Report of the Board of Directors and Financial Statements 2011

Teollisuuden Voima Oyj – Well-being with Nuclear Electricity

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Contents

Report of the Board of Directors of Teollisuuden Voima Oyj

Operating Environment

At the end of 2011, 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, 67 new reactors were 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.

Nearly 30 per cent of all electricity in the European Union is generated in nuclear power plants; a total of 134 reactors are in operation in 14 different Member States. Most of these NPPs were built in the 1970s and 1980s. Now there are six reactors under construction in the EU. In recent years, the interest in building new NPPs has increased, in particular in countries that have not previously utilized nuclear power. An extension of the operation lifetime of existing plants is also being planned in many countries.

The EU's energy strategy for 2011–2020 emphasizes the importance of increasing low-carbon energy production and 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. As a follow-up of the strategy the EU Commission published in December 2011 an energy roadmap 2050. In all the energy scenarios in this roadmap the CO_2 emissions can be reduced by over 80 per cent, and in all scenarios the role of renewable energies and electricity are strongly increasing. The share of nuclear energy is expected to decrease but to stay at an important level, and in some scenarios almost one fifth of electricity production. The scenario containing important share of nuclear power is also the least cost option. This means that major investments will be required both for extending the service life of existing NPPs, and for building new generation NPPs.

The Fukushima event in March 2011 has divided the opinions towards nuclear power in the EU. Germany closed down immediately seven reactors and made soon after the accident a decision to phase out all nuclear power plants by 2022. In Italy, a referendum carried out in June continued the moratorium of nuclear power. Other Member States having nuclear power plants in operation or under consideration have continued with their original programs.

In the aftermath of Fukushima the EU Commission launched together with the Member States and nuclear industry a reassessment of nuclear safety in all EU nuclear power plants. In the interim report of this safety reassessment, the EU Commission underlines specific need for a review of the nuclear safety directive adopted in 2009. In the EU, also a directive for radioactive waste management was adopted in 2011. The Commission wants to strengthen the EU level nuclear regulatory framework also in the future.

According to the final report of the Radiation and Nuclear Safety Authority in Finland (STUK) the safety of Finnish nuclear power plants, including provisions for severe accidents, earthquakes and extreme weather conditions, has been improved systematically ever since the plants were commissioned. However, the Fukushima accident raised some new questions and suggestions for improving operating plants especially. Extreme natural phenomena have been taken into account comprehensively in the planning of Olkiluoto 3, which is under construction.

Finland's new Government Program outlined the country's energy policy

The objective of Prime Minister Katainen's Government Program of June 2011 was self-sufficiency in energy production, which, according to the Government Program, will require more low-emission power generation, renewable energy and improvement of energy efficiency. The Government will make no new decisions-on-principle on nuclear power but will process the applications concerning construction licenses for nuclear power plants without delay.

The Government will prepare and introduce a windfall tax suitable for Finnish conditions. The purpose of the tax is to collect for the state EUR 170 million a year. The schedule and details of the tax are still open. In addition, the Government will investigate by the end of 2012 the possibilities and appropriateness to introduce a tax on uranium. According to the Program, the introduction of the new tax will be assessed in the middle of the Government's term of office.

Electricity consumption turned down

Electricity consumption in the Nordic countries in 2011 was 4.8 per cent lower than in 2010.

The total consumption of electricity in Finland in 2011 was 84.4 terawatt hours (TWh). The consumption decreased by 3.8 per cent compared to the previous year. This was due to the warm months toward the end of the year and a slight decrease in the industrial consumption. Domestic production covered a smaller share of electricity procurement than before. The share of net electricity imports increased from the previous year's level and was 16.4 per cent. The warm weather decreased the combined heat and power generation (CHP), and its share was 30.6 per cent. The amount of nuclear power generated in 2011 was 22.3 TWh, which accounted for 26.4 per cent of the electricity procured. The share of wind power grew and was 0.6 per cent. The carbon dioxide emissions from electricity production fell by about a quarter from the previous year.

Main Events

Both of TVO's plant units, Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) operated safely and reliably in 2011. The annual outages of the plant units were executed between May 1 and June 8, 2011. The outage at OL2 was the most extensive maintenance outage in the history of the power plant. As a result of enhanced efficiency of the turbine island the net electrical output of the plant unit increased by more than 20 megawatts. OL1 underwent a similar major maintenance outage in 2010. The rated net electrical output of both plant units is now 880 megawatts. The total cost of the upgrade project amounted to approximately EUR 160 million.

The production figures of the power plant for 2011 were good. The total production was 14.2 TWh (billion kilowatt hours). Together with the share of the Meri-Pori coal-fired power plant TVO's production was 15.0 TWh. In 2011, the electricity produced in Olkiluoto accounted for about 17 per cent of all electricity consumed in Finland.

As a consequence of the Fukushima-Daiichi nuclear plant accident in Japan on March 11, 2011, the Ministry of Employment and the Economy (TEM) requested from the Radiation and Nuclear Safety Authority in Finland (STUK) an investigation into how Finnish nuclear power plants are prepared for the effects of floods and other extreme natural phenomena and how the plants have ensured the availability of electricity and cooling water during various fault and malfunction situations.

In its report based on investigations carried out by the Finnish nuclear power companies and given to TEM in May, STUK stated that no new threat factors or deficiencies that would require immediate safety improvements had been identified in the Finnish NPPs. However, STUK stated further that there was reason for the NPPs to continue more detailed plant unit specific investigations. In the investigations, for example ensuring of the power supply and reactor cooling were examined in situations when simultaneously malfunctions in the multiple back-up and security systems are expected. Additional investigations and plans for safety improvements were compiled in connection with the EU-wide stress tests on nuclear power plants.

In June 2011, the nuclear safety authorities in EU countries started stress tests on nuclear power plants following an initiative by the European Council. The stress tests aimed to investigate how nuclear power plants are prepared for earthquakes, floods and extreme weather conditions. In addition, the target was to evaluate the consequences which would arise from the simultaneous loss of safety systems and how plants have prepared for severe accidents.

The nuclear power companies submitted their final reports related to EU stress tests to STUK by the end of October. STUK compiled a national report based on investigations by power companies and sent it to the European Commission on December 30, 2011. Finland's report deals with the operating Loviisa and Olkiluoto plants and interim storages of spent fuel as well as the Olkiluoto 3 plant unit (OL3) under construction at Olkiluoto.

In its own assessment, TVO did not identify such hazards characteristic of the Olkiluoto plant site that would result in immediate modification needs at the plant units. The assessment process has, nevertheless, proved to be useful for TVO, and e.g. preparedness for the loss of power supply and seawater cooling were decided to be improved further.

According to STUK's report, the safety of Finnish nuclear power plants has been improved systematically ever since the plants were commissioned. However, the Fukushima accident raised some new questions and suggestions for improving operating plant units especially. A reliable electrical supply for central safety systems is ensured more diversely at Finnish nuclear power plants than in most other countries. As there are many electrical supplies operating on different principles, the probability of the complete loss of electrical supply is very small.

According to STUK's new safety guidelines under preparation, arrangements will be required at Finnish power plants which ensure safety even in a situation where the availability of electricity from the plant's internal grid would be disrupted for 72 hours. At Olkiluoto, there is need to plan improvements in safety systems at all plant units.

Preparedness plans for an accident which would simultaneously affect several plant units will be reviewed. Especially the adequacy of personnel resources must be ensured at the Finnish plants in the future in order to prepare for such situations.

In the next phase of the stress tests, in the beginning of 2012, national reports will be evaluated in separately assembled evaluation groups in which the European Commission will also be represented. The European Commission will present the results of the stress tests to the European Council at the end of June 2012.

The civil construction works and installation of the main components of the OL3 plant unit have been completed to a large extent. Planning of the reactor plant automation, piping installations and electrification works continued. At the end of the year, the number of personnel working at the site was about 3,000. Occupational safety at the site remained good throughout the year.

AREVA-Siemens Consortium, which is constructing the OL3 plant unit on a fixed-price turnkey delivery contract, informed TVO in December that the unit is scheduled to be ready for regular electricity production in August 2014. Originally commercial electricity production of the plant unit was scheduled to start at the end of April 2009.

Preparation of the Olkiluoto 4 (OL4) project progressed to the bidding and engineering phase when, on December 7, 2011, the Extraordinary General Meeting of TVO made a decision to commence the bidding and engineering phase.

The excavation of the underground facility ONKALO, commenced by TVO's joint venture Posiva in 2004, is completed but the excavation of technical and support tunnels will continue until spring 2012. Test boring of the final disposal holes was started in the end of the year. The final disposal facility for spent nuclear fuel comprises an above ground encapsulation plant and its auxiliary facilities, as well as underground final disposal facilities. Posiva will submit a construction license application for the final disposal facility to the Finnish Government by the end of 2012. Posiva will commence final disposal in accordance with the Government decision in about 2020.

In 2011, the Company recruited 73 (in 2010: 29) new employees. During the year, 49 (32) permanent employees left the company, 29 (18) of them due to retirement.

Financial Performance

TVO operates on a cost-price principle. The shareholders are charged all incurred costs in the price of electricity. 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 2011 was EUR 352.4 (362.6) million. The amount of electricity delivered to the shareholders was 14,944 (15,685) GWh. The decrease in revenue was mainly due to the decrease in electricity production of the Meri-Pori coal-fired power plant.

The consolidated profit/loss was EUR 5.7 (37.3) million. Changes in the cost estimate and accounting principles of the provision regarding nuclear waste management cash flows had an effect on the profit/loss for the comparison period (see Notes: Assets and provision related to nuclear waste management obligation).

Financing and Liquidity

TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) at the end of the year totaled EUR 2,922.0 (2,683.8) million excluding the loan from the Finnish State Nuclear Waste Management Fund, relent to the shareholders. During 2011, TVO raised a total of EUR 33.9 (456.1) million in non-current liabilities while repayments amounted to EUR 11.6 (143.0) million. Loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 40.2 (51.5) 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 842.6 (802.4) million and it is included in interest-bearing liabilities. The loan has been relent to the Company's A series shareholders.

In June, TVO updated the EUR 2.5 billion Euro Medium Term Note Program (EMTN). During 2011, TVO issued SEK 300 million private placement under the EMTN Program.

In March, TVO signed a EUR 1.5 billion syndicated revolving credit facility. The maturity of the credit facility is five years including two one-year extension options. With this facility the Company replaced the revolving credit facility that was due in June 2012. At the end of the year, TVO had undrawn credit facilities and cash and cash equivalents amounting to EUR 2,376 (2,092) million. From that amount EUR 580 million is subordinated shareholder loan commitments of which EUR 280 million is allocated to the financing of the bidding and engineering phase of the OL4 project, and EUR 300 million is allocated to the financing needs of the OL3 project.

Both Fitch Ratings (Fitch) and Japan Credit Rating Agency (JCR) confirmed TVO's credit ratings at their previous levels. The Fitch credit rating was confirmed at A-/F2 in June and the JCR rating at AA in December. The outlook was assessed as being stable by both agencies.

Share Capital and Share Issue

TVO's share capital on December 31, 2011 was EUR 606.2 (541.0) million.

The Company has 1,394,283,730 (1,332,468,049) shares, of which 680,000,000 belong to the A series, 680,000,000 to the B series and 34,283,730 to the C series. The A series shares entitle to electricity generated at the OL1 and OL2 units and the B series shares to the electricity generated at the OL3 unit. The C series owners have right to acquire electricity generated by TVO's share of the Meri-Pori coal-fired power plant.

The subscription price EUR 65.2 million of the private offering (61,815,681 shares) to the Company's B series owners decided by the Annual General Meeting held on March 24, 2011 was paid in November and the increase in share capital was recorded in the trade register in December. Following this, the total number of B series shares is 680,000,000 (618,184,319). 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: www.tvo.fi.

Administrative Bodies

TVO's administrative bodies and their functions in 2011 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 has issued a temporary amendment to the Nuclear Liability Act in 2011. The Act came into force at the beginning of 2012. According to the temporary amendment, the plant operator's liability for a nuclear incident in Finland is unlimited but limited to a maximum amount of 600 million Special Drawing Rights (SDR), corresponding to EUR 700 million, for nuclear damage outside of Finland. The operator has to have insurance up to a minimum of 600 million SDR.

The use of nuclear energy is subject to license. Applications are made to the Government for a decision-in-principle, construction license and operating license. The Radiation and Nuclear Safety Authority 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 is in charge of 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 insurances are dealt with centrally.

At TVO, risk management is part of the 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 the risk identification processes, the likelihood of various threats and their consequences are assessed and separate action plans are drawn up on a case-by-case basis.

At TVO, strategic risks are classified as follows: power plants, safety and environment, capacity expansion, 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. Life-cycle management of the plant units as well as high-quality planning and implementation of the annual outages are particularly important. The Company has also taken out nuclear and other property damage insurance policies to limit risks to property. Statutory liability insurance is in force for nuclear liability.

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 Supplier according to the terms of the turnkey contract. Property damage risks and possible delays caused by them are covered by insurances.

TVO's financing and financial risk management is dealt with centrally by the company's 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 28, (Financial Risk Management).

Major Risks and Uncertainties

TVO's major risks are related to the schedule of the OL3 project. In December 2011, the Supplier informed TVO that the plant unit is scheduled to be ready for regular electricity production in August 2014. Originally the commercial electricity production of the plant unit 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 unit.

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 OL3 Supplier had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. In June 2011, the Supplier submitted its statement of claim, which included updated claimed amounts with specified sums of indirect items and interest. The Supplier's latest monetary claim including indirect items and interest is approximately EUR 1.9 billion. TVO has considered and found the claim by the Supplier to be without merit and has made a counterclaim which currently amounts to approximately EUR 1.4 billion. TVO will update its counterclaim during the arbitration proceedings. The arbitration proceedings may continue for several years and the claimed and counterclaimed amounts may change.

TVO was 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 was minor in the context of the value of the project. The arbitration has ended with an award after the end of the reporting period. The economically insignificant impact of the award has not been recognized in the 2011 financial statements.

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 2011 was 14,203 (14,144) GWh. The total capacity factor was 92.8 (93.5) per cent.

The plant units operated safely and reliably during the period under review. OL1's net production was 7,290 (6,977) GWh, the third largest in the history of the plant unit, and the capacity factor 94.8 (91.8) per cent. OL2's net production was 6,913 (7,167) GWh and the capacity factor 90.9 (95.2) per cent.

The rated net electrical output of OL2 was raised as from July 1, 2011 from 860 MW to 880 MW due to the modernization project executed in the annual outage. In addition to the annual outage, the plant units were out of the grid during OL1 midsummer outage, OL1 and OL2 short weekend outages in August and OL1 short shutdown in December.

Annual Outages

The 2011 annual outages were completed on June 8. The outage at OL2 was the most extensive maintenance outage ever carried out at Olkiluoto, taking nearly 29 days.

OL1 had a short refueling outage that was completed in 9 days. In addition to refueling, some periodic maintenance work as well as inspections and tests were carried out.

During the outage at OL2, low-pressure turbines, generator and its cooling system, inner isolation valves of main steam lines, seawater pumps and steam extraction lines were replaced. Also low voltage switchgears and I&C for condensate clean up system were replaced. The upgrades improved further the technical reliability of the plant unit. As a result of enhanced efficiency of the turbine island the net electrical output of the plant unit increased by about 20 megawatts. OL1 underwent a similar major maintenance outage in 2010, except for the generator replacement and automation of condensing water cleaning.

During the inspections, some indications were identified in the safety and relief valves of OL2. Altogether, 12 valves were inspected, and indications not affecting functionality were identified in some of them. The incident was rated as 1 on the international INES scale (0–7). The corresponding valves at OL1 were inspected and inner parts of the valves were replaced during maintenance after Midsummer. Valves at OL2 were replaced during a weekend outage in August.

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. In December 2011, the Supplier informed TVO that the plant unit is scheduled to be ready for regular electricity production in August 2014. The Supplier is responsible for the time schedule.

The civil construction works of the plant unit have been completed to a large extent. Construction of TVO's office building continued. The major components of the reactor plant, such as reactor pressure vessel, pressurizer and four steam generators have been installed. Welding works of the primary coolant circuit pipeline have been completed. Installation of the other components and pipeline welding works as well as pressure tests at the reactor plant continued. Commissioning tests of the automation cabinets at the turbine plant are ongoing. Planning, documentation and licensing of the reactor plant automation are not yet completed. The OL3 training simulator has been delivered and installed at Olkiluoto. The simulator is under testing.

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 costs of a technically resolved issue connected with construction work continued.

With reference to the arbitration concerning the delay at OL3 and the ensuing costs incurred the Supplier has in June 2011 submitted its statement of claim, which includes updated claimed amounts with specified sums of indirect items and interest. The Supplier's latest monetary claim including indirect items and interest is approximately EUR 1.9 billion. TVO has considered and found the claim by the Supplier to be without merit and has made a counterclaim which currently amounts to approximately EUR 1.4 billion. TVO will update its counterclaim during the arbitration proceedings. The arbitration proceedings may continue for several years and the claimed and counterclaimed amounts may change.

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 about 3,000. The occupational 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, Parliament approved the favorable decision-in-principle made by the Government on May 6, 2010 regarding TVO's application to construct a fourth nuclear power plant unit (OL4) in Olkiluoto.

On December 7, 2011, the Extraordinary General Meeting of TVO made a decision to commence the bidding and engineering phase of the OL4 project. The commitment of all the current shareholders of TVO was received for the financing of this phase in proportion to their shareholdings.

The purpose of the bidding and engineering phase is to verify the costs and schedules of the plant type alternatives for OL4 and that the plant type alternatives are feasible to be licensed and constructed in Finland. The overall costs of the bidding and engineering phase, before the final investment decision is made, will not exceed EUR 300 million.

Janne Mokka was appointed Senior Vice President, OL4 Project as of July 1, 2011.

Nuclear Fuel

During the period under review, nuclear fuel purchases amounted to EUR 50.0 (50.3) million and the amount consumed to EUR 43.5 (41.2) million.

The nuclear fuel and uranium stock carrying value on December 31, 2011 was EUR 178.4 (December 31, 2010: 171.9) million, of which the value of the fuel in the reactors was EUR 69.4 (63.3) million.

Nuclear Waste Management

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

At the final disposal depth of the final disposal facility, 420 meters below ground level, excavation of two so called demonstration tunnels started at the beginning of the year. The purpose of excavating the demonstration tunnels is to show in practice that Posiva is capable of building and excavating the final disposal tunnels as well as define position for the final disposal tunnels and holes in order to secure a safe final disposal. The excavation of one, approximately 50-meter-long, tunnel was completed in the beginning of June and construction of the other has progressed halfway, to about 60 meters.

When the actual excavation works of ONKALO, the underground rock characterization facility, were completed in June, work has continued by excavating technical and auxiliary facilities. E.g. safety and social facilities for personnel, maintenance and storage hall for vehicles as well as sedimentation pool for inflowing groundwater and process waters are completed. There is some 10,000 m^3 excavation work still to be done. The work will be completed in spring 2012. The ventilation and hoist equipment buildings were taken over in December. Also a new boring machine manufactured in Finland for boring the final disposal tunnels was taken over in December. The boring machine is Posiva's first device acquired for the actual final disposal, and work with the machine was started after the takeover.

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

The construction work to extend the interim storage facility of spent nuclear fuel with three new storage pools continued. The extension will be used for the needs of Olkiluoto nuclear power plant units.

On September 21, 2011, TVO filed an application to the Government concerning a change of terms of the operating license for the final repository for operating waste. TVO applies for a permit for disposing of the low and intermediate level waste of OL3 plant unit and the state trusted radioactive waste in the final repository for operating waste. These so called small-scale wastes are radiation sources used for example in hospitals and teaching. The extension of the final repository for operating waste is estimated to become topical in the 2030's when the existing final disposal silos fill up. The current operating license is valid until the end of 2051.

The liabilities, in the consolidated financial statement, show a provision related to nuclear waste management liability of EUR 831.8 (December 31, 2010: 806.3) 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. TEM set TVO's liability for nuclear waste management at EUR 1,207.1 (1,179.1) million to the end of 2011 and the Company's target reserve in the Fund for 2012 at EUR 1,179.1 (1,123.4) million. The difference is covered by guarantees.

In March 2011, the Finnish State Nuclear Management Fund confirmed TVO's nuclear waste management fee for 2010 at EUR 36.9 (43.5) million, which was paid into the Fund on March 31, 2011 (March 31, 2010).

A total of 6,836 (6,587) m^3 of low- and medium-level radioactive waste has accumulated from the OL1 and OL2 plant units during their operation, of which 249 (181) m^3 was produced in 2011. 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 1,292 (1,253) tons, of which 39 (36) tons accumulated in 2011. The spent fuel is stored in the fuel pools of the plant units and in an interim storage facility (the KPA storage facility) at Olkiluoto.

Coal Power

Meri-Pori

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant was 814.9 (1,621.7) GWh requiring 274.0 (561.5) thousand tons of coal and 651.8 (1,318.1) 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 2011, the share was 295.9 (295.9) thousand tons.

Research and Development

Research and development costs were EUR 25.4 (21.6) 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 2011, TVO's contribution to the Finnish State Nuclear Waste Management Fund, which finances such programs, amounted to EUR 4.3 (4.3) million.

Acquisitions of Tangible and Intangible Assets and Shares

Investments during 2011 were EUR 316.0 (392.9) million. Investments of the parent company were EUR 313.8 (338.9) million, of which EUR 252.8 (252.5) million was allocated to the OL3 project.

At OL2, the installations connected to the modernization project scheduled for 2010 and 2011 were carried out during the annual outage.

Carbon dioxide emission rights worth 14.5 (6.1) million, acquired for the company's share of the Meri-Pori coal-fired power plant, have been relinquished to the Energy Market Authority. For 2011, emission rights and certified emission reductions worth 6.7 (14.5) 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 Environmental Issues

The Olkiluoto nuclear power plant units operated safely during the year. No incidents with a major impact on nuclear safety occurred. In 2011, two special reports were prepared for the Finnish Radiation and Nuclear Safety Authority (STUK). In addition, a root cause analysis concerning the pressure relief system was prepared. One of the incidents was rated as 1, exceptional incident 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. Its environmental management system, which also covers the construction phase of the OL3 unit, complies with the international ISO 14001 standard and is EMAS registered.

The environmental 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. Evaluation process for the environmental and energy aspects was revised during 2010–2011. Seven environmental aspects were identified as significant and four objectives were set to control them. For all the long-term objectives, specific targets were set for 1–2 years to achieve the objective. 17 targets were set for the year 2011, and 14 of them were met. Within the year, no significant environmental deviation occurred. Five minor environmental deviations occurred and 15 at the OL3 construction site.

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

A Corporate Social Responsibility Report and Environmental Report will give more detailed information on the environmental issues and indicators as well as occupational safety indicators for 2011. The reports 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 818 (803), and the average during the year was 853 (842). The year-end total number of personnel in the Company was 813 (798), and the average during the year was 847 (837). The year-end total for permanent personnel was 738 (714).

TVO recruited 73 (29) employees in 2011. During the year, 65 (31) employees changed jobs and 49 (32) permanent employees left the Company, including 29 (18) who retired.

The collective agreements for different groups of personnel in the energy industry were revised during 2011. The agreements will remain in force in accordance with the so called framework agreement of labor confederations until September 30, 2014.

Training

Basic and supplementary training for TVO personnel continued as in previous years. In total, the personnel was trained 11,137 (7,482) days, which is 13.1 (8.9) days for each TVO employee on average.

Operators of the OL1 and OL2 units took part in supplementary training in 2011 as required by the authorities. The training of new operators proceeded as planned.

The training of OL3 operation personnel proceeded according to plan.

Induction training is required from all those working at the Olkiluoto nuclear power plant area. The training was reformed in the beginning of 2011 by dividing it in two parts: general and radiation training. The general part is meant for all persons working at the Olkiluoto site and the radiation part for those who work inside the controlled area. During 2011, a total of 5,012 persons took part in the general training and 1,210 in the radiation training (registered by February 16, 2012). Both trainings were 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 2011.

Posiva Oy, which is jointly owned by TVO and Fortum, 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

In February 2012, TVO issued a EUR 500 million bond. The maturity of the bond is 7 years and it pays an annual coupon of 4.625 per cent.

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 accordance with STUK's new safety guidelines under preparation, TVO has initiated pre-planning of the required systems changes, and the plans will be completed during 2012. Based on the current estimate, the changes will not have major impact on TVO's capital expenditure program.

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, carry out feasibility studies with the plant suppliers and start the procurement process aiming at the plant selection.

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, 2011 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€)

	2011	2010	2009	2008	2007
Turnover	352	363	305	257	232
Profit/loss for the financial year	6	37	-41	-53	-37
Research expenses	25	22	21	21	17
Investments	316	393	845	610	260
Equity	1 083	1 006	866	823	918
Non-current and current interest-bearing liabilities (excluding loan from VYR) *	3 026	2 800	2 642	2 005	1 368
Loans from equity holders of the company (included in the former) **	179	179	179	179	179
Loan from VYR	843	802	751	696	648
Provision related to nuclear waste management	832	806	633	600	568
Balance sheet total	5 939	5 589	5 069	4 299	3 619
Equity ratio % ***	29,6	29,8	28,4	33,4	45,6
Average number of personnel	853	842	835	812	787

* The Finnish State Nuclear Waste Management Fund (VYR)

** Subordinated loans

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

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

	2011	2010	2009	2008	2007
Profit/loss for the financial year (IFRS)	6	37	-41	-53	-37
The impact of the nuclear waste management obligation * (profit -/loss +)	3	-30	3	-1	-8
The impact of financial instruments ** (profit -/loss +)	-1	0	14	16	-3
The impact of the associated company sold (FAS) (profit -/loss +)	0	0	0	1	0
Profit/loss before appropriations	8	7	-24	-37	-48
Sales profit of associated company sold	0	0	0	-9	0
Adjusted profit/loss for the financial year	8	7	-24	-46	-48

* 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€)

Parent company's financial statement has been prepared in accordance with the Finnish Accounting Standards (FAS).	2011	2010	2009	2008	2007
Turnover	347	355	296	245	225
Profit/loss before appropriations	8	7	-24	-37	-48
Fuel costs	67	80	65	56	66
Nuclear waste management costs	68	65	66	56	49
Capital expenditure (depreciation and financial income and expenses)	68	68	68	61	57
Investments	314	339	803	600	228
Equity	858	793	713	613	604
Appropriations	165	157	150	175	221
Non-current and current interest-bearing liabilities (excluding loan from VYR) *	2 922	2 684	2 587	1 960	1 362
Loans from equity holders of the company (included in the former) **	179	179	179	179	179
Loan from VYR	843	802	751	696	648
Balance sheet total	4 944	4 611	4 377	3 617	2 951
Equity ratio % ***	29,3	29,7	28,8	33,1	43,6
Average number of personnel	847	837	830	806	780

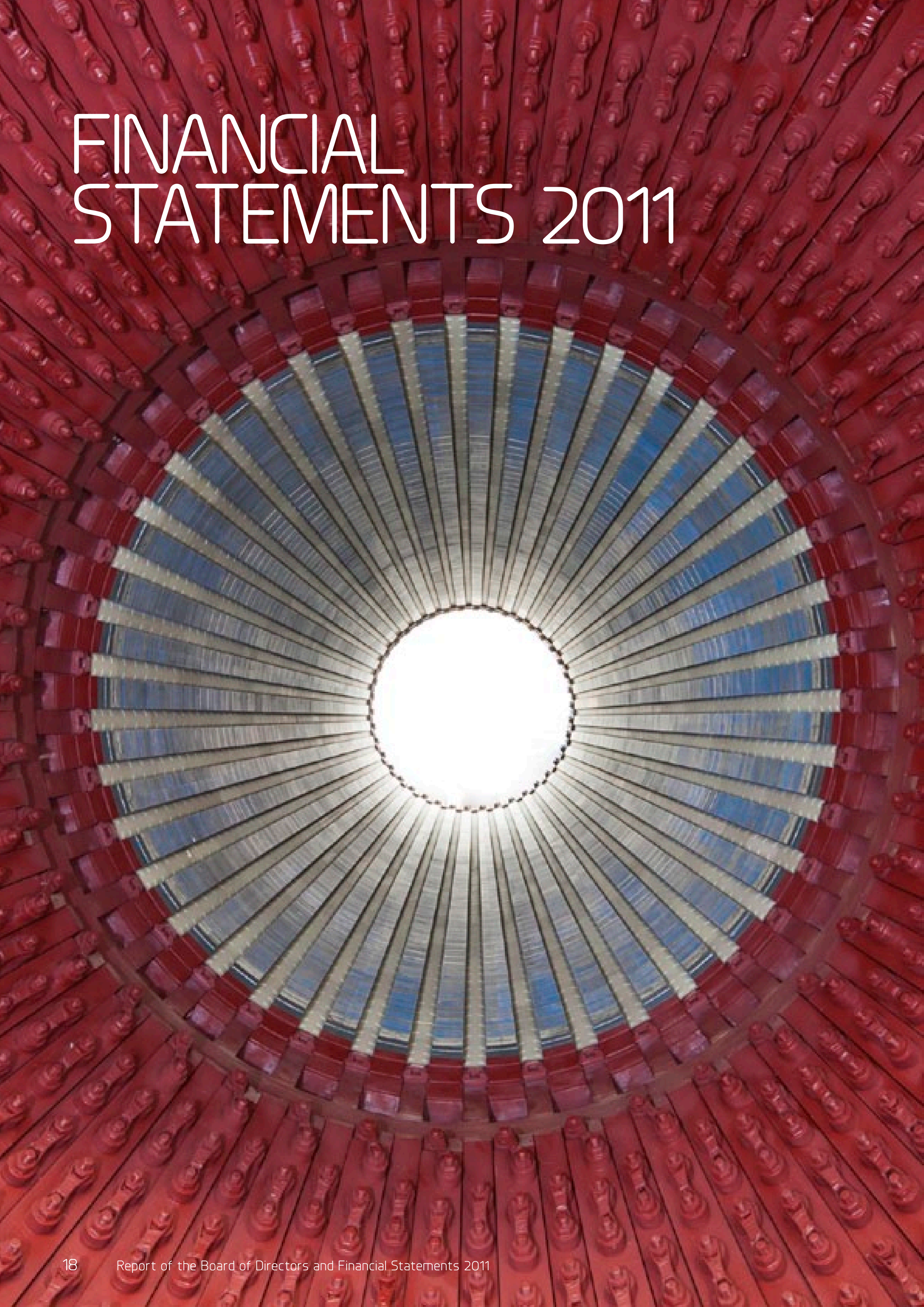
* The Finnish State Nuclear Waste Management Fund (VYR)

** Subordinated loans

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

	2011	2010	2009	2008	2007
TVO'S SHARE IN THE FINNISH STATE NUCLEAR WASTE MANAGEMENT FUND (VYR) (M€)	1 179,1	1 123,4	1 069,8	1 001,2	927,7
ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)					
Olkiluoto 1	7 253	6 936	7 263	7 039	7 317
Olkiluoto 2	6 876	7 127	7 122	7 288	7 032
Total Olkiluoto *	14 129	14 063	14 385	14 327	14 349
Meri-Pori	815	1 622	845	817	1 374
Total	14 944	15 685	15 230	15 144	15 723
* Includes wind power 1.9 (1.1 in 2010) GWh and gas turbine power 0.3 (0.4) GWh.					
CAPACITY FACTORS (%)					
Olkiluoto 1	94,8	91,8	97,0	93,7	97,5
Olkiluoto 2	90,9	95,2	95,1	96,9	93,7
Total capacity factor	92,8	93,5	96,0	95,3	95,6
TVO SHARE OF THE ELECTRICITY USED IN FINLAND (%)	17,7	17.9	18,8	17,4	17,4

FINANCIAL STATEMENTS 2011



TVO Group Financial Statement

TVO GROUP

CONSOLIDATED INCOME STATEMENT

1 000 €	Note	1.1. - 31.12.2011	1.1. - 31.12.2010
Turnover	3	**352 372**	**362 552**
Work performed for own purpose	4	11 173	10 233
Other income	5	9 086	9 936
Materials and services	6	-126 250	-30 312
Personnel expenses	7	-59 219	-56 378
Depreciation and impairment charges	3,8	-58 022	-56 955
Other expenses	9	-85 406	-81 152
Operating profit/loss		**43 734**	**157 924**
Finance income	10	39 184	28 824
Finance expenses	10	-77 265	-149 466
Total finance income and expenses	3	-38 081	-120 642
Profit/loss before income tax		**5 653**	**37 282**
Income taxes	11	-2	-3
Profit/loss for the financial year		**5 651**	**37 279**
Profit/loss for the financial year attributable to:			
Equity holders of the company		5 651	37 279

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 000 €	1.1. - 31.12.2011	1.1. - 31.12.2010
Profit/loss for the financial year	5 651	37 279
Other comprehensive items		
Changes in fair values of the available-for-sale investments	-538	1 851
Cash flow hedges	6 934	21 288
Total other comprehensive profit/loss items	6 396	23 139
Total comprehensive profit/loss for the financial year	**12 047**	**60 418**
Total comprehensive profit/loss for the financial year attributable to:		
Equity holders of the company	12 047	60 418

TVO GROUP

CONSOLIDATED BALANCE SHEET

1 000 €	Note	31.12.2011	31.12.2010
Assets			
Non-current assets			
Property, plant and equipment	12	3 821 833	3 578 775
Intangible assets	13	14 988	23 633
Loans and other receivables	16	847 076	807 193
Investments in associates and joint ventures	14	1 009	1 009
Investments in shares	17	13 819	14 029
Derivative financial instruments	20	8 951	4 165
Share in the Finnish State Nuclear Waste Management Fund	24	831 828	806 301
Total non-current assets		**5 539 504**	**5 235 105**
Current assets			
Inventories	19	234 334	192 742
Trade and other receivables	16	58 562	61 919
Derivative financial instruments	20	996	657
Cash and cash equivalents	18	105 535	98 100
Total current assets		**399 427**	**353 418**
Total assets		**5 938 931**	**5 588 523**

Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	21	606 193	540 992
Share premium reserve and statutory reserve	21	242 383	242 383
Fair value and other reserves	21	-19 018	-25 414
Retained earnings	21	253 219	247 568
Total equity		**1 082 777**	**1 005 529**
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	24	831 828	806 301
Loans from equity holders of the company	22	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund	22	842 550	802 350
Bonds	22	1 254 160	1 219 000
Other financial liabilities	22	922 169	1 169 733
Derivative financial instruments	20,22	53 108	61 739
Total non-current liabilities		**4 083 115**	**4 238 423**
Current liabilities			
Current financial liabilities	22	612 411	166 915
Derivative financial instruments	20,22	4 992	3 403
Advance payments received	23	22 922	22 510
Trade payables	23	11 003	11 580
Other current liabilities	23	121 711	140 163
Total current liabilities		**773 039**	**344 571**
Total liabilities		**4 856 154**	**4 582 994**
Total equity and liabilities		**5 938 931**	**5 588 523**

TVO GROUP

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 1.1.2011	**540 992**	**242 383**	**-25 414**	**247 568**	**1 005 529**	**1 005 529**
Profit/loss for the financial year	0	0	0	5 651	5 651	5 651
Other comprehensive profit/loss items:						
Changes in fair values of the available-for-sale-investments	0	0	-538	0	-538	-538
Cash flow hedges	0	0	6 934	0	6 934	6 934
Share issue	65 201	0	0	0	65 201	65 201
Equity 31.12.2011	**606 193**	**242 383**	**-19 018**	**253 219**	**1 082 777**	**1 082 777**

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**

TVO GROUP

CONSOLIDATED CASH FLOW STATEMENT

1 000 €	Note	2011	2010
Operating activities			
Profit/loss for the financial year		5 651	37 279
Adjustments:			
Income tax expenses		2	2
Finance income and expenses		38 082	120 642
Depreciation and impairment charges		58 022	56 955
Other non-cash flow income and expenses		-25 796	-139 531
Sales profit/loss of property, plant and equipment and shares		-143	-182
Changes in working capital:			0
Increase (-) or decrease (+) in non-interest-bearing receivables		9 313	13 019
Increase (-) or decrease (+) in inventories		-41 592	-5 838
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities		-4 124	-10 141
Interest paid and other finance expenses		-25 565	-32 789
Dividends received		728	641
Interest received		10 731	17 850
Taxes paid		-1	-4
Cash flow from operating activities		**25 308**	**57 903**
Investing activities			
Acquisition of property, plant and equipment		-321 068	-312 713
Proceeds from sale of property, plant and equipment		33	83
Acquisition of intangible assets		-447	-426
Acquisition of shares		-473	-116
Proceeds from sale of shares		363	782
Loan receivables granted		-40 337	-51 583
Repayments of loans granted		382	374
Cash flow from investing activities		**-361 547**	**-363 599**
Financing activities			
Share issue	21	65 201	79 300
Withdrawals of long-term loans		74 098	507 526
Repayment of long-term loans		-11 645	-142 978
Increase (-) or decrease (+) in interest-bearing receivables		69	508
Increase (+) or decrease (-) in current financial liabilities		215 951	-155 648
Cash flow from financing activities		**343 674**	**288 708**
Change in cash and cash equivalents		**7 435**	**-16 988**
Cash and cash equivalents January 1		98 100	115 088
Cash and cash equivalents December 31	18	**105 535**	**98 100**

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 each series is liable for variable and fixed annual costs that are specified in detail in the Articles of Association. The Company owns and operates two nuclear power plant units (OL1 and OL2) and has a third unit (OL3) under construction at Olkiluoto in the municipality of Eurajoki. In order to build a fourth plant unit (OL4) at Olkiluoto, it has been decided to start a bidding and engineering phase. 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 29 February 2012. 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 2011. 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 cash flow statement of the comparison period has been corrected with regard to interest paid and other financial expenses, interest received and acquisition of property, plant and equipment.

The consolidated financial statements have been prepared according to the same accounting policies as in 2010. The following standards issued during 2011 have no impact in 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 were adopted by the Group in 2011. 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 2011 will be adopted by the Group in 2012. The interpretations are not expected to have a significant impact on the consolidated financial statements:

- IFRS 7 (Amendment) Financial instruments: Disclosures - Derecognition
- IAS 12 * (Amendment) Income taxes - Deferred tax

The following standards, interpretations and amendments will be adopted in 2013 or later:

- IFRS 10 * Consolidated financial statements
- IFRS 11 * Joint arrangements
- IFRS 12 * Disclosures of interests in other entities
- IFRS 13 * Fair value measurement
- IAS 27 * (Revised 2011) Separate financial statements
- IAS 28 * (Revised 2011) Associates and joint ventures
- IAS 1 * (Amendment) Presentation of financial statement
- IAS 19 * (Amendment) Employee benefits
- IFRS 9 * Financial instruments
- IFRIC 20 * Stripping costs in the production phase of a surface mine
- IAS 32 * (Amendment) Offsetting Financial Assets and Financial Liabilities
- IFRS 7 * (Amendment) Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

* 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 other comprehensive items in the fair value reserve under equity. The changes in fair value are transferred from equity to the income statement when the investment is sold or when it is impaired so that an impairment loss needs to be recognized. Investments in unquoted shares whose fair value cannot be reliably determined are measured at acquisition cost.

Cash and cash equivalents

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

Impairment of financial assets

At each closing date, the Group estimates whether there is any objective evidence that a financial asset or group of financial assets is impaired. If the fair value of equity investment is significantly below its acquisition cost at the closing date, this is evidence of the impairment of equities classified as available-for-sale. If any evidence exists of the impairment, any loss accumulated in the fair value reserve is transferred into profit or loss. Impairment losses on equity investments classified as available-for-sale are not reversed through profit or loss, whereas subsequent reversals of impairment losses on interest-bearing instruments are recognized in profit or loss. The Group recognizes an impairment loss on trade receivables when there is objective evidence that the receivable is not fully collectible.

FINANCIAL LIABILITIES

Financial liabilities are initially recognized at fair value including related transaction costs. After initial recognition, all financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include non-current and current liabilities, and they can be interest-bearing or non-interest-bearing. An item is included in current liabilities if it matures within 12 months from the closing date. Financial liabilities also include derivative financial instruments (see Derivative financial instruments and hedge accounting).

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

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

Both at the inception of a hedge and thereafter, the Group documents its estimate on whether the derivative financial instruments used in the hedge transactions are highly effective 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 other comprehensive items in the fair value reserve under equity. The gain or loss relating to the ineffective portion is recognized in profit or loss, except when they relate to the construction of OL3 power plant and are capitalized as part of the cost of the asset. The fair value changes accumulated in equity are recognized in profit or loss in the same period when the hedged item affects profit or loss.

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

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

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

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

BORROWING COSTS

Borrowing costs are recognized in profit or loss in the period when they have incurred, except when they relate to the construction of a power plant or any other significant investment, of which completion time exceeds one year. In that case, borrowing costs are capitalized as part of the cost of the asset.

FOREIGN CURRENCY ITEMS

Transactions and financial items denominated in a foreign currency are recognized at the rates on the day when they occur. Receivables and liabilities denominated in a foreign currency are measured in the financial statements at the ECB's official exchange rate on the closing date. Exchange gains and losses from operating activities are included in the corresponding items above operating profit or loss. Exchange differences arising from financial items are recognized in finance income and expenses.

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

In the consolidated financial statements, TVO's share of the Finnish State Nuclear Waste Management Fund is shown as non-current assets. It is accounted for in accordance with IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

The nuclear waste management obligation is shown as a provision under non-current liabilities. The fair value of the nuclear waste management provision has been determined by discounting the future cash flows which are based on plans about future activity and the estimated expenditure relating to it, taking into account actions already taken.

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

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

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

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

TAXES

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

EMPLOYEE BENEFITS

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Any future increase in the provision would be offset by the recognition of an equal increase in TVO's share in the assets of the Finnish State Nuclear Waste Management Fund. According to IFRS, the carrying amount of the assets is limited to the value of the provision, as TVO does not have control in the

Finnish State Nuclear Waste Management Fund (see note 24 Assets and provisions related to nuclear waste management obligation).

Power plant construction in progress - OL3

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

No reserves have been booked for the supplier's claims and arbitration procedures 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. In order to build a fourth plant unit (OL4) at Olkiluoto, it has been decided to start a bidding and engineering phase. The subsidiaries of TVO, TVO Nuclear Services Oy (TVONS), Olkiluodon Vesi Oy and Perusvoima Oy, of which operation is related to nuclear power, are also included in the nuclear power segment.

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

Segment calculation principles
TVO Group discloses in the segment information; turnover, depreciation and impairment charges, finance income and expenses, profit/loss for the year and assets, which the chief operation decision maker follows.

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

TURNOVER BY SEGMENTS

1 000 €	**2011**	**2010**
Nuclear power	307 846	297 312
Coal-fired power	44 526	65 240
Total	352 372	362 552

DEPRECIATION AND IMPAIRMENT CHARGES BY SEGMENTS

1 000 €	**2011**	**2010**
Nuclear power	47 266	46 272
Coal-fired power	7 407	7 342
Depreciation and impairment charges (FAS)	54 673	53 614
The impact of the nuclear waste management obligation	3 349	3 341
Total (IFRS)	58 022	56 955

FINANCE INCOME AND EXPENSES BY SEGMENTS

1 000 €	**2011**	**2010**
Nuclear power	11 184	12 668
Coal-fired power	2 055	1 959
Finance income and expenses (FAS)	13 239	14 627
The impact of the nuclear waste management obligation	25 554	105 725
The impact of financial instruments	-712	290
Total (IFRS)	38 081	120 642

PROFIT/LOSS FOR THE FINANCIAL YEAR BY SEGMENTS

1 000 €	**2011**	**2010**
Nuclear power	10 028	11 737
Coal-fired power	-1 982	-4 632
Profit/loss before appropriations (FAS)	8 046	7 105
The impact of the nuclear waste management obligation	-3 107	30 465
The impact of financial instruments	712	-291
Total (IFRS)	5 651	37 279

ASSETS BY SEGMENTS

1 000 €	**2011**	**2010**
Nuclear power	4 844 479	4 522 287
Coal-fired power	100 226	89 129
Total (FAS)	4 944 705	4 611 416
The impact of the nuclear waste management obligation	928 940	906 520
The impact of financial instruments	-10 943	-8 121
The impact of finance leases	64 463	66 404
Other IFRS adjustments	11 766	12 304
Total (IFRS)	5 938 931	5 588 523

Group-wide disclosures

Turnover shared to production of electricity and services

1 000 €	**2011**	**2010**
Production of electricity	347 170	355 106
Services	5 202	7 446
Total	352 372	362 552

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 €	**2011**	**2010**
Personnel expenses related to OL3	11 152	10 208
Water supply services related to OL3	21	25
Total	11 173	10 233

5 OTHER INCOME

1 000 €	**2011**	**2010**
Rental income	3 097	3 011
Profits from sales of property, plant and equipment and shares	151	203
Sales of services	5 422	6 093
Other income	416	629
Total	9 086	9 936

6 MATERIALS AND SERVICES

1 000 €	**2011**	**2010**
Nuclear fuel	49 961	50 251
Coal	58 673	34 758
Materials and supplies	3 529	2 646
CO_2 emission rights	6 732	14 511
Nuclear waste management services *	41 898	-74 359
Increase (-) or decrease (+) in inventories	-41 592	-5 838
External services	7 049	8 343
Total	126 250	30 312

* See note 24 Assets and provision related to nuclear waste management obligation.

7 PERSONNEL EXPENSES

Employee benefit costs

1 000 €	2011	2010
Wages and salaries	48 697	46 799
Pension expenses - defined contribution plans	7 885	7 001
Other compulsory personnel expenses	2 637	2 578
Total	59 219	56 378

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

	2011	2010
Office personnel	696	683
Manual workers	157	159
Total	853	842

Number of personnel on 31.12.

	2011	2010
Office personnel	683	657
Manual workers	135	146
Total	818	803

8 DEPRECIATION AND IMPAIRMENT CHARGES

1 000 €	2011	2010
Intangible assets		
Computer software	527	564
Other intangible assets	775	764
Total	1 302	1 328
Property, plant and equipment		
Buildings and construction	10 242	10 575
Machinery and equipment	39 559	38 571
Other property, plant and equipment	3 570	3 141
Decommissioning	3 349	3 340
Total	56 720	55 627
Total	58 022	56 955

9 OTHER EXPENSES

1 000 €	2011	2010
Maintenance services	18 283	20 229
Regional maintenance and service	8 773	8 446
Research services	3 631	3 581
Other external services	25 958	20 881
Real estate tax	3 863	3 814
Rents	1 752	1 591
ICT expenses	3 790	4 267
Personnel related expenses	4 585	3 904
Corporate communication expenses	2 114	2 652
Other expenses	12 657	11 787
Total	85 406	81 152

Auditors' fees and not audit-related services

1 000 €	2011	2010
Audit fees	112	96
Auditors' statements	0	1
Other services	56	79
Total	168	176

10 FINANCE INCOME AND EXPENSES

Items included in the income statement

1 000 €	**2011**	**2010**
Dividend income on available-for-sale investments	728	641
Interest income from loans and other receivables		
Nuclear waste management loan receivables from equity holders of the company	15 274	10 603
Other	280	148
Hedge accounted derivatives		
Ineffective portion of the change in fair value	10	4
Non-hedge accounted derivatives		
Change in fair value	1 092	767
Interest income from assets related to nuclear waste management	21 800	16 662
Finance income, total	39 184	28 824
Interest expenses and other finance expenses		
To the Finnish State Nuclear Waste Management Fund	15 274	10 603
To others	11 263	11 292
Hedge accounted derivatives		
Ineffective portion of the change in fair value	50	29
Non-hedge accounted derivatives		
Change in fair value	385	1 255
Realised derivative expenses, net	2 939	3 900
Interest expenses of provision related to nuclear waste management	47 354	122 387
Finance expenses, total	77 265	149 466
Total	-38 081	-120 642

Other comprehensive items

Other comprehensive items related to derivative financial instruments:

1 000 €	**2011**	**2010**
Cash flow hedges		
Changes in the fair value of which the following items have transferred	-10 755	3 578
Transfers to the consolidated income statement	-1 712	-2 091
Transfers to inventories	-825	409
Transfers to the nuclear power plant under construction	-15 152	-16 028
Transferred items, total	-17 689	-17 710
Cash flow hedges, total	6 934	21 288
Changes in fair values of the available-for-sale investments	-538	1 851
Total other comprehensive items	6 396	23 139

11 INCOME TAX EXPENSE

1 000 €	**2011**	**2010**
Taxes based on the taxable income of the financial year	2	3
Total	2	3

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

12 PROPERTY, PLANT AND EQUIPMENT

2011 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.	9 439	283 653	1 231 722	47 392	2 944 399	148 597	4 665 202
Increase	1 982	1 181	16 323	3 427	285 374	242	308 529
Decrease	0	-314	-2 008	-64	-8 498	0	-10 884
Transfer between categories	0	0	57 867	310	-58 177	0	0
Acquisition cost 31.12.	11 421	284 520	1 303 904	51 065	3 163 098	148 839	4 962 847
Accumulated depreciation and impairment charges according to plan 1.1.	0	183 549	832 405	22 095	0	48 378	1 086 427
Decrease	0	-102	-1 968	-64	0	0	-2 134
Depreciation for the period	0	10 242	39 559	3 571	0	3 349	56 721
Accumulated depreciation and impairment charges according to plan 31.12.	0	193 689	869 996	25 602	0	51 727	1 141 014
Book value 31.12.2011	**11 421**	**90 831**	**433 908**	**25 463**	**3 163 098**	**97 112**	**3 821 833**
Book value 1.1.2011	9 439	100 104	399 317	25 297	2 944 399	100 219	3 578 775

2010 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.	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.	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.	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.	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

The costs for the new plant (OL3) under construction constituted EUR 3.1 billion of the advance payments in 2011 (EUR 2.9 billion in 2010).

Property, plant and equipment included finance lease agreements:

1 000 €	Construction in progress
Book value 1.1.2011	70 685
Increase	650
Book value 31.12.2011	71 335

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

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

2011 1 000 €	CO_2 emission rights	Computer software	Other intangible assets	Advance payments	Total
Acquisition cost 1.1.	14 524	19 768	20 874	114	55 280
Increase	6 733	473	-174	149	7 181
Decrease	-14 524	0	0	0	-14 524
Transfer between categories	0	0	174	-174	0
Acquisition cost 31.12.	6 733	20 241	20 874	89	47 937
Accumulated depreciation and impairment charges according to plan 1.1.	0	17 466	14 181	0	31 647
Depreciation for the period	0	527	775	0	1 302
Accumulated depreciation and impairment charges according to plan 31.12.	0	17 993	14 956	0	32 949
Book value 31.12.2011	**6 733**	**2 248**	**5 918**	**89**	**14 988**
Book value 1.1.2011	14 524	2 302	6 693	114	23 633

2010 1 000 €	CO_2 emission rights	Computer software	Other intangible assets	Advance payments	Total
Acquisition cost 1.1.	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.	14 524	19 768	20 874	114	55 280
Accumulated depreciation and impairment charges according to plan 1.1.	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.	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

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.

2011 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.	3 530	31 133	112 781	2 609	398 038	548 091
Increase	0	0	0	0	124 747	124 747
Decrease	0	0	0	0	-7 234	-7 234
Acquisition cost 31.12.	3 530	31 133	112 781	2 609	515 551	665 604
Accumulated depreciation and impairment charges according to plan 1.1.	2 408	21 344	77 301	1 790	0	102 843
Depreciation for the period	107	444	1 693	33	0	2 277
Accumulated depreciation and impairment charges according to plan 31.12.	2 515	21 788	78 994	1 823	0	105 120
Book value 31.12.2011	**1 015**	**9 345**	**33 787**	**786**	**515 551**	**560 484**
Book value 1.1.2011	1 122	9 789	35 480	819	398 038	445 248

2010 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.	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.	3 530	31 133	112 781	2 609	398 038	548 091
Accumulated depreciation and impairment charges according to plan 1.1.	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.	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

14 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

1 000 €	2011	2010
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 (%)
2011						
Posiva Oy	Eurajoki	29 181	27 499	68 622	0	60
2010						
Posiva Oy	Eurajoki	24 813	23 131	60 519	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 € 2011	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			847 076			847 076	847 076	16
Investments in shares				13 819		13 819	13 819	17
Derivative financial instruments		8 951				8 951	8 951	20
Current financial assets								
Trade and other receivables			58 562			58 562	58 562	16
Derivative financial instruments	383	613				996	996	20
Total by category	**383**	**9 564**	**905 638**	**13 819**	**0**	**929 404**	**929 404**	
Non-current liabilities								
Loans from equity holders of the company					179 300	179 300	179 300	22
Loan from the Finnish State Nuclear Waste Management Fund					842 550	842 550	842 550	22
Other financial liabilities					2 176 329	2 176 329	2 289 375	22
Derivative financial instruments	18 695	34 413				53 108	53 108	20
Current liabilities								
Current financial liabilities					612 411	612 411	612 411	22
Trade payables					11 003	11 003	11 003	23
Other current liabilities					121 711	121 711	121 711	23
Derivate financial instruments	913	4 079				4 992	4 992	20
Total by category	**19 608**	**38 492**	**0**	**0**	**3 943 304**	**4 001 404**	**4 114 450**	

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 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 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 liablities								
Loans from equity holders of the company					179 300	179 300	179 300	22
Loan from the Finnish State Nuclear Waste Management Fund					802 350	802 350	802 350	22
Other financial liabilities					2 388 733	2 388 733	2 535 714	22
Derivative financial instruments	22 981	38 758				61 739	61 739	20
Current liabilities								
Current financial liabilities					166 915	166 915	166 915	22
Trade payables					11 580	11 580	11 580	23
Other current liabilities					140 163	140 163	140 163	23
Derivative 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**	

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

1 000 € 2011	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial instruments at fair value through profit or loss		383	
Derivative financial instruments designated as cash flow hedges		9 564	
Available-for-sale investments			
Investments in listed companies	11 785		
Investments in other stocks and shares			2 034
Total	**11 785**	**9 947**	**2 034**
Financial liabilities at fair value			
Derivative financial instruments at fair value through profit or loss		19 608	
Derivative financial instruments designated as cash flow hedges		38 492	
Total	**0**	**58 100**	**0**

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**

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 733.5 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 €	**2011**	**2010**
Nuclear waste management loan receivables	842 550	802 350
Loan receivables	4 526	4 843
Total	847 076	807 193

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.

Nuclear waste management loan receivables are allocated as follows:

1 000 €	**2011**	**2010**
EPV Energia Oy	55 428	52 793
Fortum Oyj	223 187	212 501
Karhu Voima Oy	591	563
Kemira Oyj	15 731	14 984
Oy Mankala Ab	68 742	65 470
Pohjolan Voima Oy	478 871	456 039
Total	842 550	802 350

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 each series is liable for variable and fixed annual costs that are specified in detail in the Articles of Association.

The loan receivables constitute mainly the loan receivables of Posiva Oy EUR 3,868 (4,117) thousand.

Trade and other receivables (current assets)

1 000 €	**2011**	**2010**
Trade receivables	36 975	45 671
Loan receivables	382	378
Prepayments and accrued income	20 868	15 113
Other receivables	337	757
Total	58 562	61 919

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 2011 the Group had EUR 1,014 (1,575) thousand overdue receivables of which EUR 265 (995) 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 €	**2011**	**2010**
Investments in listed companies	11 785	12 322
Investments in other stocks and shares	2 034	1 707
Total	13 819	14 029

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 €	**2011**	**2010**
Coal		
Replacement cost	52 425	20 604
Book value	51 033	16 219
Difference	1 392	4 385
Raw uranium and natural uranium		
Replacement cost	101 682	134 759
Book value	36 332	39 236
Difference	65 350	95 523
Coal	51 033	16 219
Raw uranium and natural uranium	36 332	39 236
Nuclear fuel	142 043	132 661
Materials and supplies	4 926	4 626
Total	234 334	192 742

20 DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments *		Maturity structure					
1 000 €	**2011**	< 1 year	1-3 years	3-5 years	5-7 years	> 7 years	Total
Interest rate option agreements							
Purchased		30 000	0	0	0	0	30 000
Written		30 000	0	0	0	0	30 000
Interest rate swaps		380 000	610 000	30 000	88 446	0	1 108 446
Forward foreign exchange contracts		11 699	42 684	40 392	22 591	26 826	144 192
Total		**451 699**	**652 684**	**70 392**	**111 037**	**26 826**	**1 312 638**

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**

Fair values of the derivative financial instruments *				
1 000 €	**2011**	Positive	Negative	Total
Interest rate option agreements (non-hedge accounted)				
Purchased		0	0	0
Written		0	-49	-49
Interest rate swaps (hedge-accounted)		0	-38 131	-38 131
Interest rate swaps (non-hedge accounted)		288	-19 327	-19 039
Forward foreign exchange contracts (hedge accounted)		9 564	-361	9 203
Forward foreign exchange contracts (non-hedge accounted)		95	-232	-137
Total		**9 947**	**-58 100**	**-48 153**

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**

* 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 606,193 thousand which was increased by EUR 65,201 thousand during the financial year. On 31 December 2010 the share capital of the company was EUR 540,992 thousand. TVO does not have a maximum or minimum limit for the share capital. The number of the shares on 31 December 2011 was 1,394,283,730. The shares are divided into the three series of shares as follows: A series 680,000,000 B series 680,000,000 and C series 34,283,730 shares. During 2011 the number of the B series shares increased by 61,815,681. 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 2011 the Shareholders' Meeting decided on a share issue of 61,815,681 shares according to which the increase in B series share capital for EUR 65,201 thousand was paid in November and registered in December 2011.

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 and statutory reserve
1.1.2010	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
Share issue	61 815 681	65 201	0
31.12.2011	**1 394 283 730**	**606 193**	**242 383**

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

Share number	**31.12.2011**	**31.12.2010**
A series	680 000 000	680 000 000
B series	680 000 000	618 184 319
C series	34 283 730	34 283 730
Total	1 394 283 730	1 332 468 049

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 INTEREST-BEARING LIABILITIES

1 000 €	**2011**	**2010**
Non-current interest-bearing liabilities		
Shareholders' loans *	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund	842 550	802 350
Bonds	1 254 160	1 219 000
Bank loans	634 298	880 231
Loans from others	223 677	223 676
Finance leasing liabilities	64 194	65 826
Derivative financial instruments	53 108	61 739
Total	3 251 287	3 432 122
Current interest-bearing liabilities		
Bank loans	241 243	11 645
Other interest-bearing liabilities (Commercial paper program)	369 536	153 586
Finance leasing liabilities	1 632	1 684
Derivative financial instruments	4 992	3 403
Total	617 403	170 318
Total	3 868 690	3 602 440

* Subordinated loans.

Maturity period of finance lease liabilities

1 000 €	**2011**	**2010**
Finance lease liabilities - minimum lease payments		
No later than one year	2 715	2 279
Later than one year and no later than five years	10 123	8 423
Over five years	63 232	61 991
Total	76 070	72 693
Finance expenses to be accrued	-10 244	-5 183
Finance lease liabilities - current value of minimum rents		
No later than one year	1 632	1 684
Later than one year and no later than five years	6 735	6 667
Over five years	57 459	59 159
Total	65 826	67 510

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

23 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

1 000 €	**2011**	**2010**
Advances received	22 922	22 510
Trade payables	11 003	11 580
Accruals and deferred income and other liabilities	121 711	140 163
Total	155 636	174 253

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

1 000 €	**2011**	**2010**
Finnish State Nuclear Waste Management Fund	49 177	48 707
Accrued interests	40 967	42 206
Accrued personnel expenses	14 675	13 815
Accruals related to CO_2 emission rights	6 733	14 524
Others	10 159	20 911
Total	121 711	140 163

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

When comparing the consolidated income statement and profit/loss for the financial year to the consolidated income statement for 2010 it has to be taken into account that the cost estimate based on the new technical plan of nuclear waste management obligation was updated in June 2010. The updated cost estimate together with the revised accounting principles increased in 2010 the provision related to nuclear waste management as well as the amount of materials and services and finance expenses. The net effect on profit for 2010 was positive because the amount of the share in the Finnish State Nuclear Waste Management Fund and the provision related to nuclear waste management were equal and the difference was entered as an adjustment to materials and services. The effect of the revised cost estimate and changes in the accounting principles to the consolidated income statement for 2010 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 €	**2011**	**2010**
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	831 828	806 301
Provision related to nuclear waste management (non-current liabilities)		
Beginning of the year	806 301	633 484
Increase in provision	11 967	78 664
Used provision	-33 793	-28 235
Changes due to discounting	47 353	122 388
End of the year	831 828	806 301
The discount rate %	5,5	5,5

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 the year are as follows:

1 000 €	**2011**	**2010**
Liability for nuclear waste management according to the Nuclear Energy Act	1 207 100	1 179 100
TVO's funding target obligation 2012 (2011) to the Finnish State Nuclear Waste Management Fund	1 179 100	1 123 400
TVO's share in the Finnish State Nuclear Waste Management Fund 31.12.2011 (31.12.2010)	1 145 100	1 086 400
Difference between the liability and TVO's share of the fund 31.12.2011 (31.12.2010)	62 000	92 700

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 1,207.1 (1,179.1) million on 31 December 2011 (31 December 2010). The carrying value of the liability in the balance sheet calculated according to IAS 37 is EUR 831.8 (806.3) million on 31 December 2011. 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 1,145.1 (1,086.4) million on 31 December 2011. The carrying value of the TVO's share in the fund in the balance sheet is EUR 831.8 (806.3) million. The difference is due to the fact that IFRIC 5 limits the carrying amount of TVO's interest in the Finnish State Nuclear Waste Management Fund to the amount of the related liability since TVO does not have control over the Finnish State Nuclear Waste Management Fund.

The difference between the funding target and the share in the Finnish State Nuclear Waste Management Fund at the end of each year is due to the funding target being completed by paying the nuclear waste management fee only during the first quarter of the following year. The difference between the legal liability calculated according to the Nuclear Energy Act and TVO's funding target obligation for 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 25 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 22 Interest-bearing liabilities.

25 OBLIGATIONS AND OTHER COMMITMENTS

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

1 000 €	2011	2010
No later than one year	309	265
Later than one year and no later than five years	174	310
Total	483	575

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

1 000 €	2011	2010
Rents	289	304
Total	289	304

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

Pledged promissory notes and financial guarantees

1 000 €	2011	2010
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	842 550	802 350
Guarantees given by shareholders related to the nuclear waste management obligation	165 140	219 950

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 €	2011	2010
OL1 and OL2	14 000	47 000
OL3	687 000	680 000
Total	701 000	727 000

Pending Court Cases and Disputes
In December 2008, TVO was informed by the International Chamber of Commerce (ICC) that the OL3 Supplier had filed a request for arbitration concerning the delay at OL3 and the ensuing costs incurred. In June 2011, the Supplier submitted its statement of claim, which included updated claimed amounts with specified sums of indirect items and interest. The Supplier's latest monetary claim including indirect items and interest is approximately EUR 1.9 billion. TVO has considered and found the claim by the Supplier to be without merit and has made a counterclaim which currently amounts to approximately EUR 1.4 billion. TVO will update its counterclaim during the arbitration proceedings. The arbitration proceedings may continue for several years and the claimed and counter-claimed amounts may change.

TVO was 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 was minor in the context of the value of the project. The arbitration has ended with an award after the end of the reporting period. The economically insignificant impact of the award has not been recognized in the 2011 financial statements.

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.

	2011		2010	
	t CO_2	1 000 €	t CO_2	1 000 €
Granted emission rights	296 281		296 281	
Total annual emissions from production facilities	652 213		1 317 230	
Possessed emission rights	656 281		1 319 325	
Emission rights sold *	95 000	888	0	0
Emission rights and emission right reductions bought **	455 000	6 733	1 023 044	14 524

TVO is, based on the electricity production during 2000 - 2003 of TVO's share in the Meri-Pori coal-fired power plant, entitled to a corresponding 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.

26 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.

Group's parent company and subsidiaries

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

Transactions with related parties are as follows

2011	Sales	Purchases	Interests	Receivables	Liabilities
Posiva Oy (joint venture)	7 525	48 527	108	8 003	2

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

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

2011	Sales	Purchases	Interests	Receivables	Liabilities
PVO, Fortum Oyj, Fortum Power and Heat Oy	289 517	8 975	16 662	743 190	173 966

2010	Sales	Purchases	Interests	Receivables	Liabilities
PVO, Fortum Oyj, Fortum Power and Heat Oy	296 293	9 883	11 972	710 175	173 954

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 €	2011 Senior management	2010 Senior management
Wages, salaries and other short-term benefits	1 741	1 515
Total	1 741	1 515

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

27 EVENTS AFTER THE BALANCE SHEET DATE

In February 2012, TVO issued a EUR 500 million bond. The maturity of the bond is 7 years and it pays an annual coupon of 4.625 per cent.

28 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 (see note 1 General information on the Group).

TVO's guiding financial principles are to ensure access to adequate liquidity reserves and, secondly, to reduce volatility in cash flows deriving 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
2011

1 000 €	2012	2013	2014	2015	2016-	Total
Loans from financial institutions *	241 243	90 485	45 376	89 095	423 472	889 671
Financing costs **	28 523	23 983	22 540	21 302	55 792	152 140
Loans from equity holders of the company					179 300	179 300
Financing costs	4 853	4 784	4 739	4 739	47 605	66 720
Loan from the Finnish State Nuclear Waste Management Fund ***					842 550	842 550
Financing costs	15 177	5 186	12 888	17 725	21 584	72 560
Bonds				214 082	1 045 747	1 259 829
Financing costs	61 591	60 947	61 150	58 314	71 332	313 334
Loans from others					223 677	223 677
Financing costs	53 492	53 309	53 337	53 320	86 411	299 869
Finance lease liabilities	2 715	10 123			63 232	76 070
Commercial papers	371 000					371 000
Other liabilities	42 570					42 570
Interest rate derivatives	24 000	19 503	10 672	3 282	7 176	64 633
Forward foreign exchange contracts	11 699	21 255	21 429	30 940	58 869	144 192
Total	856 863	289 575	232 131	492 799	3 126 747	4 998 115

1 000 €	2012	2013	2014	2015	2016-	Total
Net cash flow of Forward foreign exchange contracts (fair value)	589	1 785	1 872	2 458	2 723	9 427

* Repayments in 2012 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 2011 TVO had undrawn credit facilities of an amount EUR 2,272 million (2,022 million in 2010). From that amount EUR 580 million is subordinated shareholder loan commitments of which EUR 280 million is allocated to the financing of the bidding and engineering phase of the OL4 project, and EUR 300 million is allocated to the financing needs of the OL3 project. In addition, TVO had cash equivalents amounting EUR 104 million.

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.

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 21 months.

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

Sensitivity to market risks

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

	2011		**2010**	
1 000 €	Income statement	Equity	Income statement	Equity
+ 10% change in EUR/USD exchange rate	0	-13 867	0	-9 715
- 10% change in EUR/USD exchange rate	0	13 867	0	9 715
1% upward parallel shift in interest rates	-9 697	14 247	-3 125	20 019
1% downward parallel shift in interest rates	11 196	-14 212	3 542	-19 605

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, deposits 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

	2011	**2010**
Equity ratio (%) (IFRS, Group) *	29,6	29,8
Equity ratio (%) (Parent company) **	29,3	29,6

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

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

Parent Company's Financial Statement

TEOLLISUUDEN VOIMA OYJ

INCOME STATEMENT

1 000 €	Note	1.1. - 31.12.2011	1.1. - 31.12.2010
Turnover	2	**347 170**	**355 106**
Work performed for own purpose	3	11 152	10 208
Other income	4	12 819	15 857
Materials and services	5	-151 314	-168 956
Personnel expenses	6	-58 691	-55 893
Depreciation and write-downs	7	-54 668	-53 610
Other expenses	8	-85 916	-81 739
Operating profit/loss		**20 552**	**20 973**
Financial income and expenses	9	-13 247	-14 625
Profit/loss before extraordinary items		**7 304**	**6 348**
Extraordinary items +/-	10	741	757
Profit/loss before appropriations and taxes		**8 046**	**7 105**
Appropriations	11	-8 046	-7 105
Profit/loss for the financial year		**0**	**0**

TEOLLISUUDEN VOIMA OYJ

BALANCE SHEET

1 000 €	Note		31.12.2011		31.12.2010
Assets					
Non-current assets					
Intangible assets	12		15 129		23 833
Tangible assets	12		3 658 346		3 405 545
Investments					
Holdings in group companies	13	237		237	
Holdings in joint ventures	13	1 009		1 009	
Other investments	13	851 810	853 056	811 598	812 844
Total non-current assets			**4 526 531**		**4 242 222**
Current assets					
Inventories	14		234 334		192 742
Long-term receivables	15		165		238
Current receivables	16		78 141		78 037
Cash and cash equivalents			104 420		97 709
Total current assets			**417 060**		**368 726**
Total assets			**4 943 591**		**4 610 948**
Equity and liabilities					
Equity					
Share capital	17		606 193		540 992
Share premium reserve	17		232 435		232 435
Statutory reserve	17		9 948		9 948
Retained earnings (loss)	17		9 360		9 360
Profit (loss) for the financial year	17		0		0
Total equity			**857 936**		**792 735**
Appropriations			**165 285**		**157 240**
Liabilities					
Non-current liabilities	18,19		2 131 934		2 339 279
Shareholders' loans	18		179 300		179 300
Loan from the Finnish State Nuclear Waste Management Fund	18		842 550		802 350
Current liabilities	20		766 586		340 044
Total liabilities			3 920 370		3 660 973
Total equity and liabilities			**4 943 591**		**4 610 948**

TEOLLISUUDEN VOIMA OYJ

CASH FLOW STATEMENT

1 000 €	2011	2010
Operating activities		
Operating profit/loss	20 552	20 973
Adjustments to operating profit /loss *	54 525	53 428
Changes in working capital **	-37 329	-2 211
Interest paid and other financial expenses	-25 561	-32 790
Dividends received	728	641
Interest received	10 719	17 851
Cash flow from operating activities	**23 634**	**57 892**
Investing activities		
Acquisition of shares	-473	-116
Acquisition of non-current assets	-321 515	-313 140
Proceeds from sale of other investments	363	782
Proceeds from sale of intangible and tangible assets	33	83
Loan receivables granted	-40 337	-51 583
Repayments of loans granted	382	374
Cash flow from investing activities	**-361 547**	**-363 600**
Financing activities		
Share issue	65 201	79 300
Withdrawals of long-term loans	74 098	507 526
Repayment of long-term loans	-11 645	-142 978
Increase (-) or decrease (+) in interest-bearing receivables	69	508
Increase (+) or decrease (-) in short-term interest-bearing liabilities	215 950	-155 648
Group contribution received	951	81
Cash flow from financing activities	**344 624**	**288 789**
Change in cash and cash equivalents	**6 711**	**-16 919**
Cash and cash equivalents January 1	97 709	114 628
Cash and cash equivalents December 31	**104 420**	**97 709**

* Adjustments to operating profit/loss		
Depreciation and write-downs	54 668	53 610
Gain (-) or loss (+) from divestment of non-current assets	-143	-182
Total	54 525	53 428
** Changes in working capital		
Increase (-) or decrease (+) in inventories	-41 592	-5 838
Increase (-) or decrease (+) in non-interest-bearing receivables	8 103	14 840
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	-3 840	-11 213
Total	-37 329	-2 211

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1 ACCOUNTING PRINCIPLES

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

Carbon dioxide (CO_2) emission rights are included in the intangible assets. Emission rights are recognized at historical cost. 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.

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.

Cash flow statement

The cash flow statement of the comparison period has been corrected with regard to interest paid, interest received and acquisition of non-current assets.

ITEMS RELATED TO NUCLEAR WASTE MANAGEMENT LIABILITY

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

The Ministry of Employment and the Economy confirms annually at the end of the calendar year the liability for nuclear waste management for the current year and the target reserve for the next year.

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

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

Nuclear waste management liability and the TVO's funding target obligation to the Finnish State Nuclear Waste Management Fund are presented in the notes to the financial statements.

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

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

2 TURNOVER

1 000 €	**2011**	**2010**
Olkiluoto 1 and Olkiluoto 2	302 644	289 866
Meri-Pori	44 526	65 240
Total	347 170	355 106

Electricity delivered to equity holders of the company (GWh)		
Olkiluoto 1	7 254	6 936
Olkiluoto 2	6 876	7 127
Total Olkiluoto *	14 130	14 063
Meri-Pori	814	1 622
Total	14 944	15 685

* Includes wind energy 1.9 (1.1 in 2010) GWh and energy produced by gas turbine 0.3 (0.4) GWh.

3 WORK PERFORMED FOR OWN PURPOSE

1 000 €	**2011**	**2010**
Personnel expenses related to OL3	11 152	10 208

4 OTHER INCOME

1 000 €	**2011**	**2010**
Rental income	3 100	3 014
Sales profit of tangible assets and shares	151	203
Sales of services	9 153	12 010
Other income	415	630
Total	12 819	15 857

5 MATERIALS AND SERVICES

1 000 €	**2011**	**2010**
Purchases, accrual basis		
Nuclear fuel	49 961	50 251
Coal	58 673	34 758
Materials and supplies	3 529	2 646
Increase (-) or decrease (+) in inventories	-41 592	-5 838
Total	70 571	81 817
CO_2 emission rights	6 732	14 511
Nuclear waste management		
Contribution to the Finnish State Nuclear Waste Management Fund *	33 900	36 938
Nuclear waste management services	33 793	28 235
Total	67 693	65 173
External services	6 318	7 455
Total	151 314	168 956

* 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	43 484	41 188
Coal	23 859	38 379
Materials and supplies	3 228	2 250
Total	70 571	81 817

6 NOTES CONCERNING PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES

	2011	2010
Average number of personnel		
Office personnel	690	678
Manual workers	157	159
Total	847	837
Number of employees 31.12.		
Office personnel	678	652
Manual workers	135	146
Total	813	798

1 000 €	2011	2010
Personnel expenses		
Wages and salaries	48 227	46 388
Pension expenses	7 842	6 939
Other compulsory personnel expenses	2 622	2 566
Total	58 691	55 893

Salaries and fees paid to management		
President and CEO deputy and members of the Board of Directors	788	707

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

7 DEPRECIATION AND WRITE-DOWNS

1 000 €	2011	2010
Depreciation according to plan		
Other capitalised long-term expenses	1 359	1 374
Buildings and construction	10 242	10 574
Machinery and equipment	39 559	38 571
Other tangible assets	3 508	3 091
Total	54 668	53 610

8 OTHER EXPENSES

1 000 €	2011	2010
Maintenance services	18 448	20 227
Regional maintenance and service	8 773	8 446
Research services	3 631	3 581
Other external services	26 395	21 524
Real estate tax	3 862	3 814
Rents	1 752	1 591
ICT expenses	3 781	4 260
Personnel related expenses	4 570	3 893
Corporate communication expenses	2 059	2 622
Other expenses	12 645	11 781
Total	85 916	81 739

Auditors' fees and not audit-related services		
Audit fees	110	94
Auditors' statements	0	1
Other services	56	79
Total	166	174

9 FINANCIAL INCOME AND EXPENSES

1 000 €	2011	2010
Dividend income		
From others	728	641
Total	728	641
Interest income on long-term investments		
From joint ventures	107	107
From others	15 274	10 603
Total	15 381	10 710
Other interest and financial income		
From others	161	39
Total	161	39
Interest income on long-term investments and other interest and financial income, total	15 542	10 749
Interest expenses and other financial expenses		
To the Finnish State Nuclear Waste Management Fund	15 273	10 603
To others	137 345	133 297
Capitalised interest costs	-123 101	-117 885
Total	29 517	26 015
Total financial income (+) and expenses (-)	-13 247	-14 625
Financial income and expenses include exchange rate gains (+) and losses (-) (net)	25	9

10 EXTRAORDINARY ITEMS

1 000 €	2011	2010
Extraordinary income/Group contribution	741	757

11 APPROPRIATIONS

1 000 €	2011	2010
The difference between depreciation according to plan and tax depreciation, increase (-) or decrease (+)	-8 046	-7 105

12 NON-CURRENT ASSETS

1 000 €	Formation expenses	Intangible rights	Other capitalised long-term expenses	Advance payments	Total
Intangible assets					
Acquisition cost 1.1.2011	57 961	14 524	41 487	114	114 086
Increase	0	6 733	299	148	7 180
Decrease	0	-14 524	-65	0	-14 589
Transfer between categories	0	0	174	-174	0
Acquisition cost 31.12.2011	57 961	6 733	41 895	88	106 677
Accumulated depreciation according to plan 1.1.	57 961	0	32 291	0	90 252
Accumulated depreciation from deduction	0	0	-64	0	-64
Depreciation according to plan	0	0	1 360	0	1 360
Book value 31.12.2011	**0**	**6 733**	**8 308**	**88**	**15 129**
Accumulated depreciation difference 1.1.	0	0	7 729	0	7 729
Change in depreciation difference	0	0	-794	0	-794
Accumulated depreciation difference 31.12.	0	0	6 935	0	6 935
Undepreciated acquisition cost in taxation 31.12.2011	0	6 733	1 373	88	8 194

1 000 €	Land and water areas	Buildings and construction	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Tangible assets						
Acquisition cost 1.1.2011	9 437	280 728	1 231 718	46 474	2 874 519	4 442 876
Increase	1 982	1 035	16 323	3 427	283 383	306 150
Decrease	0	-102	-2 008	0	0	-2 110
Transfer between categories	0	0	57 867	310	-58 177	0
Acquisition cost 31.12.2011	11 419	281 661	1 303 900	50 211	3 099 725	4 746 916
Accumulated depreciation according to plan 1.1.	0	183 540	832 400	21 390	0	1 037 330
Accumulated depreciation from deduction	0	-102	-1 967	0	0	-2 069
Depreciation according to plan and write-downs	0	10 242	39 559	3 508	0	53 309
Book value 31.12.2011	**11 419**	**87 981**	**433 908**	**25 313**	**3 099 725**	**3 658 346**
Accumulated depreciation difference 1.1.	0	12 832	136 565	114	0	149 511
Change in depreciation difference	0	-3 099	11 517	421	0	8 839
Accumulated depreciation difference 31.12.	0	9 733	148 081	536	0	158 350
Undepreciated acquisition cost in taxation 31.12.2011	11 419	78 248	285 826	24 778	3 099 725	3 499 996
Share of machinery and equipment from book value 31.12.2011			413 964			
Share of machinery and equipment from book value 31.12.2010			377 489			

Capitalised borrowing costs included in non-current assets

1 000 €	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 1.1.2011	11 601	3 530	31 133	112 781	2 609	394 127	555 781
Increase	0	0	0	0	0	121 428	121 428
Acquisition cost 31.12.2011	11 601	3 530	31 133	112 781	2 609	515 555	677 209
Accumulated depreciation according to plan 1.1.	11 601	2 408	21 344	77 301	1 790	0	114 444
Depreciation according to plan	0	107	444	1 693	33	0	2 277
Book value 31.12.2011	**0**	**1 015**	**9 345**	**33 787**	**786**	**515 555**	**560 488**
Accumulated depreciation difference 1.1.	0	1 122	9 789	35 480	819	0	47 210
Change in depreciation difference	0	-107	-444	-1 693	-33	0	-2 277
Accumulated depreciation difference 31.12.	0	1 015	9 345	33 787	786	0	44 933
Undepreciated acquisition cost in taxation 31.12.2011	0	0	0	0	0	515 555	515 555

13 INVESTMENTS

1 000 €	Holdings in group companies	Holdings in joint ventures	Other stocks and shares	Loan receivables, joint ventures	Loan receivables, others	Total
Acquisition cost 1.1.2011	237	1 009	4 627	4 117	802 854	812 844
Increase	0	0	473	133	40 200	40 806
Decrease	0	0	-212	-382	0	-594
Acquisition cost 31.12.2011	237	1 009	4 888	3 868	843 054	853 056
Book value 31.12.2011	**237**	**1 009**	**4 888**	**3 868**	**843 054**	**853 056**

Loan from the Finnish State Nuclear Waste Management Fund lent further to the equity holders of the company	842 550	**842 550**

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

14 INVENTORIES

1 000 €	2011	2010
Coal		
Replacement cost	52 425	20 604
Book value	51 033	16 219
Difference	1 392	4 385
Raw uranium and natural uranium		
Replacement cost	101 682	134 759
Book value	36 332	39 236
Difference	65 350	95 523
Coal	51 033	16 219
Raw uranium and natural uranium	36 332	39 236
Nuclear fuel	142 043	132 661
Supplies	4 926	4 626
Total	234 334	192 742

15 LONG-TERM RECEIVABLES

1 000 €	2011	2010
Loan receivables from group companies	12	16
Loan receivables from others	153	222
Total	165	238

16 CURRENT RECEIVABLES

1 000 €	2011	2010
Receivables from group companies		
Trade receivables	0	929
Loan receivables	4	4
Accrued income	1 435	1 644
Total	1 439	2 577
Receivables from joint ventures		
Trade receivables	2 089	264
Loan receivables	382	378
Prepayments and accrued income	1 664	1 741
Total	4 135	2 383
Receivables from others		
Trade receivables	33 894	42 627
Other receivables	335	754
Total	34 229	43 381
Prepayments and accrued income		
Prepaid interests	19 826	16 524
Accrued interest income	16 619	11 514
Other accrued income	1 891	1 639
Other prepaid expenses	2	19
Total	38 338	29 696
Total	78 141	78 037

17 EQUITY

1 000 €	2011	2010
Share capital 1.1.	540 992	461 692
From share issue	65 201	79 300
Share capital 31.12.	606 193	540 992
Share issue 1.1.	0	0
Share issue	65 201	79 300
To share capital	-65 201	-79 300
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	857 936	792 735

18 NON-CURRENT LIABILITIES

1 000 €	2011	2010
Bonds	1 259 830	1 225 932
Bank loans	648 427	889 670
Other loans	223 677	223 677
Shareholders' loans *	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund **	842 550	802 350
Total	3 153 784	3 320 929

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

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

			1 000 €	
Currency	**Capital**	**Maturity date**	**2011**	**2010**
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	9 794
SEK	520 000	20.1.2015	50 931	50 931
SEK	500 000	12.2.2015	49 407	49 407
SEK	500 000	12.2.2015	51 546	51 546
SEK	300 000	23.6.2015	31 218	31 218
SEK	300 000	28.3.2017	33 899	0
SEK	200 000	20.1.2015	21 186	21 186
SEK	500 000	8.11.2017	53 763	53 763
EUR	23 000	1.12.2022	23 000	23 000
Total			1 259 830	1 225 931

OTHER LOANS
US Private Placements

			1 000 €	
Currency	**Capital**	**Maturity date**	**2011**	**2010**
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	39 557
USD	50 000	26.8.2020	39 557	39 557
GBP	50 000	15.11.2022	56 116	56 116
Total			223 677	223 677

19 DEBTS DUE IN MORE THAN FIVE YEARS

1 000 €	**2011**	**2010**
Debts due in more than five years	1 017 614	1 838 298

20 CURRENT LIABILITIES

1 000 €	**2011**	**2010**
Liabilities from joint ventures		
Trade payables	2	3
Liabilities from others		
Bank loans	241 243	11 645
Advances received	22 228	22 263
Trade payables	12 656	12 935
Total	276 127	46 843
Interest-bearing liabilities		
Interest-bearing liabilities	369 536	153 585
Total	369 536	153 585
Accruals and deferred income		
Finnish State Nuclear Waste Management Fund	34 000	38 104
Accrued interests	56 144	52 809
Accrued personnel expenses	14 532	13 716
Accruals related to CO_2 emission rights	6 733	14 524
Other accruals and deferred income	9 512	20 460
Total	120 921	139 613
Total	766 586	340 044

21 DISTRIBUTABLE EQUITY

1 000 €	2011	2010
Retained earnings	9 360	9 360
Profit/loss for the financial year	0	0
Total	9 360	9 360

22 COMMITMENTS

1 000 €	2011	2010
Leasing liabilities		
Leasing liabilities falling due in less than a year	3 023	2 476
Leasing liabilities falling due later	73 530	70 724
Total	76 553	73 200

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

Nuclear waste management		
Liability for nuclear waste management according to the Nuclear Energy Act *	1 207 100	1 179 100
TVO's funding target obligation 2012 (2011) to the Finnish State Nuclear Waste Management Fund	1 179 100	1 123 400
Collateral for nuclear waste management contingencies	165 140	219 950
Nuclear waste management loan receivables pledged to the Finnish State Nuclear Waste Management Fund	842 550	802 350

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

Pending Court Cases and Disputes
See note 25 Obligations and other commitments in the consolidated financial statements.

23 DERIVATIVE FINANCIAL INSTRUMENTS

1 000 €	2011	2010
Interest rate derivatives		
Option agreements, purchased (nominal value)	30 000	210 000
Fair value	0	0
Option agreements, sold (nominal value)	30 000	210 000
Fair value	-49	-1 749
Interest rate swaps (nominal value)	1 108 446	1 188 446
Fair value	-57 170	-62 277
Forward foreign exchange contracts		
Forward foreign exchange contracts (nominal value)	144 193	101 865
Fair value	9 066	3 706

24 SERIES OF SHARES

Share capital and series of shares	Number		1 000 €	
A-series - OL1 and OL2	**2011**	**2010**	**2011**	**2010**
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.	618 184 319	542 997 062	419 564	340 264
Change	61 815 681	75 187 257	65 201	79 300
31.12.	680 000 000	618 184 319	484 765	419 564
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	1 394 283 730	1 332 468 049	606 193	540 992

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

25 CO_2 EMISSION RIGHTS

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

	2011		**2010**	
	t CO_2	**1 000 €**	**t CO_2**	**1 000 €**
Granted emission rights	296 281		296 281	
Total annual emissions from production facilities	652 213		1 317 230	
Possessed emission rights	656 281		1 319 325	
Emission rights sold *	95 000	888	0	0
Emission rights and emission right reductions bought **	455 000	6 733	1 023 044	14 524

TVO is, based on the electricity production during 2000 - 2003 of TVO's share in the Meri-Pori coal-fired power plant, entitled to a corresponding 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 the Directors and Financial Statements

Helsinki, February 29, 2012

Lauri Virkkunen

Matti Ruotsala

Hannu Anttila

Jukka Hakkila

Mikael Hannus

Tapio Korpeinen

Harri Pynnä

Seppo Ruohonen

Tiina Tuomela

Rami Vuola

Jarmo Tanhua
President and CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, February 29, 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Eero Suomela
Authorised Public Accountant

Niina Vilske
Authorised Public Accountant

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, 2011. 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, 29 February 2012

Eero Suomela
Authorised Public Accountant

PricewaterhouseCoopers Oy
Authorised Public Accountants

Niina Vilske
Authorised Public Accountant

Financial Publications

Financial publications in 2011

Corporate Governance Statement 2010
Report of the Board of Directors and Financial Statements 2010
Interim Report January–March 2011
Interim Report January–June 2011
Interim Report January–September 2011

Financial publications in 2012

Corporate Governance Statement 2011	March 1, 2012
Report of the Board of Directors and Financial Statements 2011	March 1, 2012
Interim Report January–March 2012	April 18, 2012
Interim Report January–June 2012	July 17, 2012
Interim Report January–September 2012	October 18, 2012

All publications are available in Finnish and in English.

In addition, the Corporate Social Responsibility Report 2010 was published in 2011.
The Corporate Social Responsibility Report and Environmental Report 2011 will be published in April 2012.

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