Training

Basic and supplementary training for TVO personnel continued as in previous years. In total, the personnel was trained 7,482 (8,835) days, which is 8.9 (10.6) days for each TVO employee on average.

Operators of the OL1 and OL2 units took part in supplementary training in 2010 as required by the authorities. The training of new operators proceeded as planned.

The training of OL3 operation personnel proceeded according to plan.

During the year, a total of 4,431 (registered by January 19, 2011) (4,839) people took part in induction training required from all those working at the Olkiluoto nuclear power plant area. Training was given in Finnish and English.

Subsidiaries and Joint Ventures

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

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

Perusvoima Oy is a wholly-owned subsidiary of TVO. Perusvoima did not have activities during 2010.

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

Major Events after the End of the Year

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

Prospects for the Future

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

In 2011, a longer than usual service and refueling outage will be carried out in OL2 when new low-pressure turbines and generator will be installed in the plant unit. OL1 will have a normal refueling outage. The outages are expected to last about 31 days.

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

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

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

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

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

TVONS will continue to market and sell services.

Proposals to the Annual General Meeting

Teollisuuden Voima Oyj's distributable equity as of December 31, 2010 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

TVO GROUP (IFRS) (M€)

	2010	2009	2008	2007	2006
Turnover	363	305	257	232	230
Profit/loss for the financial year	37	-41	-53	-37	4
Research expenses	22	21	21	17	15
Investments	393	845	610	260	289
Equity	1 006	866	823	918	758
Non-current and current interest-bearing liabilities (excluding loan from VYR) *	2 800	2 642	2 005	1 368	1 246
Loans from equity holders of the company (included in the former) **	179	179	179	179	179
Loan from VYR	802	751	696	648	620
Provision related to nuclear waste management	806	633	600	568	505
Balance sheet total	5 589	5 069	4 299	3 619	3 228
Equity ratio % ***	29,8	28,4	33,4	45,6	44,6
Average number of personnel	842	835	812	787	754

* The Finnish State Nuclear Waste Management Fund (VYR)

** Subordinated loans.

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

CONSOLIDATED ADJUSTED PROFIT/LOSS FOR THE FINANCIAL YEAR (M€)

	2010	2009	2008	2007	2006
Profit/loss for the financial year (IFRS)	37	-41	-53	-37	4
The impact of the nuclear waste management obligation * (profit -/loss +)	-30	3	-1	-8	-13
The impact of financial instruments ** (profit -/loss +)	0	14	16	-3	-19
The impact of the associated company sold (FAS) (profit -/loss +)	0	0	1	0	0
Profit/loss before appropriations	7	-24	-37	-48	-28
Sales profit of associated company sold	0	0	-9	0	0
Adjusted profit/loss for the financial year	7	-24	-46	-48	-28

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

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

Key Figures of Teollisuuden Voima Oyj

TEOLLISUUDEN VOIMA OYJ (FAS) (M€)

	2010	2009	2008	2007	2006
Parent company's financial statement has been prepared in accordance with the Finnish Accounting Standards (FAS).					
Turnover	355	296	245	225	227
Fuel costs	80	65	56	66	65
Nuclear waste management costs	65	66	56	49	29
Other income and expenses related to electricity production	135	121	109	101	106
Capital expenditure (depreciation and financial income and expenses)	68	68	61	57	56
Profit/loss before appropriations	7	-24	-37	-48	-29
Investments	339	803	600	228	275
Equity	793	713	613	604	408
Appropriations	157	150	175	221	269
Non-current and current interest-bearing liabilities (excluding loan from VYR) *	2 684	2 587	1 960	1 362	1 242
Loans from equity holders of the company (included in the former) **	179	179	179	179	179
Loan from VYR	802	751	696	648	620
Balance sheet total	4 611	4 377	3 617	2 951	2 639
Equity ratio % ***	29,7	28,8	33,1	43,6	42,5
Average number of personnel	837	830	806	780	748

* The Finnish State Nuclear Waste Management Fund = VYR

** Subordinated loans

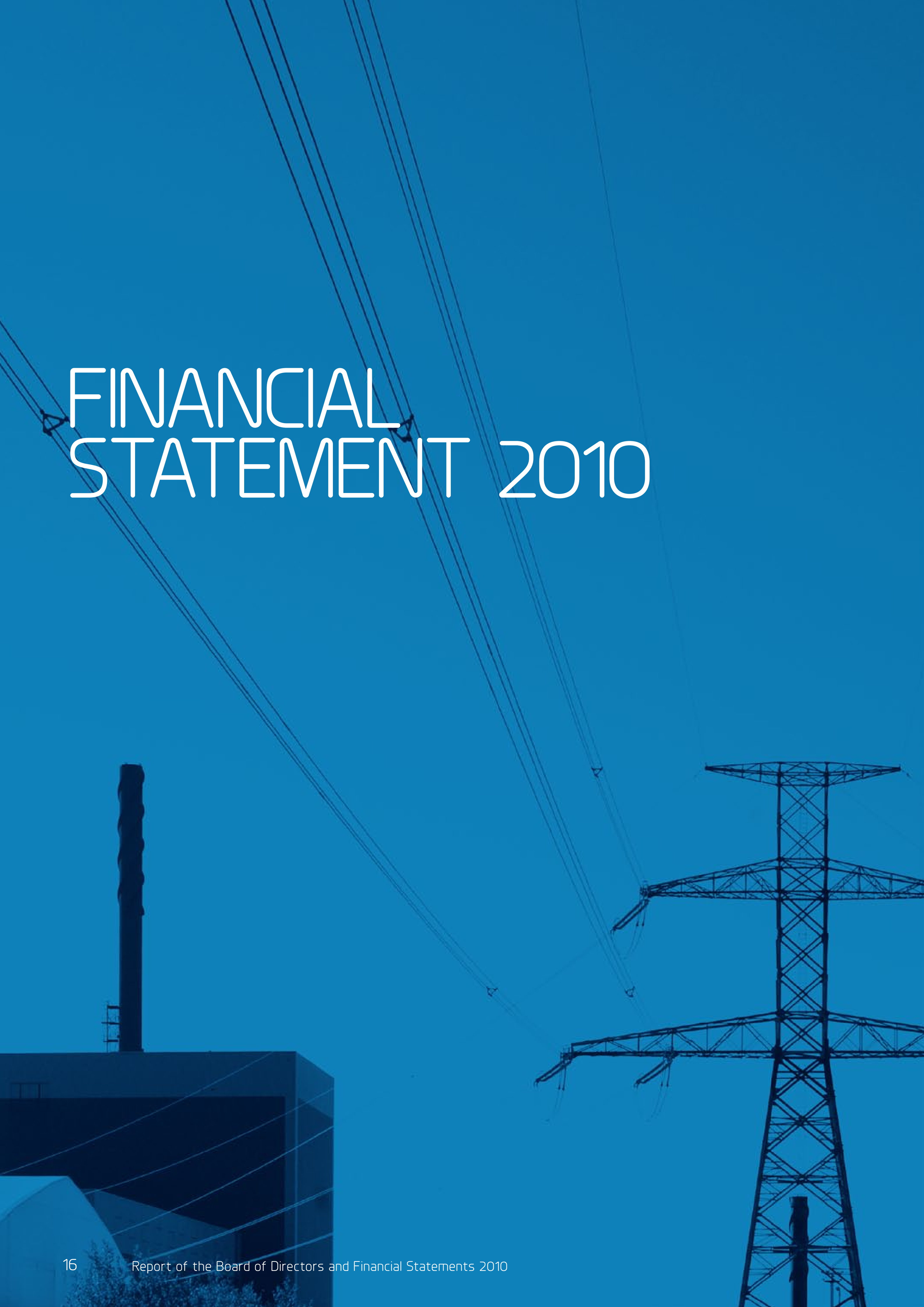
*** Equity ratio % = 100 x $\frac{\text{equity + appropriations + loans from equity holders of the company}}{\text{balance sheet total - loan from the Finnish State Nuclear Waste Management Fund}}$

	2010	2009	2008	2007	2006
TVO'S SHARE IN THE FINNISH STATE NUCLEAR WASTE MANAGEMENT FUND (VYR) (M€)	1 123,4	1 069,8	1 001,2	927,7	864,1
ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)					
Olkiluoto 1	6 936	7 263	7 039	7 317	6 956
Olkiluoto 2	7 127	7 122	7 288	7 032	7 278
Total Olkiluoto *	14 063	14 385	14 327	14 349	14 234
Meri-Pori	1 622	845	817	1 374	1 509
Total	15 685	15 230	15 144	15 723	15 743

* Includes wind power 1.1 (1.5 in 2009) GWh and gas turbine power 0.4 (0.5) GWh.

	2010	2009	2008	2007	2006
CAPACITY FACTORS (%)					
Olkiluoto 1	91,8	97,0	93,7	97,5	93,8
Olkiluoto 2	95,2	95,1	96,9	93,7	96,9
Total capacity factor	93,5	96,0	95,3	95,6	95,4
TVO SHARE OF THE ELECTRICITY USED IN FINLAND (%)	17,9	18,8	17,4	17,4	17,5

FINANCIAL STATEMENT 2010



TVO Group Financial Statement

TVO GROUP

CONSOLIDATED INCOME STATEMENT

1 000 €	Note	1.1. - 31.12.2010	1.1. - 31.12.2009
Turnover	3	**362 552**	**305 390**
Work performed for own purpose	4	10 233	10 322
Other income	5	9 936	8 678
Materials and services	6	-30 312	-132 596
Personnel expenses	7	-56 378	-55 943
Depreciation and impairment charges	8	-56 955	-53 724
Other expenses	9	-81 152	-77 932
Operating profit/loss		**157 924**	**4 195**
Finance income	10	28 824	51 771
Finance expenses	10	-149 466	-97 357
Total finance income and expenses		-120 642	-45 586
Profit/loss before income tax		**37 282**	**-41 391**
Income taxes	11	-3	-4
Profit/loss for the financial year		**37 279**	**-41 395**
Profit/loss for the financial year attributable to:			
Equity holders of the company		37 279	-41 395

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 000 €	1.1. - 31.12.2010	1.1. - 31.12.2009
Profit/loss for the financial year	37 279	-41 395
Other comprehensive items		
Changes in fair values of the available-for-sale investments	1 851	2 326
Cash flow hedges	21 288	-17 950
Total other comprehensive profit/loss items	23 139	-15 624
Total comprehensive profit/loss for the financial year	**60 418**	**-57 019**
Total comprehensive profit/loss for the financial year attributable to:		
Equity holders of the company	60 418	-57 019

CONSOLIDATED BALANCE SHEET

1 000 €	Note	31.12.2010	31.12.2009
Assets			
Non-current assets			
Property, plant and equipment	12	3 578 775	3 263 047
Intangible assets	13	23 633	16 161
Loans and other receivables	16	807 193	756 496
Investments in associates and joint ventures	14	1 009	1 009
Investments in shares	17	14 029	12 183
Derivative financial instruments	20	4 165	649
Share in the Finnish State Nuclear Waste Management Fund	25	806 301	633 484
Total non-current assets		**5 235 105**	**4 683 029**
Current assets			
Inventories	19	192 742	186 904
Trade and other receivables	16	61 919	83 931
Derivative financial instruments	20	657	404
Cash and cash equivalents	18	98 100	115 088
Total current assets		**353 418**	**386 327**
Total assets		**5 588 523**	**5 069 356**
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	21	540 992	461 692
Share premium reserve and statutory reserve	21	242 383	242 383
Fair value and other reserves	21	-25 414	-48 553
Retained earnings	21	247 568	210 289
Total equity		**1 005 529**	**865 811**
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	25	806 301	633 484
Loans from equity holders of the company	23	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund	23	802 350	750 900
Bonds	23	1 219 000	926 893
Other financial liabilities	23	1 169 733	979 150
Derivative financial instruments	20,23	61 739	40 324
Total non-current liabilities		**4 238 423**	**3 510 051**
Current liabilities			
Current financial liabilities	23	166 915	482 472
Derivative financial instruments	20,23	3 403	34 142
Advance payments received	24	22 510	20 943
Trade payables	24	11 580	18 702
Other current liabilities	24	140 163	137 235
Total current liabilities		**344 571**	**693 494**
Total liabilities		**4 582 994**	**4 203 545**
Total equity and liabilities		**5 588 523**	**5 069 356**

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

1 000 €	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2010	**461 692**	**242 383**	**-48 553**	**210 289**	**865 811**	**865 811**
Profit/loss for the financial year	0	0	0	37 279	37 279	37 279
Other comprehensive profit/loss items:						
Changes in fair values of the available-for-sale-investments	0	0	1 851	0	1 851	1 851
Cash flow hedges	0	0	21 288	0	21 288	21 288
Share issue	79 300	0	0	0	79 300	79 300
Equity 31.12.2010	**540 992**	**242 383**	**-25 414**	**247 568**	**1 005 529**	**1 005 529**

1 000 €	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2009	**361 692**	**242 383**	**-32 929**	**251 684**	**822 830**	**822 830**
Profit/loss for the financial year	0	0	0	-41 395	-41 395	-41 395
Other comprehensive profit/loss items:						
Changes in fair values of the available-for-sale-investments	0	0	2 326	0	2 326	2 326
Cash flow hedges	0	0	-17 950	0	-17 950	-17 950
Share issue	100 000	0	0	0	100 000	100 000
Equity 31.12.2009	**461 692**	**242 383**	**-48 553**	**210 289**	**865 811**	**865 811**

CONSOLIDATED CASH FLOW STATEMENT

1 000 €	Note	2010	2009
Operating activities			
Profit/loss for the financial year		37 279	-41 395
Adjustments:			
Income tax expenses		2	4
Finance income and expenses		120 642	45 586
Depreciation and impairment charges		56 955	53 724
Other non-cash flow income and expenses		-139 531	-15 039
Sales profit/loss of property, plant and equipment and shares		-182	-125
Changes in working capital:			0
Increase (-) or decrease (+) in non-interest-bearing receivables		13 019	-50 668
Increase (-) or decrease (+) in inventories		-5 838	-5 632
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities		-10 141	5 545
Interest paid and other finance expenses		-28 981	-43 998
Dividends received		641	513
Interest received		18 169	37 745
Taxes paid		-4	-2
Cash flow from operating activities		**62 030**	**-13 742**
Investing activities			
Acquisition of property, plant and equipment		-316 840	-801 090
Proceeds from sale of property, plant and equipment		83	16
Acquisition of intangible assets		-426	-230
Proceeds from sale of intangible assets		0	2
Acquisition of shares		-116	-4
Proceeds from sale of shares		782	198
Loan receivables granted		-51 583	-55 243
Repayments of loans granted		374	355
Cash flow from investing activities		**-367 726**	**-855 996**
Financing activities			
Share issue	21	79 300	100 000
Withdrawals of long-term loans		507 526	1 331 441
Repayment of long-term loans		-142 978	-620 972
Increase (-) or decrease (+) in interest-bearing receivables		508	2
Increase (+) or decrease (-) in current financial liabilities		-155 648	-28 339
Cash flow from financing activities		**288 708**	**782 132**
Change in cash and cash equivalents		**-16 988**	**-87 606**
Cash and cash equivalents January 1		115 088	202 694
Cash and cash equivalents December 31	18	**98 100**	**115 088**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION ON THE GROUP

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

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

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

These consolidated financial statements were authorized for issue by the Board of Directors of TVO in its meeting on 28 February 2011. Under the Finnish Limited Liability Companies Act the Shareholders' meeting may modify or reject the financial statements.

2 ACCOUNTING POLICIES

BASIS OF PREPARATION

These consolidated financial statements of TVO Group have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared in accordance with the IAS and IFRS standards and SIC and IFRIC interpretations effective at 31 December 2010. 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 2009. The following standards issued during 2010 have no impact in the consolidated financial statements:

- IFRS 3 (Revised) Business Combinations
- IAS 27 (Revised) Consolidated and Separate Financial Statements
- IFRIC 12 Service Concession Arrangements
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Net Investment in a Foreign Operation
- IFRIC 17 Distribution of non-cash assets to owners
- IFRIC 18 Transfers of Assets from Customers
- IFRIC 9 and IAS 39 (Amendment) Reassessment of embedded derivatives on reclassification
- IAS 39 (Amendment) Financial instruments: Recognition and measurement – Eligible Hedged Items'

- IFRS 2 (Amendment) Share-based Payment – Group Cash-settled Share-based Payment Transactions

IASB published changes to 12 standards or interpretations in April 2009 as part of the annual Improvements to IFRSs project, which were adopted by the group in 2010. The amendments do not have significant impact on the consolidated financial statements.

The following new standards, interpretations and amendments to existing standards and interpretations issued during the year 2010 will be adopted by the group in 2011. The interpretation does not have an impact on the consolidated financial statements:

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

IASB published changes to 7 standards or interpretations in July 2010 as part of the annual Improvements to IFRSs project, which will be adopted by the group in 2011. The following presentation includes the most relevant changes to the group. The changes are still subject to endorsement by the European Union:

- IFRS 3 (amendments) Business Combinations
- IFRS 7 (amendment) Financial instruments: Financial statement disclosures
- IAS 1 (amendment) Presentation of financial statements – statement of changes in equity
- IAS 27 (amendment) Consolidated and separate financial statements
- IAS 34 (amendment) Interim financial reporting

The following standards, interpretations and amendments will be adopted in 2012 or later:

- IFRS 9 * Financial Assets – Classification and Measurement
- IFRS 7 * (amendment) Disclosures - Transfers of financial assets

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

COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Subsidiaries

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

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

Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence. Significant influence is established when the Group holds over 20% of the voting rights of the entity or otherwise has significant influence, but not control. TVO has no associated companies.

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

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

SEGMENT REPORTING

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

REVENUE RECOGNITION PRINCIPLES

TVO operates on the cost-price principle. Revenue is 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 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
• TVO's share in the Meri-Pori coal-fired power plant	25 years
• Wind power plant	10 years
• TVO's share in the Olkiluoto gas turbine power plant	30 years.

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

Costs of renewal of an item or a part of an item of property, plant and equipment are 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 recognication criteria are shown as incomplete plant investment (see note 12).

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 Group does not have any goodwill or other intangible assets with indefinite useful lives.

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_2) emission rights. Emission rights are recognized at historical cost, and are presented under emission rights. Gratuitous emission rights are assets not included in the balance sheet. The current liability for returning emission rights is 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 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 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 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.

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

The derivative financial instruments are 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. The changes in the fair value of interest rate options (such as interest rate caps and floors) as well as of some interest rate swaps and forward foreign exchange contracts that do not qualify for hedge accounting are presented under finance income and expenses, unless they relate to the construction of OL3 power plant and are capitalized as part of the cost of the asset.

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

The effective portion of the changes in the fair values of derivatives designated as and qualifying for cash flow hedges is recognized in 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.

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.

SHARE CAPITAL

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

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

EARNINGS PER SHARE

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

PROVISIONS

The Group 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 each year. The research relating to the disposal, as well as the actual disposal of TVO's spent fuel, are carried out by Posiva Oy, which charges from TVO the costs arising from these activities, including the acquisition cost of property, plant and equipment.

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

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

The present initial value of the provision for the decommissioning of a nuclear power plant (at the time of commissioning the nuclear power plant) has been 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 the 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 year.

EMPLOYEE BENEFITS

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

Payments made to defined contribution plans as to pensions are 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.

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

Power plant construction in progress - OL3

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

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

All the 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 is a so-called Mankala company operating on 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-fired power.

The electricity of the nuclear power segment is produced at two nuclear power plant units, Olkiluoto 1 and Olkiluoto 2 (OL1 and OL2). A new unit, Olkiluoto 3 (OL3), is under construction at Olkiluoto. The subsidiaries of TVO, TVO Nuclear Services Oy (TVONS), Olkiluodon Vesi Oy and Perusvoima Oy, of which operation is related to nuclear power, are also included in the nuclear power segment.

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

Segment calculation principles
TVO Group discloses in the segment information; turnover, 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 will be followed in group level.

TURNOVER BY SEGMENTS

1 000 €	**2010**	**2009**
Nuclear power	297 312	263 162
Coal-fired power	65 240	42 228
Total	362 552	305 390

DEPRECIATION AND IMPAIRMENT CHARGES BY SEGMENTS

1 000 €	**2010**	**2009**
Nuclear power	46 272	44 172
Coal-fired power	7 342	7 302
Depreciation and impairment charges (FAS)	53 614	51 474
The impact of the nuclear waste management obligation	3 341	2 250
Total (IFRS)	56 955	53 724

FINANCE INCOME AND EXPENSES BY SEGMENTS

1 000 €	**2010**	**2009**
Nuclear power	12 668	13 311
Coal-fired power	1 959	2 839
Finance income and expenses (FAS)	14 627	16 150
The impact of the nuclear waste management obligation	105 725	15 700
The impact of financial instruments	290	13 736
Total (IFRS)	120 642	45 586

PROFIT/LOSS FOR THE FINANCIAL YEAR BY SEGMENTS

1 000 €	2010	2009
Nuclear power	11 737	-19 172
Coal-fired power	-4 632	-5 212
Profit/loss before appropriations (FAS)	7 105	-24 384
The impact of the nuclear waste management obligation	30 465	-3 276
The impact of financial instruments	-291	-13 735
Total (IFRS)	37 279	-41 395

ASSETS BY SEGMENTS

1 000 €	2010	2009
Nuclear power	4 522 287	4 284 411
Coal-fired power	89 129	93 412
Total (FAS)	4 611 416	4 377 823
The impact of the nuclear waste management obligation	906 520	703 238
The impact of financial instruments	-8 121	-22 293
The impact of finance leases	66 404	135
Other IFRS adjustments	12 304	10 453
Total (IFRS)	5 588 523	5 069 356

Group-wide disclosures

Turnover shared to production of electricity and services

1 000 €	2010	2009
Production of electricity	355 106	295 886
Services	7 446	9 504
Total	362 552	305 390

Information about geographical areas

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

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

4 WORK PERFORMED FOR OWN PURPOSE

1 000 €	**2010**	**2009**
Personnel expenses related to OL3	10 208	10 295
Water supply services related to OL3	25	27
Total	10 233	10 322

5 OTHER INCOME

1 000 €	**2010**	**2009**
Rental income	3 011	3 008
Profits from sales of shares	203	187
Profits from sales of property, plant and equipment	0	5
Received government grants	84	93
Sales of services	6 093	5 067
Other income	545	318
Total	9 936	8 678

6 MATERIALS AND SERVICES

1 000 €	**2010**	**2009**
Nuclear fuel	50 251	45 918
Coal	34 758	24 959
Materials and supplies	2 646	2 702
CO_2 emission rights	14 511	6 107
Nuclear waste management services *	-74 359	51 493
Increase (-) or decrease (+) in inventories	-5 838	-5 632
External services	8 343	7 049
Total	30 312	132 596

* See note 25 Assets and provision related to nuclear waste management obligation.

7 PERSONNEL EXPENSES

Employee benefit costs

1 000 €	2010	2009
Wages and salaries	46 799	46 209
Pension expenses - defined contribution plans	7 001	7 772
Other compulsory personnel expenses	2 578	1 962
Total	56 378	55 943

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

Average number of personnel during financial year

	2010	2009
Office personnel	683	672
Manual workers	159	163
Total	842	835

Number of personnel on 31.12.

	2010	2009
Office personnel	657	655
Manual workers	146	147
Total	803	802

8 DEPRECIATION AND IMPAIRMENT CHARGES

1 000 €	2010	2009
Intangible assets		
Computer software	564	629
Other intangible assets	764	757
Total	1 328	1 386
Property, plant and equipment		
Buildings and construction	10 575	10 180
Machinery and equipment	38 571	36 952
Other property, plant and equipment	3 141	2 956
Decommissioning	3 340	2 250
Total	55 627	52 338
Total	56 955	53 724

9 OTHER EXPENSES

1 000 €	2010	2009
Maintenance services	20 229	18 802
Regional maintenance and service	8 446	9 421
Research services	3 581	2 890
Other external services	20 881	17 344
Real estate tax	3 814	3 770
Rents	1 591	1 625
ICT expenses	4 267	4 327
Personnel related expenses	3 904	3 973
Corporate communication expenses	2 652	3 429
Other expenses	11 787	12 351
Total	81 152	77 932

Auditors' fees and not audit-related services

1 000 €	2010	2009
Audit fees	96	93
Auditors' statements	1	1
Other services	79	92
Total	176	186

10 FINANCE INCOME AND EXPENSES

Items included in the income statement

1 000 €	**2010**	**2009**
Dividend income on available-for-sale investments	641	513
Interest income from loans and other receivables		
Nuclear waste management loan receivables from equity holders of the company	10 603	17 651
Other	148	6 872
Hedge accounted derivatives		
Ineffective portion of the change in fair value	4	19
Non-hedge accounted derivatives		
Change in fair value	767	350
Interest income from assets related to nuclear waste management	16 662	26 366
Finance income, total	28 824	51 771
Interest expenses and other finance expenses		
To the Finnish State Nuclear Waste Management Fund	10 603	17 651
To others	11 292	18 193
Hedge accounted derivatives		
Ineffective portion of the change in fair value	29	95
Non-hedge accounted derivatives		
Change in fair value	1 255	14 127
Realised derivative expenses, net	3 900	5 226
Interest expenses of provision related to nuclear waste management	122 387	42 065
Finance expenses, total	149 466	97 357
Total	-120 642	-45 586

Other comprehensive items

Other comprehensive items related to derivative financial instruments:

1 000 €	**2010**	**2009**
Cash flow hedges		
Changes in the fair value of which the following items have transferred	3 578	-24 097
Transfers to the consolidated income statement	-2 091	-620
Transfers to inventories	409	-2 132
Transfers to the nuclear power plant under construction	-16 028	-3 395
Transferred items, total	-17 710	-6 147
Cash flow hedges, total	21 288	-17 950
Changes in fair values of the available-for-sale investments	1 851	2 326
Total other comprehensive items	23 139	-15 624

11 INCOME TAX EXPENSE

1 000 €	**2010**	**2009**
Taxes based on the taxable income of the financial year	3	4
Total	3	4

TVO operates at cost price (so called Mankala principle, see note 1), 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

1 000 €	Land and water areas	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Construction in progress and advance payments	Decom-missioning	Total
Acquisition cost 1.1.2010	8 905	282 981	1 164 847	43 451	2 681 351	114 792	4 296 327
Increase	534	1 507	9 234	2 329	330 553	33 805	377 962
Decrease	0	-835	-2 327	-2	-5 923	0	-9 087
Transfer between categories	0	0	59 968	1 614	-61 582	0	0
Acquisition cost 31.12.2010	9 439	283 653	1 231 722	47 392	2 944 399	148 597	4 665 202
Accumulated depreciation and impairment charges according to plan 1.1.2010	0	173 230	796 057	18 956	0	45 037	1 033 280
Decrease	0	-256	-2 223	-2	0	0	-2 481
Depreciation for the period	0	10 575	38 571	3 141	0	3 341	55 628
Accumulated depreciation and impairment charges according to plan 31.12.2010	0	183 549	832 405	22 095	0	48 378	1 086 427
Book value 31.12.2010	**9 439**	**100 104**	**399 317**	**25 297**	**2 944 399**	**100 219**	**3 578 775**
Book value 1.1.2010	8 905	109 751	368 790	24 495	2 681 351	69 755	3 263 047

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

The costs for the new plant (OL3) under construction constituted EUR 2.9 billion of the advance payments in 2010 (EUR 2.6 billion in 2009).

Property, plant and equipment included finance lease agreements:

1 000 €	Construction in progress
Book value 1.1.2010	2 157
Increase	68 528
Book value 31.12.2010	70 685

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

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

13 INTANGIBLE ASSETS

1 000 €	CO_2 emission rights	Computer software	Other intangible assets	Advance payments	Total
Acquisition cost 1.1.2010	6 150	19 582	20 698	50	46 480
Increase	14 524	186	26	214	14 950
Decrease	-6 150	0	0	0	-6 150
Transfer between categories	0	0	150	-150	0
Acquisition cost 31.12.2010	14 524	19 768	20 874	114	55 280
Accumulated depreciation and impairment charges according to plan 1.1.2010	0	16 903	13 416	0	30 319
Depreciation for the period	0	563	765	0	1 328
Accumulated depreciation and impairment charges according to plan 31.12.2010	0	17 466	14 181	0	31 647
Book value 31.12.2010	**14 524**	**2 302**	**6 693**	**114**	**23 633**
Book value 1.1.2010	6 150	2 679	7 282	50	16 161

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

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

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

Capitalized interest costs during construction

1 000 €	Other intangible assets	Buildings and construction	Machinery and equipment	Other property, plant and equipment	Advance payments	Total
Acquisition cost 1.1.2010	3 530	31 133	112 781	2 609	273 140	423 193
Increase	0	0	0	0	130 752	130 752
Decrease	0	0	0	0	-5 854	-5 854
Acquisition cost 31.12.2010	3 530	31 133	112 781	2 609	398 038	548 091
Accumulated depreciation and impairment charges according to plan 1.1.2010	2 301	20 900	75 609	1 756	0	100 566
Depreciation for the period	107	444	1 692	34	0	2 277
Accumulated depreciation and impairment charges according to plan 31.12.2010	2 408	21 344	77 301	1 790	0	102 843
Book value 31.12.2010	**1 122**	**9 789**	**35 480**	**819**	**398 038**	**445 248**
Book value 1.1.2010	1 229	10 233	37 172	853	273 140	322 627

Capitalized interest costs during construction

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

14 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

1 000 €	2010	2009
1.1.	1 009	1 009
31.12.	**1 009**	**1 009**

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

1 000 €	Place of incorporation	Assets	Liabilities	Turnover	Profit/loss	Group share (%)
2010						
Posiva Oy	Eurajoki	24 813	23 131	60 519	0	60
2009						
Posiva Oy	Eurajoki	22 103	20 421	58 317	0	60

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

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

15 BOOK VALUES OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

1 000 € 2010	Derivative financial instruments at fair value through profit or loss	Derivative financial instruments designated as cash flow hedges	Loans and other receivables	Available-for-sale investments	Financial liabilities measured at amortized cost	Book value total	Fair value total	Note
Non-current financial assets								
Loans and other receivables			807 193			807 193	807 193	16
Investments in shares				14 029		14 029	14 029	17
Derivative financial instruments		4 165				4 165	4 165	20
Current financial assets								
Trade and other receivables			61 919			61 919	61 919	16
Derivative financial instruments	288	369				657	657	20
Total by category	**288**	**4 533**	**869 112**	**14 029**	**0**	**887 962**	**887 962**	
Non-current liabilities								
Loans from equity holders of the company					179 300	179 300	179 300	23
Loan from the Finnish State Nuclear Waste Management Fund					802 350	802 350	802 350	23
Other financial liabilities					2 388 733	2 388 733	2 535 714	23
Derivative financial instruments	22 981	38 758				61 739	61 739	20
Current liabilities								
Current financial liabilities					166 915	166 915	166 915	23
Trade payables					11 580	11 580	11 580	24
Other current liabilities					140 163	140 163	140 163	24
Derivate financial instruments	2 601	802				3 403	3 403	20
Total by category	**25 581**	**39 560**	**0**	**0**	**3 689 041**	**3 754 182**	**3 901 163**	

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

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

1 000 € 2010	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial instruments at fair value through profit or loss		288	
Derivative financial instruments designated as cash flow hedges		4 533	
Available-for-sale investments			
Investments in listed companies	12 322		
Investments in other stocks and shares			1 707
Total	**12 322**	**4 821**	**1 707**
Financial liabilities at fair value			
Derivative financial instruments at fair value through profit or loss		25 581	
Derivative financial instruments designated as cash flow hedges		39 560	
Total	**0**	**65 141**	**0**

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

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

Fair value estimation

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

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

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

The book values of the non-current financial liabilities and current interest-bearing liabilities are measured at amortized cost using the effective interest rate method. The book values of the floating rate loans are reasonable approximations of their fair value. The fair value of the fixed rate loans has been calculated by discounting future cash flows at closing date market rates (company or loan specific premiums excluded). The fair value includes accrued interest. The book values of the current non-interest-bearing liabilities are reasonable approximations of their fair value.

TVO has issued EUR-, USD-, GBP-, SEK- and NOK-denominated fixed or floating rate Private Placements amounting to EUR 699.6 million. The Placements in foreign currency have been swapped into EUR floating or fixed rate using cross-currency swaps. Each transaction as a whole is treated as long-term fixed or floating rate EUR funding respectively in the financial statements.

16 LOANS AND OTHER RECEIVABLES

Loans and other receivables (non-current assets)

1 000 €	**2010**	**2009**
Nuclear waste management loan receivables	802 350	750 900
Loan receivables	4 843	5 596
Total	807 193	756 496

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

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

Trade and other receivables (current assets)

1 000 €	**2010**	**2009**
Trade receivables	45 671	55 801
Loan receivables	378	374
Prepayments and accrued income	15 113	22 788
Other receivables	757	4 968
Total	61 919	83 931

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

During the current or the previous accounting period the Group has not recognized credit losses or impairments for trade or other receivables. The maximum credit loss risk of trade and other receivables corresponds to their book value. On 31 December 2010 the Group had EUR 1,575 (1,161) thousand overdue receivables of which EUR 995 (940) thousand was overdue more than six months. The overdue receivables are not expected to cause the Group credit losses or impairments.

17 AVAILABLE-FOR-SALE INVESTMENTS

1 000 €	**2010**	**2009**
Investments in listed companies	12 322	10 472
Investments in other stocks and shares	1 707	1 711
Total	14 029	12 183

18 CASH AND CASH EQUIVALENTS

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

19 INVENTORIES

1 000 €	**2010**	**2009**
Coal		
Replacement cost	20 604	19 960
Book value	16 219	19 840
Difference	4 385	120
Uranium		
Replacement cost	134 759	86 580
Book value	39 236	37 936
Difference	95 523	48 644
Coal	16 219	19 840
Raw uranium	39 236	37 936
Nuclear fuel	132 661	124 898
Materials and supplies	4 626	4 230
Total	192 742	186 904

20 DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments *		Maturity structure					
1 000 €	**2010**	< 1 year	1-3 years	3-5 years	5-7 years	> 7 years	Total
Interest rate option agreements							
Purchased		180 000	30 000	0	0	0	210 000
Written		180 000	30 000	0	0	0	210 000
Interest rate swaps		230 000	370 000	500 000	0	88 446	1 188 446
Forward foreign exchange contracts		26 466	32 312	43 088	0	0	101 865
Total		**616 466**	**462 312**	**543 088**	**0**	**88 446**	**1 710 311**

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

Fair values of the derivative financial instruments *				
1 000 €	**2010**	Positive	Negative	Total
Interest rate option agreements (non-hedge accounted)				
Purchased		0	0	0
Written		0	-1 749	-1 749
Interest rate swaps (hedge-accounted)		0	-38 733	-38 733
Interest rate swaps (non-hedge accounted)		288	-23 832	-23 544
Forward foreign exchange contracts (hedge accounted)		4 533	-827	3 706
Forward foreign exchange contracts (non-hedge accounted)		0	0	0
Total		**4 822**	**-65 141**	**-60 320**

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

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

21 EQUITY

The registered share capital of the company according to the Articles of Association is EUR 540,992 thousand which was increased by EUR 79,300 thousand during the financial year. On 31 December 2009 the share capital of the company was EUR 461,692 thousand. TVO does not have a maximum or minimum limit for the share capital. The number of the shares on 31 December 2010 was 1,332,468,049. The shares are divided into the three series of shares as follows: A series 680,000,000, B series 618,184,319 and C series 34,283,730 shares. During 2010 the number of the B series shares increased by 75,187,257. All shares have been fully paid. The shares have no nominal price as is stipulated in the Finnish Limited Liability Companies Act.

On 24 March 2010 the Shareholders' Meeting decided on a share issue of 75,187,257 shares according to which the increase in B series share capital for EUR 79,300 thousand was paid and registered in December 2010.

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

Share number reconciliations:

1 000 €	Number of shares	Share capital	Share premium reserve
1.1.2009	1 162 467 100	361 692	242 383
Share issue	94 813 692	100 000	0
31.12.2009	1 257 280 792	461 692	242 383
Share issue	75 187 257	79 300	0
31.12.2010	**1 332 468 049**	**540 992**	**242 383**

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

Share number	**31.12.2010**	**31.12.2009**
A series	680 000 000	680 000 000
B series	618 184 319	542 997 062
C series	34 283 730	34 283 730
Total	1 332 468 049	1 257 280 792

The following list describes the equity components:

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

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

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

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

22 PROVISIONS

Environmental provisions

1 000 €	**2010**	**2009**
1.1.	0	365
Increase during the year	0	0
Used during the year	0	-365
31.12.	**0**	**0**

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

23 INTEREST-BEARING LIABILITIES

1 000 €	**2010**	**2009**
Non-current interest-bearing liabilities		
Shareholders' loans *	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund	802 350	750 900
Bonds	1 219 000	926 893
Bank loans	880 231	890 638
Loans from others	223 676	88 446
Finance leasing liabilities	65 826	66
Derivative financial instruments	61 739	40 324
Total	3 432 122	2 876 567
Current interest-bearing liabilities		
Bank loans	11 645	173 170
Other interest-bearing liabilities (Commercial paper program)	153 586	309 233
Finance leasing liabilities	1 684	69
Derivative financial instruments	3 403	34 142
Total	170 318	516 614
Total	3 602 440	3 393 181

* Subordinated loans.

Maturity period of finance lease liabilities

1 000 €	**2010**	**2009**
Finance lease liabilities - minimum lease payments		
No later than one year	2 279	73
Later than one year and no later than five years	8 423	68
Over five years	61 991	0
Total	72 693	141
Finance expenses to be accrued	-5 183	-6
Finance lease liabilities - current value of minimum rents		
No later than one year	1 684	69
Later than one year and no later than five years	6 667	66
Over five years	59 159	0
Total	67 510	135

The finance lease liabilities of the Group comprise the lease agreements of the office building and spare parts of the nuclear power plant.

24 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

1 000 €	**2010**	**2009**
Advances received	22 510	20 943
Trade payables	11 580	18 702
Accruals and deferred income	138 109	130 001
Other liabilities	2 054	7 234
Total	174 253	176 880

Accruals and deferred income are allocated as follows:

1 000 €	**2010**	**2009**
Finnish State Nuclear Waste Management Fund	48 707	61 236
Accrued interests	42 206	40 938
Accrued personnel expenses	13 815	13 116
Accruals related to CO_2 emission rights	14 524	7 134
Other accruals and deferred income	18 857	7 577
Total	138 109	130 001

25 ASSETS AND PROVISION RELATED TO NUCLEAR WASTE MANAGEMENT OBLIGATION

Share in the Finnish State Nuclear Waste Management Fund

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

TVO contributes funds to the Finnish State Nuclear Waste Management Fund to cover future obligations based on the legal liability calculated according to the Nuclear Energy Act. The carrying value of the fund in TVO's balance sheet is calculated according to the interpretation in IFRIC 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds".

Provision related to the nuclear waste management obligation

The provision is related to future obligations for decommissioning of the power plant and management of spent fuel and operating waste. The fair value of the provision is calculated according to IAS 37 based on discounted future cash flows which are based on estimated future expenses. The cost estimate is based on a nuclear waste management plan covering the management of spent nuclear fuel and operating waste and decommissioning of the nuclear power plant.

Cost estimate based on the new technical plan of nuclear waste management obligation was updated in June 2010. The accounting principles of the provision related to nuclear waste management were updated; discount rate 5.5% (earlier 5.2%) and inflation 3.0% (earlier 2.2%). Updated cost estimate together with the revised accounting principles increased the provision related to nuclear waste management, the amount of materials and services and finance expenses. The net effect on profit for the period is positive because the amount of the share in the Finnish State Nuclear Waste Management Fund and the provision related to nuclear waste management are equal and the difference is entered as an adjustment to materials and services. In June the provision on balance sheet compared to the value at the end of the previous year was increased by EUR 158.0 million of which EUR 106.5 million was due to changes in the accounting principles. The effect of revised cost estimate and the changes in the accounting principles to the consolidated income statement were about EUR 119 million decrease in materials and services and about EUR 85 million increase in finance expenses.

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

1 000 €	**2010**	**2009**
The carrying value of TVO' s share in the Finnish State Nuclear Waste Management Fund (non-current assets)	806 301	633 484
Provision related to nuclear waste management (non-current liabilities)		
Beginning of the year	633 484	599 789
Increase in provision	78 664	15 527
Used provision	-28 235	-23 897
Changes due to discounting	122 388	42 065
End of the year	806 301	633 483
The discount rate %	5.5	5.2

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

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

1 000 €	**2010**	**2009**
Liability for nuclear waste management according to the Nuclear Energy Act	1 179 100	1 160 700
TVO's funding target obligation 2010 (2009) to the Finnish State Nuclear Waste Management Fund	1 123 400	1 069 800
TVO's share in the Finnish State Nuclear Waste Management Fund 31.12.2010 (31.12.2009)	1 086 400	1 026 276
Difference between the liability and TVO's share of the fund 31.12.2010 (31.12.2009)	92 700	134 424

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 1,179.1 (1,160.7) million on 31 December 2010 (31 December 2009). The carrying value of the liability in the balance sheet calculated according to IAS 37 is EUR 806.3 (633.5) million on 31 December 2010. 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 1,086.4 (1,026.3) million on 31 December 2010. The carrying value of the TVO's share in the fund in the balance sheet is EUR 806.3 (633.5) 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 2010 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 difference between the legal liability calculated according to the Nuclear Energy Act and TVO's funding target obligation for 2011 is due to the section 46 of the Nuclear Energy Act, the Council of State accepted to periodise the funding target obligation for the years 2008 - 2012. TVO has issued to the State the shareholders' guarantees as security for the unfunded legal liability. The security also covers unexpected events as determined in the Nuclear Energy Act. The guarantees are included in the nuclear waste management obligations; see note 26: Obligations and other commitments.

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

26 OBLIGATIONS AND OTHER COMMITMENTS

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

1 000 €	**2010**	**2009**
No later than one year	265	237
Later than one year and no later than five years	310	246
Total	575	483

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

1 000 €	**2010**	**2009**
Rents	304	311
Total	304	311

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

Pledged promissory notes and financial guarantees

1 000 €	**2010**	**2009**
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	802 350	750 900
Guarantees given by shareholders related to the nuclear waste management obligation	219 950	253 570

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

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

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

1 000 €	**2010**	**2009**
OL1 and OL2	47 000	69 000
OL3	680 000	686 000
Total	727 000	755 000

Pending Court Cases and Disputes
In December 2008, TVO was informed by the International Chamber of Commerce (ICC) that the Supplier had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. The Supplier's monetary claim by the end of the reporting period was approximately EUR 1.2 billion. The claim is primarily based on additional costs due to delays. The earlier claimed milestone payments pursuant to the OL3 Plant Contract have become due and have been paid. TVO has considered and found the claim by the Supplier to be without merit.

In April 2009, TVO submitted to the ICC its answer and counterclaim as a result of the Supplier's request for arbitration filed with the ICC in December 2008 concerning the delay at OL3 and the ensuing costs incurred. TVO's counterclaim in money by the end of the reporting period was approximately EUR 1.4 billion. The arbitration proceeding may continue for several years.

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

No receivables or provisions have been recorded on the basis of claims presented in the arbitration proceedings.

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

	2010		**2009**	
	t CO_2	1 000 €	t CO_2	1 000 €
Granted emission rights	296 281		296 281	
Total annual emissions from production facilities	1 317 230		692 466	
Possessed emission rights	1 319 325		695 829	
Emission rights sold *	0	0	83 000	967
Emission rights and emission right reductions bought **	1 023 044	14 524	482 548	6 163

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

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

** The purchases of the emission rights 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.

27 RELATED PARTY

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

Groups' parent company and subsidiaries

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

Transactions with related parties are as follows

2010	Sales	Purchases	Interests	Receivables	Liabilities
Posiva Oy (joint venture)	8 010	44 532	107	6 500	3

2009	Sales	Purchases	Interest	Receivables	Liabilities
Posiva Oy (joint venture)	6 999	42 757	153	5 881	0

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

2010	Sales	Purchases	Interest	Receivables	Liabilities
PVO, Fortum Oyj, Fortum Power and Heat Oy	296 293	9 883	9 150	710 175	173 954

2009	Sales	Purchases	Interest	Receivables	Liabilities
PVO, Fortum Oyj, Fortum Power and Heat Oy	245 222	7 850	20 062	685 437	175 097

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

1 000 €	**2010** Senior management	**2009** Senior management
Wages, salaries and other short-term benefits	1 515	1 664
Total	1 515	1 664

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

28 EVENTS AFTER THE BALANCE SHEET DATE

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

29 FINANCIAL RISK MANAGEMENT

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 under the Mankala principle (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 form 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
2010

1 000 €	2011	2012	2013	2014	2015-	Total
Loans from financial institutions *	11 645	241 243	90 485	45 376	512 567	901 315
Financing costs **	27 598	26 441	23 239	23 020	103 724	204 023
Loans from equity holders of the company					179 300	179 300
Financing costs	4 524	4 807	6 548	7 180	102 577	125 637
Loan from the Finnish State Nuclear Waste Management Fund ***					802 350	802 350
Financing costs	10 603	18 088	23 670	27 018	29 456	108 835
Bonds					1 225 931	1 225 931
Financing costs	60 921	60 816	63 976	65 545	145 685	396 944
Loans from others					223 677	223 677
Financing costs	6 768	7 549	8 944	10 355	72 071	105 688
Finance lease liabilities	2 279	8 423			61 991	72 693
Commercial papers	154 200					154 200
Other liabilities	60 830					60 830
Interest rate derivatives	29 633	23 459	13 359	5 539	2 139	74 129
Forward foreign exchange contracts	26 466	11 057	21 255	21 429	21 659	101 865
Total	395 469	401 883	251 476	205 463	3 483 127	4 737 418

1 000 €	2011	2012	2013	2014	2015-	Total
Net cash flow of Forward foreign exchange contracts (fair value)	-436	348	1 218	1 351	1 406	3 886

* Repayments in 2011 are included in current liabilities in the balance sheet.
** In addition to interest costs, financing costs include commitment fees.
*** The loan is renewed yearly and connected interest payments are calculated for five years.

On 31 December 2010 TVO had undrawn and available committed credit facilities of an amount EUR 1,721.7 million (1,721.7 million in 2009). The facilities mature in 2012.
In addition, TVO's B series shareholders are committed to provide a EUR 300 million (EUR 300 million in 2009) subordinated shareholder loan to TVO. The commitment matures in 2013.

Undiscounted cash flows of financial liabilities
2009

1 000 €	2010	2011	2012	2013	2014-	Total
Loans from financial institutions *	173 170	11 645	241 243	90 485	557 942	1 074 485
Financing costs **	26 109	32 224	33 547	26 007	122 352	240 239
Loans from equity holders of the company				0	179 300	179 300
Financing costs	4 048	5 996	7 241	8 063	121 887	147 235
Loan from the Finnish State Nuclear Waste Management Fund ***				0	750 900	750 900
Financing costs	17 651	10 096	15 656	23 090	25 305	91 798
Bonds					935 086	935 086
Financing costs	49 080	54 606	54 131	54 555	181 649	394 021
Loans from others					88 446	88 446
Financing costs	2 453	3 173	3 986	4 370	25 953	39 935
Finance lease liabilities	73	68	0	0		141
Commercial papers	310 700					310 700
Other liabilities	53 745					53 745
Interest rate derivatives	40 966	21 338	11 828	6 537	2 440	83 109
Forward foreign exchange contracts	28 731	26 430	11 057	21 255	43 088	130 561
Total	706 726	165 576	378 689	234 362	3 034 348	4 519 701

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

* Repayments in 2010 are included in current liabilities in the balance sheet.
** In addition to interest costs financing costs include commitment fees.
*** The loan is renewed yearly and connected interest payments are calculated for five years.

Market risk

Currency risk
TVO is exposed to currency risk mainly in connection with its fuel purchases. The currency of purchases of raw uranium, enrichment and coal is frequently USD. Hedging of a currency denominated purchase is commenced when a fixed term agreement is entered into and the forecasted currency risk becomes highly probable. Both short-term and long-term loans are withdrawn mainly in euros. The 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 28 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.

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

	2010		**2009**	
1 000 €	Income statement	Equity	Income statement	Equity
+ 10% change in EUR/USD exchange rate	0	-9 715	-950	-10 820
- 10% change in EUR/USD exchange rate	0	9 715	950	10 820
1% upward parallel shift in interest rates	-3 125	20 019	2 389	24 507
1% downward parallel shift in interest rates	3 542	-19 605	-3 573	-24 482

Assumptions:
The change in EUR/USD exchange rate is assumed to be +/- 10%.
The USD-denominated position includes the forward foreign exchange contracts which are designated as cash flow hedges and 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.

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 and derivative transactions expose the Company to credit risk. In addition to money market funds, financial institutions with a minimum long-term credit rating of A- (Standard & Poor's) or A3 (Moody's) or A- (Fitch) 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.

According to Purchasing Policy the maximum inventory of coal corresponds to approximate annual production.

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% 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%. There are no other key ratio-related covenants in the loan contracts.

The equity ratio monitored by TVO's management

	2010	**2009**
Equity ratio (%) (IFRS, Group) *	29.8	28.4
Equity ratio (%) (Parent company) **	29.6	28.8

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

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

Parent Company's Financial Statement

TEOLLISUUDEN VOIMA OYJ

INCOME STATEMENT

1 000 €	Note	1.1. - 31.12.2010	1.1. - 31.12.2009
Turnover	1	**355 106**	**295 886**
Work performed for own purpose	2	10 208	10 295
Other income	3	15 857	16 080
Materials and services	4	-168 956	-146 358
Personnel expenses	5	-55 893	-55 372
Depreciation and write-downs	6	-53 610	-51 468
Other expenses	7	-81 739	-78 262
Operating profit/loss		**20 973**	**-9 199**
Financial income and expenses	8	-14 625	-16 152
Profit/loss before extraordinary items		**6 348**	**-25 351**
Extraordinary items +/-	9	757	967
Profit/loss before appropriations and taxes		**7 105**	**-24 384**
Appropriations	10	-7 105	24 384
Profit/loss for the financial year		**0**	**0**

BALANCE SHEET

1 000 €	Note		31.12.2010		31.12.2009
Assets					
Non-current assets					
Intangible assets	11		23 833		16 407
Tangible assets	11		3 405 545		3 134 091
Investments					
Holdings in group companies	12	237		237	
Holdings in joint ventures	12	1 009		1 009	
Other investments	12	811 598	812 844	760 856	762 102
Total non-current assets			**4 242 222**		**3 912 600**
Current assets					
Inventories	13		192 742		186 904
Long-term receivables	14		238		750
Current receivables	15		78 037		162 615
Cash and cash equivalents			97 709		114 628
Total current assets			**368 726**		**464 897**
Total assets			**4 610 948**		**4 377 497**
Equity and liabilities					
Equity					
Share capital	16		540 992		461 692
Share premium reserve	16		232 435		232 435
Statutory reserve	16		9 948		9 948
Retained earnings (loss)	16		9 360		9 360
Profit (loss) for the financial year	16		0		0
Total equity			**792 735**		**713 435**
Appropriations			**157 240**		**150 135**
Liabilities					
Non-current liabilities	17,18		2 339 279		1 924 848
Shareholders' loans	17		179 300		179 300
Loan from the Finnish State Nuclear Waste Management Fund	17		802 350		750 900
Current liabilities	19		340 044		658 879
Total liabilities			3 660 973		3 513 927
Total equity and liabilities			**4 610 948**		**4 377 497**

TEOLLISUUDEN VOIMA OYJ

CASH FLOW STATEMENT

1 000 €	2010	2009
Operating activities		
Operating profit/loss	20 973	-9 200
Adjustments to operating profit /loss *	53 428	50 979
Changes in working capital **	-2 211	-50 746
Interest paid and other financial expenses	-28 982	-43 996
Dividends received	641	513
Interest received	18 169	37 741
Cash flow from operating activities	**62 018**	**-14 709**
Investing activities		
Acquisition of shares	-116	-4
Acquisition of non-current assets	-317 266	-801 320
Proceeds from sale of other investments	782	198
Proceeds from sale of intangible and tangible assets	83	17
Loan receivables granted	-51 583	-55 243
Repayments of loans granted	374	356
Cash flow from investing activities	**-367 726**	**-855 996**
Financing activities		
Share issue	79 300	100 000
Withdrawals of long-term loans	507 526	1 331 441
Repayment of long-term loans	-142 978	-620 972
Increase (-) or decrease (+) in interest-bearing receivables	508	2
Increase (+) or decrease (-) in short-term interest-bearing liabilities	-155 648	-28 339
Group contribution received	81	1 558
Cash flow from financing activities	**288 789**	**783 690**
Change in cash and cash equivalents	**-16 919**	**-87 015**
Cash and cash equivalents January 1	114 628	201 643
Cash and cash equivalents December 31	**97 709**	**114 628**

* Adjustments to operating profit/loss		
Depreciation and write-downs	53 610	51 469
Gain (-) or loss (+) from divestment of non-current assets	-182	-125
Other non-cash flow income and expenses	0	-365
Total	53 428	50 979
** Changes in working capital		
Increase (-) or decrease (+) in inventories	-5 838	-5 632
Increase (-) or decrease (+) in non-interest-bearing receivables	14 840	-51 526
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	-11 213	6 412
Total	-2 211	-50 746

TEOLLISUUDEN VOIMA OYJ
NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2010
ACCOUNTING PRINCIPLES

1 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
TVO's share in the Meri-Pori coal-fired power plant	25 years
Wind power plant	10 years
TVO's share in the Olkiluoto gas turbine power plant	30 years.

Valuation of inventories

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

CO_2 emission rights

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

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.

2 ITEMS RELATED TO NUCLEAR WASTE MANAGEMENT LIABILITY

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

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

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

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

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

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

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

1 TURNOVER

1 000 €	**2010**	**2009**
Olkiluoto 1 and Olkiluoto 2	289 866	253 658
Meri-Pori	65 240	42 228
Total	355 106	295 886

Electricity delivered to equity holders of the company (GWh)		
Olkiluoto 1	6 936	7 263
Olkiluoto 2	7 127	7 122
Total Olkiluoto *	14 063	14 385
Meri-Pori	1 622	845
Total	15 685	15 230

* Includes wind energy 1.1 (1.5 in 2009) GWh and energy produced by gas turbine 0.4 (0.5) GWh.

2 WORK PERFORMED FOR OWN PURPOSE

1 000 €	**2010**	**2009**
Personnel expenses related to OL3	10 208	10 295

3 OTHER INCOME

1 000 €	**2010**	**2009**
Rental income	3 014	3 010
Sales profit of tangible assets and shares	203	192
Sales of services	12 010	12 467
Other income	630	411
Total	15 857	16 080

4 MATERIALS AND SERVICES

1 000 €	**2010**	**2009**
Purchases, accrual basis		
Nuclear fuel	50 251	45 918
Coal	34 758	24 959
Materials and supplies	2 646	2 702
Increase (-) or decrease (+) in inventories	-5 838	-5 632
Total	81 817	67 947
CO_2 emission rights	14 511	6 108
Nuclear waste management		
Contribution to the Finnish State Nuclear Waste Management Fund *	36 938	42 270
Nuclear waste management services	28 235	23 897
Total	65 173	66 167
External services	7 455	6 136
Total	168 956	146 358

* 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	41 188	40 051
Coal	38 379	25 309
Materials and supplies	2 250	2 587
Total	81 817	67 947

5 NOTES CONCERNING PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES

	2010	2009
Average number of personnel		
Office personnel	678	667
Manual workers	159	163
Total	837	830

Number of employees 31.12.		
Office personnel	652	650
Manual workers	146	147
Total	798	797

1 000 €	2010	2009
Personnel expenses		
Wages and salaries	46 388	45 711
Pension expenses	6 939	7 712
Other compulsory personnel expenses	2 566	1 949
Total	55 893	55 372

Salaries and fees paid to management		
President and CEO deputy and members of the Board of Directors	707	614

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

6 DEPRECIATION AND WRITE-DOWNS

1 000 €	2010	2009
Depreciation according to plan		
Other capitalised long-term expenses	1 374	1 438
Buildings and construction	10 574	9 201
Machinery and equipment	38 571	36 951
Other tangible assets	3 091	2 900
Write-downs in value of goods of non-current assets (OL1 and OL2)	0	978
Total	53 610	51 468

7 OTHER EXPENSES

1 000 €	2010	2009
Maintenance services	20 227	18 166
Regional maintenance and service	8 446	9 421
Research services	3 581	2 881
Other external services	21 524	18 425
Real estate tax	3 814	3 770
Rents	1 591	1 625
ICT expenses	4 260	4 319
Personnel related expenses	3 893	3 953
Corporate communication expenses	2 622	3 385
Other expenses	11 781	12 317
Total	81 739	78 262

Auditors' fees and not audit-related services		
Audit fees	94	91
Auditors' statements	1	0
Other services	79	92
Total	174	183

8 FINANCIAL INCOME AND EXPENSES

1 000 €	**2010**	**2009**
Dividend income		
From others	641	513
Total	641	513
Interest income on long-term investments		
From joint ventures	107	153
From others	10 603	17 651
Total	10 710	17 804
Other interest and financial income		
From others	39	6 714
Total	39	6 714
Interest income on long-term investments and other interest and financial income, total	10 749	24 519
Interest expenses and other financial expenses		
To the Finnish State Nuclear Waste Management Fund	10 603	17 651
To others	133 297	116 483
Capitalised interest costs	-117 885	-92 950
Total	26 015	41 184
Total financial income (+) and expenses (-)	-14 625	-16 152
Financial income and expenses include exchange rate gains (+) and losses (-) (net)	9	8

9 EXTRAORDINARY ITEMS

1 000 €	**2010**	**2009**
Extraordinary income/Group contribution	757	967

10 APPROPRIATIONS

1 000 €	**2010**	**2009**
The difference between depreciation according to plan and tax depreciation, increase (-) or decrease (+)	-7 105	24 384

11 NON-CURRENT ASSETS

1000 €	Formation expenses	Intangible rights	Other capitalised long-term expenses	Advance payments	Total
Intangible assets					
Acquisition cost 1.1.2010	57 961	6 150	41 126	50	105 287
Increase	0	14 524	212	214	14 950
Decrease	0	-6 150	-1	0	-6 151
Transfer between categories	0	0	150	-150	0
Acquisition cost 31.12.2010	57 961	14 524	41 487	114	114 086
Accumulated depreciation according to plan 1.1.	57 961	0	30 918	0	88 879
Accumulated depreciation from deduction	0	0	-1	0	-1
Depreciation according to plan	0	0	1 374	0	1 374
Book value 31.12.2010	**0**	**14 524**	**9 195**	**114**	**23 833**
Accumulated depreciation difference 1.1.	0	0	8 381	0	8 381
Change in depreciation difference	0	0	-652	0	-652
Accumulated depreciation difference 31.12.	0	0	7 729	0	7 729
Undepreciated acquisition cost in taxation 31.12.2010	0	14 524	1 466	114	16 104

1000 €	Land and water areas	Buildings and construction	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Tangible assets						
Acquisition cost 1.1.2010	8 904	279 598	1 164 843	42 530	2 625 790	4 121 665
Increase	533	1 386	9 234	2 330	310 311	323 794
Decrease	0	-256	-2 327	0	0	-2 583
Transfer between categories	0	0	59 968	1 614	-61 582	0
Acquisition cost 31.12.2010	9 437	280 728	1 231 718	46 474	2 874 519	4 442 876
Accumulated depreciation according to plan 1.1.	0	173 222	796 053	18 299	0	987 574
Accumulated depreciation from deduction	0	-256	-2 223	0	0	-2 479
Depreciation according to plan and write-downs	0	10 574	38 571	3 091	0	52 236
Book value 31.12.2010	**9 437**	**97 188**	**399 317**	**25 084**	**2 874 519**	**3 405 545**
Accumulated depreciation difference 1.1.	0	15 360	126 786	-392	0	141 754
Change in depreciation difference	0	-2 527	9 778	506	0	7 757
Accumulated depreciation difference 31.12.	0	12 833	136 564	114	0	149 511
Undepreciated acquisition cost in taxation 31.12.2010	9 437	84 355	262 753	24 970	2 874 519	3 256 034
Share of machinery and equipment from book value 31.12.2010			377 489			
Share of machinery and equipment from book value 31.12.2009			345 191			

Capitalised borrowing costs included in non-current assets

1000 €	Formation expenses	Other capitalised long-term expenses	Buildings and construction	Machinery and equipment	Other tangible assets	Construction in progress	Total
Interest during construction period							
Acquisition cost 1.1.2010	11 601	3 530	31 133	112 781	2 609	277 189	438 843
Increase	0	0	0	0	0	116 938	116 938
Acquisition cost 31.12.2010	11 601	3 530	31 133	112 781	2 609	394 127	555 781
Accumulated depreciation according to plan 1.1.	11 601	2 301	20 900	75 608	1 756	0	112 166
Depreciation according to plan	0	107	444	1 693	33	0	2 277
Book value 31.12.2010	**0**	**1 122**	**9 789**	**35 480**	**820**	**394 127**	**441 338**
Accumulated depreciation difference 1.1.	0	1 229	10 233	37 173	853	0	49 488
Change in depreciation difference	0	-107	-444	-1 693	-33	0	-2 277
Accumulated depreciation difference 31.12.	0	1 122	9 789	35 480	820	0	47 211
Undepreciated acquisition cost in taxation 31.12.2010	0	0	0	0	0	394 127	394 127

12 INVESTMENTS

1000 €	Holdings in group companies	Holdings in joint ventures	Other stocks and shares	Loan receivables, joint ventures	Loan receivables, others	Total
Acquisition cost 1.1.2010	237	1 009	5 090	4 362	751 404	762 102
Increase	0	0	121	129	51 450	51 700
Decrease	0	0	-584	-374	0	-958
Acquisition cost 31.12.2010	237	1 009	4 627	4 117	802 854	812 844
Book value 31.12.2010	**237**	**1 009**	**4 627**	**4 117**	**802 854**	**812 844**

Loan from the Finnish State Nuclear Waste Management Fund lent further to the equity holders of the company	802 350	**802 350**

Group companies	Group share %
TVO Nuclear Services Oy, Eurajoki	100
Olkiluodon Vesi Oy, Helsinki	100
Perusvoima Oy, Helsinki	100

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

13 INVENTORIES

1 000 €	2010	2009
Coal		
Replacement cost	20 604	19 960
Book value	16 219	19 840
Difference	4 385	120
Raw uranium and natural uranium		
Replacement cost	134 759	86 580
Book value	39 236	37 936
Difference	95 523	48 644
Coal	16 219	19 840
Raw uranium and natural uranium	39 236	37 936
Nuclear fuel	132 661	124 898
Supplies	4 626	4 230
Total	192 742	186 904

14 LONG-TERM RECEIVABLES

1 000 €	2010	2009
Loan receivables from group companies	16	21
Loan receivables from others	222	729
Total	238	750

15 CURRENT RECEIVABLES

1 000 €	2010	2009
Receivables from group companies		
Trade receivables	929	0
Loan receivables	4	5
Accrued income	1 644	967
Total	2 577	972
Receivables from joint ventures		
Trade receivables	264	0
Loan receivables	378	374
Prepayments and accrued income	1 741	1 145
Total	2 383	1 519
Receivables from others		
Trade receivables	42 627	54 935
Other receivables	754	4 967
Total	43 381	59 902
Prepayments and accrued income		
Prepaid interests	16 524	19 337
Accrued interest income	11 514	18 933
Other accrued income	1 639	1 706
Other prepaid expenses	19	60 246
Total	29 696	100 222
Total	78 037	162 615

16 EQUITY

1 000 €	2010	2009
Share capital 1.1.	461 692	361 692
From share issue	79 300	100 000
Share capital 31.12.	540 992	461 692
Share issue 1.1.	0	0
Share issue	79 300	100 000
To share capital	-79 300	-100 000
Share issue 31.12.	0	0
Share premium reserve 1.1.	232 435	232 435
Change	0	0
Share premium reserve 31.12.	232 435	232 435
Statutory reserve 1.1.	9 948	9 948
Change	0	0
Statutory reserve 31.12.	9 948	9 948
Retained earnings/loss 31.12.	9 360	9 360
Profit/loss for the financial year	0	0
Total	792 735	713 435

17 NON-CURRENT LIABILITIES

1 000 €	2010	2009
Bonds	1 225 932	935 086
Bank loans	889 670	901 315
Other loans	223 677	88 447
Shareholders' loans *	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund **	802 350	750 900
Total	3 320 929	2 855 048

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

BONDS
Euro Medium Term Note Programme Eur 2,500,000,000

			1 000 €	
Currency	**Capital (1 000)**	**Maturity date**	**2010**	**2009**
EUR	750 000	27.6.2016	750 000	750 000
NOK	550 000	22.2.2017	63 218	63 218
SEK	650 000	28.3.2017	63 601	63 601
SEK	600 000	30.10.2019	58 267	58 267
SEK	100 000	20.1.2015	9 794	0
SEK	520 000	20.1.2015	50 931	0
SEK	500 000	12.2.2015	49 407	0
SEK	500 000	12.2.2015	51 546	0
SEK	300 000	23.6.2015	31 218	0
SEK	200 000	20.1.2015	21 186	0
SEK	500 000	8.11.2017	53 763	0
EUR	23 000	1.12.2022	23 000	0
Total			1 225 931	935 086

OTHER LOANS
US Private Placements

			1 000 €	
Currency	**Capital (1 000)**	**Maturity date**	**2010**	**2009**
USD	55 000	19.8.2018	53 111	53 111
GBP	35 336	19.8.2018	35 336	35 336
USD	50 000	26.8.2020	39 557	0
USD	50 000	26.8.2020	39 557	0
GBP	50 000	15.11.2022	56 116	0
Total			223 677	88 447

18 DEBTS DUE IN MORE THAN FIVE YEARS

1 000 €	**2010**	**2009**
Debts due in more than five years	1 838 298	1 715 399

19 CURRENT LIABILITIES

1 000 €	**2010**	**2009**
Liabilities from joint ventures		
Trade payables	3	0
Liabilities from others		
Bank loans	11 645	173 170
Advances received	22 263	20 755
Trade payables	12 935	18 695
Total	46 843	212 620
Other liabilities		
Interest-bearing liabilities	153 585	309 233
Other liabilities	1 663	7 199
Total	155 248	316 432
Accruals and deferred income		
Finnish State Nuclear Waste Management Fund	38 104	61 236
Accrued interests	52 809	40 937
Accrued personnel expenses	13 716	12 992
Accruals related to CO_2 emission rights	14 524	7 134
Other accruals and deferred income	18 797	7 528
Total	137 950	129 827
Total	340 044	658 879

20 DISTRIBUTABLE EQUITY

1 000 €	2010	2009
Retained earnings	9 360	9 360
Profit/loss for the financial year	0	0
Total	9 360	9 360

21 COMMITMENTS

1 000 €	2010	2009
Leasing liabilities		
Leasing liabilities falling due in less than a year	2 476	237
Leasing liabilities falling due later	70 724	246
Total	73 200	483

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

Nuclear waste management		
Liability for nuclear waste management *	1 179 100	1 160 700
TVO's share in the Finnish State Nuclear Waste Management Fund 31.3.2010/31.3.2009.	1 123 400	1 069 800
Collateral for nuclear waste management contingencies	219 950	253 570
Nuclear waste management loan receivables pledged to the Finnish State Nuclear Waste Management Fund	802 350	750 900

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

Pending Court Cases and Disputes
See note 26 Obligations and other commitments in the consolidated financial statements.

22 DERIVATIVE FINANCIAL INSTRUMENTS

1 000 €	2010	2009
Interest rate derivatives		
Option agreements, purchased (nominal value)	210 000	810 000
Fair value	0	114
Option agreements, sold (nominal value)	210 000	810 000
Fair value	-1 749	-7 519
Interest rate swaps (nominal value)	1 188 446	1 268 446
Fair value	-62 277	-62 348
Forward foreign exchange contracts		
Forward foreign exchange contracts (nominal value)	101 865	130 561
Fair value	3 706	-3 660

23 SERIES OF SHARES

Share capital and series of shares	Number		1 000 €	
A-series - OL1 and OL2	**2010**	**2009**	**2010**	**2009**
1.1.	680 000 000	680 000 000	115 600	115 600
Change	0	0	0	0
31.12.	680 000 000	680 000 000	115 600	115 600
B-series - OL3				
1.1.	542 997 062	448 183 370	340 264	240 264
Change	75 187 257	94 813 692	79 300	100 000
31.12.	618 184 319	542 997 062	419 564	340 264
C-series - TVO's share in the Meri-Pori coal-fired power plant				
1.1.	34 283 730	34 283 730	5 828	5 828
Change	0	0	0	0
31.12.	34 283 730	34 283 730	5 828	5 828
Total	1 332 468 049	1 257 280 792	540 992	461 692

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

24 CO_2 EMISSION RIGHTS

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

	2010		**2009**	
	t CO_2	**1 000 €**	**t CO_2**	**1 000 €**
Granted emission rights	296 281		296 281	
Total annual emissions from production facilities	1 317 230		692 466	
Possessed emission rights	1 319 325		695 829	
Emission rights sold *	0	0	83 000	2 246
Emission rights and emission right reductions bought **	1 023 044	14 524	482 548	10 151

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

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

** The purchases of the emission rights 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

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

Helsinki, February 28, 2011

Matti Ruotsala

Lauri Virkkunen

Hannu Anttila

Jukka Hakkila

Mikael Hannus

Tapio Korpeinen

Harri Pynnä

Seppo Ruohonen

Tiina Tuomela

Rami Vuola

Jarmo Tanhua
President and CEO

Auditor's Report

To the Annual General Meeting of Teollisuuden Voima Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Teollisuuden Voima Oyj for the year ended 31 December, 2010. 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, 28 February 2011

Eero Suomela
Authorised Public Accountant

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant

Financial publications

Financial Publications in 2010

Corporate Governance Statement 2009
Report of the Board of Directors and Financial Statement 2009
Interim Report January–March 2010
Interim Report January–June 2010
Interim Report January–September 2010

Financial Publications in 2011

Corporate Governance Statement 2010	March 1, 2011
Report of the Board of Directors and Financial Statement 2010	March 1, 2011
Interim Report January-March 2011	April 27, 2011
Interim Report January-June 2011	July 18, 2011
Interim Report January-September 2011	October 20, 2011

All publications are availabe in Finnish and in English.

In addition, the Corporate Social Responsibility Report 2009 was published in 2010.
The Corporate Social Responsibility Report 2010 will be published in March 2011.

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