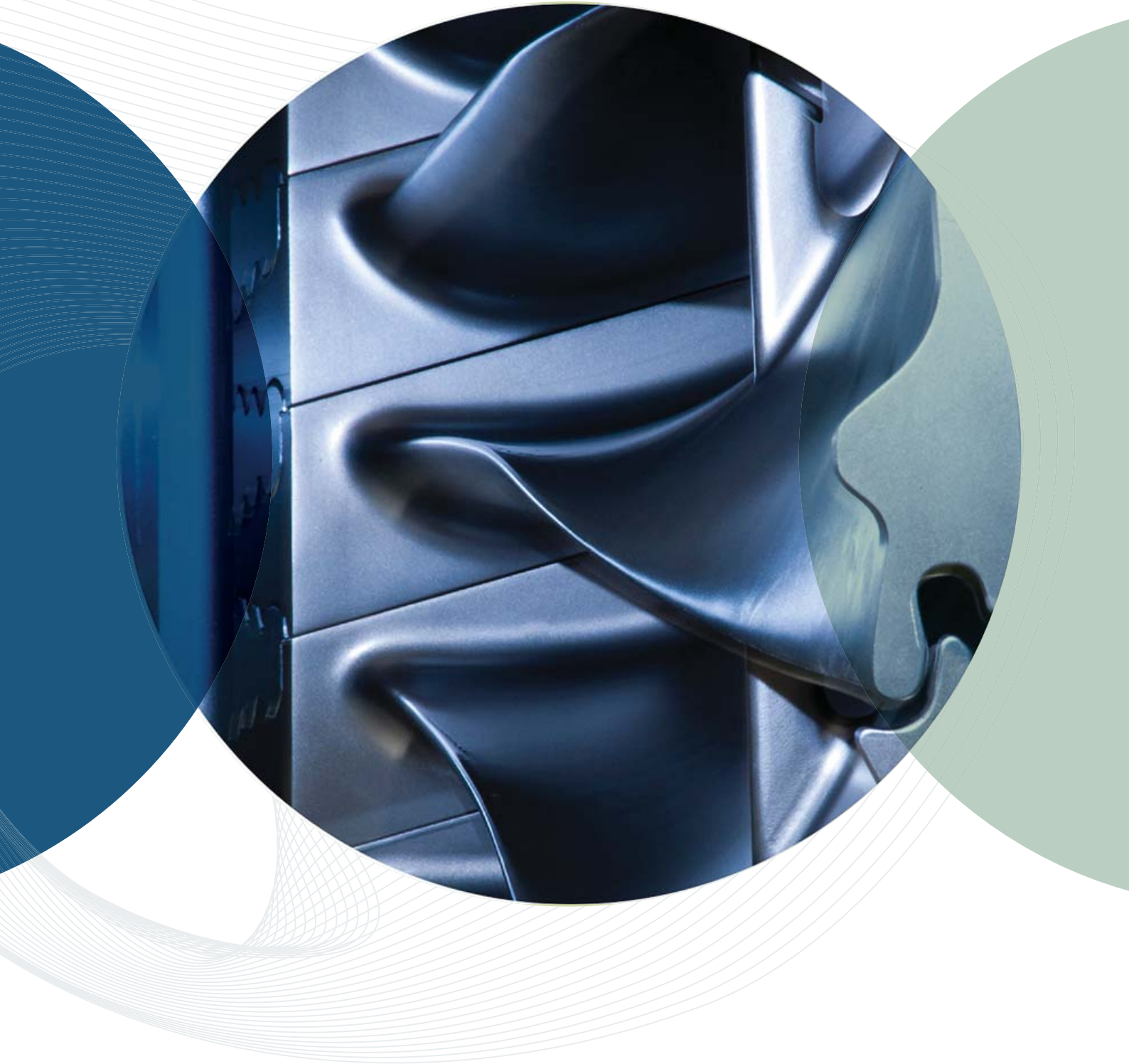




WELL-BEING WITH
NUCLEAR ELECTRICITY



Interim Report

January-September 2016

Teollisuuden Voima Oyj's Interim Report January 1–September 30, 2016

Teollisuuden Voima's electricity generation at Olkiluoto 1 and Olkiluoto 2 plant units continued safely through the first three quarters of the year. At Olkiluoto 3, the installation works and process system tests continued. The operating license application of the plant unit was submitted to the Ministry of Employment and the Economy in April. Posiva's final disposal project entered the concept and cost optimization phase. Preparation works for the encapsulation plant excavations continued.

Operating Environment

From January to September, the use of electricity in Finland increased by 2.6 percent compared to the corresponding period of the previous year.

In 2015, the Finnish Government launched preparation of a new energy and climate strategy. Among other issues, the strategy answers the question of how to achieve the Government Program target regarding the share of renewable energy and phasing out the use of coal in energy production. In addition, the strategy looks for ways to achieve the EU 2030 climate and energy package objectives in Finland. The energy and climate strategy will be submitted as a Government Report to Parliament by the end of 2016.

The European Commission will issue new legislation in December 2016 for renewing the EU energy market design. In September 2016, the European Parliament gave a resolution on the legislation which, for example, points out the importance of making the emissions trading more efficient. It also stresses the Member States' right to decide on their own energy mixes. The legislative proposals to be published in December will be transferred to the Parliament and the Council in early 2017.

In October 2016, the European Commission will publish a more updated version of the Nuclear Illustrative Program (PIN). In its preliminary communication published in April 2016, the Commission estimated that nuclear energy will remain an important component of the EU's energy mix in the 2050 horizon. To improve cost-effectiveness of nuclear power plants, the Commission also highlighted the development of cooperation in standardization and licensing issues.

Financial Performance

TVO operates on a cost-price principle (Mankala principle). TVO's goal is not to make profit or pay dividends. The shareholders are charged incurred costs on the price of electricity and thus in principle the profit/loss for the period under review is zero, unless specific circumstances dictate otherwise. 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. See "TVO's cost-price principle" in the Notes to the interim financial statements.

The consolidated turnover for the period under review January 1–September 30, 2016 was EUR 252.4 (January 1–September 30, 2015: EUR 217.1 million). The amount of electricity delivered to

shareholders was 10,774.1 (10,416.9) GWh. The higher delivery volume to shareholders was due to increased delivery volumes of both Olkiluoto 2 and Meri-Pori coal-fired power plant compared to the previous year.

The consolidated profit/loss was EUR -9.6 (18.3) million. An updated cost estimate based on a new nuclear waste management technical plan and schedule and the changes of the provision regarding nuclear waste management obligation had an effect on the profit/loss for the period under review.

Financing and Liquidity

TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) at the end of the period under review, excluding the loan from the Finnish State Nuclear Waste Management Fund relented to shareholders, totaled EUR 4,080.0 (December 31, 2015: 3,987.5) million, of which EUR 479.3 (479.3) million were subordinated shareholder loans. During the period under review, TVO raised a total of EUR 300.0 (500.0) million in non-current liabilities. Repayments during the period under review amounted to EUR 287.9 (152.9) million.

In February, Japan Credit Rating Agency (JCR) kept unchanged its AA- rating for TVO and evaluated the Company's future outlook as stable. In May, Fitch Ratings affirmed its previous rating BBB for TVO but changed the Company's outlook to negative. Standard & Poor's downgraded in May TVO's rating from BBB- to BB+ and assessed the outlook as stable.

In February, TVO signed a new revolving credit facility (the "Facility") of EUR 1,300 million. The Facility refinances TVO's existing revolving credit facility signed in March 2011 and consists of two tranches: EUR 1,000 million 5-year tranche and EUR 300 million 3 year tranche. Both tranches include two one-year extension options. The Facility will be used for general corporate purposes.

In September, the European Investment Bank (EIB) granted TVO a loan of EUR 100 million for the ongoing modernization and safety improvement projects at Olkiluoto 1 and Olkiluoto 2 power plant units.

During the period under review, TVO has also signed bilateral bank loans totaling EUR 575 million, of which EUR 275 million are undrawn.

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

TVO uses its right to borrow funds back from the Finnish State Nuclear Waste Management Fund within the framework of legal regulations. On September 30, 2016 the amount of the loan was EUR 1,027.1 (December 31, 2015: 1,009.1) million and it has been relented to the Company's A-series shareholders. On March 31, 2016 loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 18.0 (26.3) million.

Nuclear Power

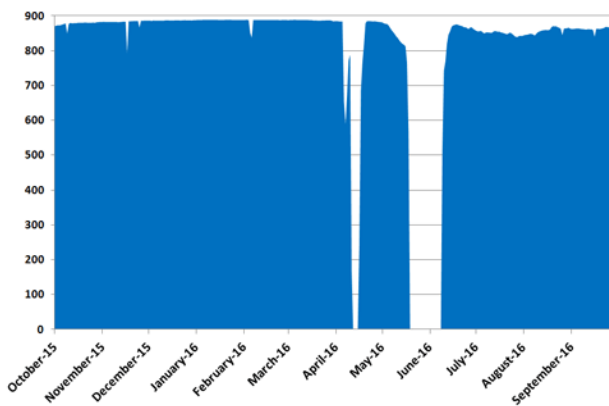
Olkiluoto 1 and Olkiluoto 2

The electricity production of the Olkiluoto power plant units Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) during the period under review was 10,550 (10,356) GWh. The total load factor was 91.4 (90.0) per cent.

The plant units operated safely during the period under review. OL1's net production was 5,112 (5,451) GWh and the load factor 88.6 (94.8) %. OL2's net production was 5,438 (4,905) GWh and the load factor 94.2 (85.3) %.

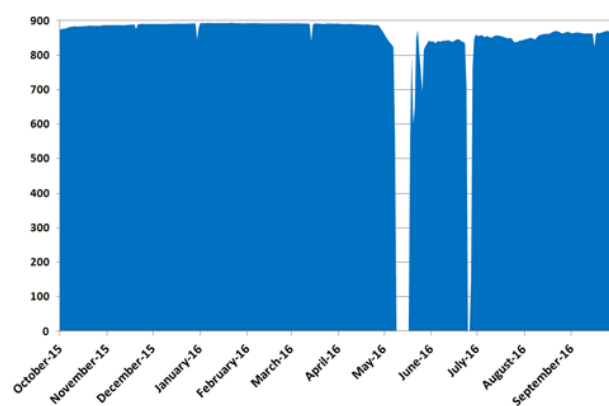
Olkiluoto 1

Average electrical power MW
October 1, 2015–September 30, 2016



Olkiluoto 2

Average electrical power MW
October 1, 2015–September 30, 2016



OL1 was out of production in April for less than a week. Electricity production at the plant unit was interrupted on April 11 for the replacement of damaged fuel elements. Back to electricity generation the plant unit was connected on April 16.

OL2 was shut down into a cold state on June 24 for the replacement of reactor internal recirculation pump motor. The unit was back online on June 27.

Annual Outages

The annual outages of 2016 at the Olkiluoto nuclear power plant were carried out from May 8 to June 9, 2016. OL1 had a more extensive maintenance outage taking more than 21 days, and OL2 underwent a refueling outage that lasted over 9 days. The annual outage period was about five days longer than expected. The schedule was affected e.g. by delays in work carried out on control rod actuators. In all other respects the annual outages were implemented according to plans.

At OL1, the main works carried out during the maintenance outage included replacement of one main circulation pump and the associated frequency converter, renewal of the neutron flux measurement calibration system, replacement of low-voltage switchgears as well as modernisation in one sub-system of the heating system that contributes to residual heat removal. A containment

leak-tightness test was also carried out. In addition to TVO's own personnel, up to about one thousand employees of external contractors were involved in the outage works.

In addition to refueling, the OL2 outage included also annually recurring maintenance work.

Olkiluoto 3

Olkiluoto 3 EPR (OL3 EPR), currently under construction, was procured as a fixed-price turnkey project from a consortium (Supplier) formed by AREVA GmbH, AREVA NP SAS and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations. According to the schedule updated by the Supplier in September 2014, regular electricity production in the unit will commence at the end of 2018.

In 2016, Areva Group announced a restructuring of its business. The restructuring plan involves a transfer of the operations of Areva NP, excluding the OL3 project and resources necessary for its completion, to an ad hoc structure which is to be sold to a consortium led by EDF. The closing of the restructuring is envisaged during the second semester of 2017. The implementation of the restructuring plan is subject to decisions and clearances, such as those related to the contemplated state aid connected with the plan. TVO requires that the restructuring respects the completion of the OL3 project within the current schedule and that all liabilities of the plant contract are respected.

Most of the construction works for the plant unit have been completed. The installation of the electrical systems, the instrumentation and control system (I&C), and mechanical systems is still in progress. Test runs with the I&C commenced in January 2016. In April, testing of the process systems was started, and the operating license application was submitted to the Ministry of Employment and the Economy (MEE). The decision to grant a license will be made by the Finnish Government on the basis of MEE's proposal.

The first phase of the commissioning of the turbine plant is completed. Some of the systems and components will be kept in operation; the rest will be preserved in accordance with a separate plan.

The workforce at the site at the end of the period under review was about 2,400 persons. Occupational safety at the site remained at a good level.

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

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

Nuclear Fuel

During the period under review, nuclear fuel purchases amounted to EUR 42.4 (46.4) million and the amount consumed to EUR 40.2 (39.3) million.

The nuclear fuel and uranium stock carrying value on September 30, 2016 was EUR 226.4 (December 31, 2015: 224.2) 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's final disposal project has now entered the concept and cost optimization phase, which will last until the end of 2017.

The works of the last excavation stage of the underground bedrock research facility ONKALO started in March are progressing according to plan. Preparation works for the encapsulation plant excavations that were started in June have also progressed. The actual excavations will start in October.

Posiva Solutions Oy, a wholly-owned subsidiary of Posiva Oy, was founded on June 10, 2016. The company focuses on the sales of the know-how Posiva has accumulated from its design, research and development activities in the final disposal of spent nuclear fuel, as well as on associated consulting services. In June, Posiva Solutions made a service agreement on providing Fennovoima Oy with expert services related to the final disposal of spent nuclear fuel.

The nuclear waste management plan for 2016–2018 was submitted to the Ministry of Employment and the Economy (MEE) at the end of June. The waste management fee collected from those liable for nuclear waste management is based on the nuclear waste management plan to be updated every three years.

The liabilities in the consolidated financial statement show a provision related to nuclear waste management liability of EUR 961.9 (December 31, 2015: 971.2) million, calculated according to the international IFRS accounting principles. A corresponding amount, under assets, represents the Company's share in the Finnish State Nuclear Waste Management Fund.

In order to cover the costs of nuclear waste management, TVO makes contributions to the Finnish State Nuclear Waste Management Fund. In December 2015, MEE set TVO's liability for nuclear waste management at EUR 1,369.4 (1,349.1) million at the end of 2015 and the Company's funding target for 2016 at EUR 1,369.4 (1,345.4) million.

In March 2016, the Finnish State Nuclear Management Fund confirmed TVO's nuclear waste management fee for 2015 at EUR 11.4 (20.8) million, which was paid into the Fund on March 31, 2016 (March 31, 2015). The nuclear waste management fee for 2016 will be confirmed in March 2017.

Coal Power

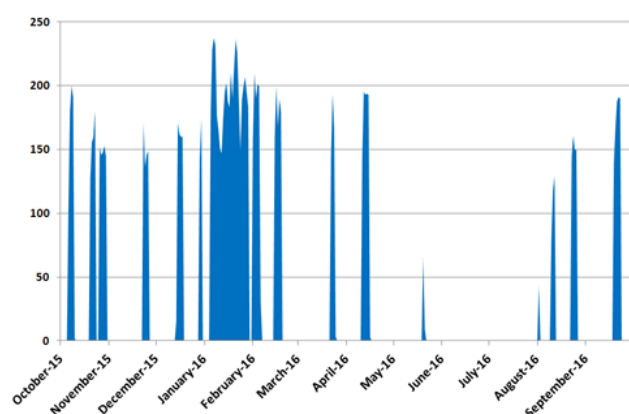
Meri-Pori

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant on January 1–September 30, 2016 was 242.2 (80.1) GWh requiring 86.6 (29.3) thousand tons of coal and 207.1 (66.5) thousand tons of carbon dioxide emission rights.

TVO's share of Meri-Pori's production

Average electrical power MW

October 1, 2015–September 30, 2016



Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 199.8 (186.9) million. Investments of the parent company were EUR 196.2 (184.8) million, of which EUR 157.7 (150.9) million was allocated to the OL3 project.

At present, several plant modifications are planned and implemented in Olkiluoto to prepare the OL1 and OL2 plant units for the renewal of the operating license in 2018.

Carbon dioxide emission rights have been relinquished to the Energy Market authority worth EUR 1.2 (1.9) million. During the period under review, emission rights were acquired worth EUR 1.1 (0.5) million. The Company's need for carbon dioxide emission rights for the period under review are covered by acquired emission rights.

Pending Court Cases and Disputes

In 2012, TVO submitted a claim and defense in the International Chamber of Commerce (ICC) arbitration proceedings concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. In July 2015, TVO updated its quantification estimate of its costs and losses to amount to approximately EUR 2.6 billion until December 2018, which, according to the schedule submitted by the OL3 Supplier in September 2014, is the estimated start of regular electricity production of OL3.

The proceedings were initiated in December 2008 by the OL3 Supplier. The Supplier's monetary claim, updated in February 2016, is approximately EUR 3.52 billion in total. The sum is based on the Supplier's updated analysis of events that occurred through September 2014, with certain claims quantified to December 31, 2014. The sum includes penalty interest (calculated to June 30, 2016) and payments allegedly delayed by TVO under the plant contract amounting to a combined total of approximately EUR 1.45 billion, as well as approximately EUR 135 million in alleged loss of profit. TVO has considered and found the earlier claims and the updated claim by the Supplier to be without merit.

The Supplier consortium companies (AREVA GmbH, AREVA NP SAS and Siemens AG) are jointly and severally liable for the plant contract obligations.

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

TVO has sought to obtain more detailed information from Areva Group on its announced restructuring and its impacts on the OL3 project. As TVO has not received such information it has begun legal proceedings at the end of September 2016 before the Commercial Court of Nanterre in France. The aim of this is to urgently obtain this information with a view to securing the assurances that all the necessary financial and other resources, particularly in relation to the EPR technology capabilities, will be allocated for the completion and long-term operation of OL3 and that the Supplier Areva-Siemens will meet all their contractual obligations.

Personnel

The total number of personnel in the Group at the end of the period under review was 744 (December 31, 2015: 749, September 30, 2015: 760). The number of permanent employees in the Group at the end of the period under review was 720 (December 31, 2015: 731, September 30, 2015: 734).

Based on the personnel survey 2015, TVO has initiated a new program *Hyvinvointi ja tulokselliset tekijät 2020* ("Wellbeing and profitability factors"). The program will focus on the items identified in the personnel survey. The project has progressed according to plan. As part of the program, among other things, a Well-being at work 2016 program was launched.

In early 2016, TVO also launched a Group competence survey project. The aim of the project is to ensure successful commissioning of OL3 and safe operations of all the Olkiluoto plant units, including Posiva's final disposal facility.

In August, TVO agreed with Logistikas Oy on transferring TVO Group's storage and transport services to Logistikas. The transfer of business entered into force as of September 1, 2016 and concerned nine employees.

Annual General Meeting

TVO's Annual General Meeting was held on March 23, 2016. The AGM approved the financial statements for 2015, confirmed the consolidated income statement and balance sheet, and discharged the members of the Board of Directors and the President and CEO from liability.

All Board members were re-elected. At its organization meeting held on the same day as the AGM, the Board elected Matti Ruotsala as Chairman and Lauri Virkkunen as Deputy Chairman. The Board also chose from among its members the members and chairmen of the Board Committees.

Auditing

The Interim Report is unaudited.

Risks and Uncertainty Factors in the Near Future

The major risks and uncertainty factors in TVO's operations have been presented in the 2015 Report of the Board of Directors.

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

Assessment of Year-End Developments

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

Realization of the OL3 nuclear power plant project and preparing the plant unit for production will be going on. Testing of the process systems continue, and cleaning of the reactor primary circuit is scheduled to commence towards the end of the year. TVO continues to support the Supplier to complete the project.

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

The concept and cost optimization phase of Posiva's final disposal project will last until the end of 2017. The actual excavations for the encapsulation plant will start in October.

Events after the Period under Review

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

October 21, 2016

Teollisuuden Voima Oyj
Board of Directors

KEY FIGURES OF TVO GROUP

TVO GROUP (IFRS) (M€)	1.1. - 30.9.2016	1.1. - 30.9.2015	1.1. - 31.12.2015
Turnover	252	217	276
Profit/loss for the period	-10	18	5
Investments ¹⁾	200	187	345
Equity	1 573	1 528	1 612
Subordinated shareholder loans (hybrid equity) (included in the former) ³⁾	479	379	479
Non-current and current interest-bearing liabilities (excluding loan from VYR) ²⁾	3 757	3 670	3 654
Loan from VYR ²⁾	1 027	1 009	1 009
Provision related to nuclear waste management	962	954	971
Balance sheet total	7 511	7 307	7 464
Equity ratio % ⁴⁾	28,5	28,6	29,4
Average number of personnel	771	806	794

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

²⁾ The Finnish State Nuclear Waste Management Fund (VYR)

³⁾ Subordinated loans

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

KEY FIGURES OF TEOLLISUUDEN VOIMA OYJ

TEOLLISUUDEN VOIMA OYJ (FAS) (M€)	1.1. - 30.9.2016	1.1. - 30.9.2015	1.1. - 31.12.2015
Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).			
Turnover	250	215	273
Profit/loss before appropriations	-3	19	7
Fuel costs	47	42	59
Nuclear waste management costs	59	32	38
Capital expenditure (depreciation and financial income and expenses)	38	98	111
Investments ¹⁾	196	185	344
Equity	858	858	858
Appropriations	176	191	180
Non-current and current interest-bearing liabilities (excluding loan from VYR and shareholder loans) ²⁾	3 601	3 533	3 509
Loans from equity holders of the company ³⁾	479	379	479
Loan from VYR ²⁾	1 027	1 009	1 009
Balance sheet total	6 334	6 117	6 252
Equity ratio % ⁴⁾	28,5	28,0	28,9
Average number of personnel	770	803	791

¹⁾ Acquisitions of tangible and intangible assets and shares are based on gross investments.

²⁾ The Finnish State Nuclear Waste Management Fund (VYR)

³⁾ Subordinated loans

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

ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)

	1.1. - 30.9.2016	1.1. - 30.9.2015	1.1. - 31.12.2015
Nuclear power	10 532	10 337	14 238
Coal-fired power	242	80	167
Total	10 774	10 417	14 405

TVO GROUP

CONSOLIDATED FINANCIAL STATEMENT IN BRIEF AND NOTES**CONSOLIDATED INCOME STATEMENT**

EUR 1 000	1.1. - 30.9.2016	1.1. - 30.9.2015	1.1. - 31.12.2015
Turnover	252 421	217 136	275 746
Work performed for own purposes	7 130	6 231	9 137
Other income	8 213	93 830	96 950
Materials and services	-110 662	-56 480	-71 647
Personnel expenses	-43 032	-44 101	-59 186
Depreciation and impairment charges	-40 266	-100 593	-114 615
Other expenses	-72 534	-68 906	-89 036
Operating profit/loss	1 270	47 117	47 349
Finance income	11 303	16 391	22 284
Finance expenses	-24 356	-45 226	-65 008
Total finance income and expenses	-13 053	-28 835	-42 724
Share of the profit/loss of joint ventures	2 136	0	0
Profit/loss before income tax	-9 647	18 282	4 625
Income taxes	-1	-1	0
Profit/loss for the period	-9 648	18 281	4 625

Profit/loss for the period attributable to:

Equity holders of the company	-9 648	18 281	4 625
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1.1. - 30.9.2016	1.1. - 30.9.2015	1.1. - 31.12.2015
Profit/loss for the period	-9 648	18 281	4 625
Other comprehensive items			
Items that may be reclassified to profit or loss in subsequent periods:			
Changes in fair values of the available-for-sale investments	-385	-23 614	-23 412
Cash flow hedges	-25 996	20 998	19 911
Total other comprehensive profit/loss items for the period	-26 381	-2 616	-3 501
Total comprehensive profit/loss for the period	-36 029	15 665	1 124

Total comprehensive profit/loss for the period attributable to:

Equity holders of the company	-36 029	15 665	1 124
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TVO GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Assets			
Non-current assets			
Property, plant and equipment	5 002 350	4 710 466	4 852 768
Intangible assets	6 473	6 419	7 128
Loans and other receivables	1 030 464	1 012 617	1 012 464
Investments in joint ventures	3 147	1 009	1 009
Investments in shares	1 934	1 934	1 934
Derivative financial instruments	91 922	99 344	110 469
Share in the Finnish State Nuclear Waste Management Fund	961 907	953 583	971 241
Total non-current assets	7 098 197	6 785 372	6 957 013
Current assets			
Inventories	247 707	248 561	250 420
Trade and other receivables	29 486	22 848	31 496
Derivative financial instruments	7 414	8 303	4 441
Fund units	0	100 183	100 385
Cash and cash equivalents	128 620	141 303	120 236
Total current assets	413 227	521 198	506 978
Total assets	7 511 424	7 306 570	7 463 991
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	606 193	606 193	606 193
Share premium reserve and statutory reserve	242 383	242 383	242 383
Fair value and other reserves	-13 800	13 466	12 581
Subordinated shareholder loans (hybrid equity)	479 300	379 300	479 300
Retained earnings	258 552	286 236	271 542
Total equity	1 572 628	1 527 578	1 611 999
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	961 907	953 583	971 241
Loan from the Finnish State Nuclear Waste Management Fund	1 027 050	1 009 050	1 009 050
Bonds	2 473 581	2 467 679	2 480 900
Other financial liabilities	737 925	724 175	642 370
Derivative financial instruments	79 649	46 312	37 030
Total non-current liabilities	5 280 112	5 200 799	5 140 591
Current liabilities			
Current financial liabilities	461 001	430 792	493 307
Derivative financial instruments	4 866	927	755
Advance payments received	44 458	38 829	22 241
Trade payables	28 540	20 027	12 971
Other current liabilities	119 819	87 618	182 127
Total current liabilities	658 684	578 193	711 401
Total liabilities	5 938 796	5 778 992	5 851 992
Total equity and liabilities	7 511 424	7 306 570	7 463 991

TVO GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2016	606 193	242 383	12 581	479 300	271 542	1 611 999	1 611 999
Profit/loss for the period	0	0	0	0	-9 648	-9 648	-9 648
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	-385	0	0	-385	-385
Cash flow hedges	0	0	-25 996	0	0	-25 996	-25 996
Subordinated shareholder loans (hybrid equity)	0	0	0	0	0	0	0
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-3 342	-3 342	-3 342
Equity 30.9.2016	606 193	242 383	-13 800	479 300	258 552	1 572 628	1 572 628

EUR 1 000	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2015	606 193	242 383	16 082	439 300	271 160	1 575 118	1 575 118
Profit/loss for the period	0	0	0	0	18 281	18 281	18 281
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	-23 614	0	0	-23 614	-23 614
Cash flow hedges	0	0	20 998	0	0	20 998	20 998
Subordinated shareholder loans (hybrid equity)	0	0	0	-60 000	0	-60 000	-60 000
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-3 205	-3 205	-3 205
Equity 30.9.2015	606 193	242 383	13 466	379 300	286 236	1 527 578	1 527 578

TVO GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Operating activities			
Profit/loss for the period	-9 648	18 281	4 625
Adjustments:			
Income tax expenses	1	1	1
Finance income and expenses	13 053	28 835	42 724
Depreciation and impairment charges	40 266	100 593	114 615
Share of the profit/loss of joint ventures	-2 136	0	0
Other non-cash flow income and expenses	-6 764	-30 490	-43 493
Sales profit/loss of property, plant and equipment and shares	0	-27 972	-27 978
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	-2 643	7 543	525
Increase (-) or decrease (+) in inventories	3 558	-8 600	-10 889
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	62 964	21 171	-2 705
Interest paid and other finance expenses	-3 309	-6 644	-6 775
Dividends received	0	1 219	1 219
Interest received	8 170	9 983	10 001
Taxes paid	-2	-1	-1
Cash flow from operating activities	103 510	113 919	81 869
Investing activities			
Acquisition of property, plant and equipment	-283 217	-194 484	-256 586
Proceeds from sale of property, plant and equipment	0	0	6
Acquisition of intangible assets	-364	-746	-1 095
Acquisition of shares	-2	-62	-135
Proceeds from sale of shares	0	28 248	28 248
Loan receivables granted	-18 000	-26 250	-26 234
Repayments of loans granted	0	0	274
Cash flow from investing activities	-301 583	-193 294	-255 522
Financing activities			
Withdrawals of subordinated shareholder loans (hybrid equity)	0	0	100 000
Repayment of subordinated shareholder loans (hybrid equity)	0	-60 000	-60 000
Withdrawals of long-term loans	318 000	526 250	526 250
Repayment of long-term loans	-289 645	-94 581	-164 309
Investments in fund units	100 000	-100 000	-100 000
Interest paid of subordinated shareholder loans (hybrid equity)	-2 374	-2 265	-4 311
Increase (-) or decrease (+) in interest-bearing receivables	0	0	12
Increase (+) or decrease (-) in current financial liabilities	80 476	-162 144	-117 171
Cash flow from financing activities	206 457	107 260	180 471
Change in cash and cash equivalents	8 384	27 885	6 818
Cash and cash equivalents at the beginning of period	120 236	113 418	113 418
Cash and cash equivalents at the end of period	128 620	141 303	120 236

TVO GROUP

NOTES TO THE INTERIM REPORT

ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting -standard. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended on 31 December 2015. Additionally the changes according to the revised IAS/IFRS standards have been adopted.

MANAGEMENT'S CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of Interim Report requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates. Significant assumptions made by the management in applying Group's accounting policies and crucial uncertainties were the same as the ones applied to the annual financial statements as for the year ended on 31 December 2015.

JOINT VENTURES

Posiva Solutions Oy, a wholly-owned subsidiary of Posiva Oy, was founded on June 10, 2016. Posiva Oy is a joint venture of Teollisuuden Voima Oyj. The Group applies IFRS 11 standard to all joint arrangements. Posiva Solutions Oy is a joint venture of TVO, which has a 73.62 per cent interest in it. Posiva Solutions Oy focuses on the sales of the know-how Posiva has accumulated from its design, research and development activities in the final disposal of spent nuclear fuel, as well as on associated consulting services. Interests in joint ventures are accounted by the equity method of accounting.

COMPARABILITY OF THE INCOME STATEMENT

The total cost estimate based on a new nuclear waste management technical plan and schedule was updated in June 2016. Updated cost estimate decreased the provision related to the nuclear waste management and finance expenses and increased the amount of materials and services. The overall effect on profit for the period is negative because the amount of the share in the Finnish State Nuclear Waste Management Fund and the provision related to nuclear waste management are equal and the difference is entered as an adjustment to materials and services. Moreover, the costs for spent fuel disposal are expensed during the operating time of the plant, based on fuel usage, and the impact of any changes to the plan and schedules will be recognized immediately in the income statement based on fuel used by the end of each accounting period. The negative profit impact of the updates and changes is mainly non-recurring. See note Assets and provisions related to nuclear waste management obligation.

COMPARABILITY OF THE INCOME STATEMENT - IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT Q2 2015

The value of property, plant and equipment relating to the OL4 project, amounting to EUR 58.2 million, was recognized as an asset write-down in TVO's balance sheet and recorded as impairment charge to the profit and loss statement. The impairment charge invoiced from the shareholders is presented under other income.

TVO'S COST-PRICE PRINCIPLE

TVO is a public limited liability company owned by Finnish industrial and energy companies. Under its Articles of Association, TVO supplies electricity to its shareholders at cost (so-called Mankala principle), which means that it delivers the electricity it has produced or procured to its shareholders in proportion to their shareholdings in each series. Each of the shareholders of each series bears their share of the variable and fixed annual costs as specified in detail in the Articles of Association.

In accordance with TVO's Articles of Association, each shareholder's share of the liability for the annual costs will always be limited to the amount corresponding to the proportion of its shareholding to all shares belonging to the same series, and another shareholder's failure will not increase the shareholder's liability based on shareholding. Only the company has the sole right to call upon the responsibility of the shareholders defined in the Articles of Association. The shareholders are not liable for costs other than the costs of the company mentioned above, unless otherwise agreed.

A prerequisite to the shareholder's right to receive electricity is that it has paid its share of costs on time. If a shareholder neglects to observe its payment obligation, the company will have the right to immediately cut off the distribution of electricity to the shareholder and to sell the shareholder's portion of electricity to a party submitting the best offer, primarily to another shareholder of the company.

The cost-price principle is described in detail in the Articles of Association.

TVO GROUP

SEGMENT REPORTING**Segment structure in TVO**

The Group has two reportable segments: nuclear power and coal power.

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

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

Segment calculation principles

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

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

TURNOVER BY SEGMENTS

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Nuclear power	235 800	204 647	256 843
Coal-fired power	16 621	12 489	18 903
Total	252 421	217 136	275 746

PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Nuclear power	-1 908	21 632	10 823
Coal-fired power	-1 334	-2 347	-3 506
Profit/loss before appropriations (FAS)	-3 242	19 285	7 317
The impact of the nuclear waste management obligation	-9 103	-1 415	-3 258
The impact of financial instruments	0	34	27
Other IFRS adjustments	561	377	539
Share of the profit/loss of joint ventures	2 136	0	0
Total (IFRS)	-9 648	18 281	4 625

ASSETS BY SEGMENTS

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Nuclear power	6 311 629	6 077 464	6 218 056
Coal-fired power	22 909	40 163	34 562
Total (FAS)	6 334 538	6 117 627	6 252 618
The impact of the nuclear waste management obligation	1 065 692	1 068 315	1 084 129
The impact of financial instruments	67 603	73 633	81 771
The impact of finance leases	57 459	59 160	58 310
Other IFRS adjustments	-16 004	-12 165	-12 837
Share of the profit/loss of joint ventures	2 136	0	0
Total (IFRS)	7 511 424	7 306 570	7 463 991

TVO GROUP

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Opening net book amount	4 852 768	4 628 318	4 628 318
Increase	198 330	185 560	342 846
Decrease	-9 391	-4 563	-8 715
Depreciation and impairment charges	-39 357	-99 750	-113 501
Accumulated depreciation from deduction	0	901	3 820
Closing net book amount	5 002 350	4 710 466	4 852 768

CHANGES IN INTANGIBLE ASSETS

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Opening net book amount	7 128	7 893	7 893
Increase	1 441	1 301	2 282
Decrease	-1 187	-1 932	-1 932
Depreciation and impairment charges	-909	-843	-1 115
Closing net book amount	6 473	6 419	7 128

TVO GROUP

FINANCIAL RISK MANAGEMENT

The objectives of financial risk management and finance policy are the same as those applied to the annual financial statement for the year ended 31 December 2015.

DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments *

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Interest rate swaps	2 379 518	1 151 446	1 809 518
Forward foreign exchange contracts and swaps	145 988	172 748	159 508
Cross-currency swaps	856 898	856 898	856 963
Total	3 382 404	2 181 092	2 825 989

Fair values of the derivative financial instruments *	30.9.2016			30.9.2015			31.12.2015		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate swaps									
Cash flow hedges	0	-38 602	-38 602	0	-18 135	-18 135	0	-17 731	-17 731
Fair value hedges	41 021	-7 075	33 946	26 277	0	26 277	25 876	0	25 876
Non-hedges	0	0	0	0	-354	-354	0	-176	-176
Forward foreign exchange contracts and swaps									
Cash flow hedges	23 941	-171	23 770	31 205	-351	30 854	30 304	-475	29 829
Cross-currency swaps									
Non-hedges	34 374	-38 666	-4 293	50 165	-28 400	21 765	58 731	-19 404	39 327
Total	99 336	-84 515	14 821	107 647	-47 240	60 406	114 910	-37 785	77 125

* Cross-currency swaps related to Private Placements included.

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

EUR 1 000	30.9.2016			31.12.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value						
Derivative financial instruments at fair value through profit or loss		34 374			58 731	
Derivative financial instruments designated as cash flow hedges		23 941			30 304	
Derivative financial instruments designated as fair value hedges		41 021			25 876	
Available-for-sale investments						
Investments in listed companies	0			0		
Investments in other stocks and shares			0			0
Total	0	99 336	0	0	114 910	0
Financial liabilities at fair value						
Derivative financial instruments at fair value through profit or loss		38 666			19 580	
Derivative financial instruments designated as cash flow hedges		38 773			18 205	
Derivative financial instruments designated as fair value hedges		7 075			0	
Total	0	84 515	0	0	37 785	0

On 30 September 2016, TVO has also unquoted shares worth EUR 1,934 (1,934) thousand that are measured at acquisition cost because their fair value cannot be reliably determined.

Fair value estimation

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

BOOK VALUES OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

EUR 1 000	30.9.2016			31.12.2015		
	Financial liabilities measured at amortized cost	Book Value	Fair value	Financial liabilities measured at amortized cost	Book Value	Fair value
Non-current liabilities						
Other financial liabilities*	3 211 506	3 211 506	3 336 795	3 123 270	3 123 270	3 173 706

*Bonds and EUR-fixed loans included

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

TVO GROUP

ASSETS AND PROVISION RELATED TO NUCLEAR WASTE MANAGEMENT OBLIGATION

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

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	961 907	953 583	971 241
Provision related to nuclear waste management (non-current liabilities)	961 907	953 583	971 241

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

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Liability for nuclear waste management according to the Nuclear Energy Act	1 369 400	1 349 100	1 369 400
Funding target obligation	1 369 400	1 345 400	1 369 400
TVO's share in the Finnish State Nuclear Waste Management Fund	1 369 400	1 345 400	1 357 800
Difference between the liability and TVO's share of the fund	0	3 700	11 600

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

The total cost estimate based on a new nuclear waste management technical plan and schedule was updated in June 2016. The updated cost estimate in June 2016 decreased the provision related to the nuclear waste management and finance expenses and increased the amount of materials and services. The provision on balance sheet compared to the value at the end of the previous year was decreased by EUR 23.3 million. The effect of revised cost estimate to the consolidated income statement compared to the previous estimate were EUR 28.1 million increase in materials and services and EUR 24.0 million decrease in finance expenses.

The overall effect on profit for the period in June 2016 was negative because the amount of the share in the Finnish State Nuclear Waste Management Fund and the provision related to nuclear waste management are equal and the difference is entered as an adjustment to materials and services.

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

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 difference between the funding obligation target decided by the Ministry of Employment and the Economy (MEE) and TVO's actual share of the Finnish State Nuclear Waste Management Fund is paid in Q1 each year. TVO's share in the Finnish State Nuclear Waste Management Fund on September 30, 2016 is EUR 1,369.4 million. The carrying amount in the balance sheet is EUR 961.9 million. The difference is due to the fact that IFRIC 5 limits the carrying amount of TVO's interest in the Finnish State Nuclear Waste Management Fund to the amount of the related liability since TVO does not have control over the Finnish State Nuclear Waste Management Fund.

TVO has issued the State the shareholders' guarantees as security to cover the unexpected events as determined in the Nuclear Energy Act. The guarantees are presented in the note Obligations and other commitments.

TVO GROUP

OBLIGATIONS AND OTHER COMMITMENTS**Pledged promissory notes and financial guarantees**

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	1 027 050	1 009 050	1 009 050
Guarantees given by shareholders related to the nuclear waste management obligation	144 530	137 620	137 620

Investment commitments

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

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
OL1 and OL2	139 000	133 000	140 000
OL3	696 000	781 000	692 000
Total	835 000	914 000	832 000

Pending Court Cases and Disputes

Pending Court Cases and Disputes are to be found on page 7.