



TVO



Interim Report  
January–June 2012

## Teollisuuden Voima Oyj's Interim Report January 1–June 30, 2012

During the first half of the year the electricity production of Teollisuuden Voima Oyj continued safely and reliably in Olkiluoto 1 and Olkiluoto 2 plant units. In the Olkiluoto 3 project, the civil construction works have been mainly completed and the reactor main components are installed. Installation of the other components and engineering of the plant automation system continued. Based on the information submitted by AREVA-Siemens Consortium, TVO estimates that the plant unit will not be ready for regular electricity production in 2014. Bidding process as part of the bidding and engineering phase of the Olkiluoto 4 project continued. Bids for the new nuclear power plant unit are expected at the beginning of 2013.

### Operating Environment

During the first half of the year the use of electricity in Finland decreased by 2.4 per cent compared to the corresponding period of the previous year.

The summary report of the nuclear power plant stress tests was released in April by the European Nuclear Safety Regulators Group ENSREG. The stress tests will not directly lead to demands regarding NPP safety improvements but demands will be presented at the national level.

Alongside with the stress tests, EU launched an assessment of security arrangements in nuclear power plants, in which it was focused on threats caused by malicious acts and other illegal activities. In its report completed in May, the working group of the Council of the European Union lists 32 good practices. The Radiation and Nuclear Safety Authority in Finland (STUK) will take these recommendations into account when finalizing the new NPP guidelines.

### Financial Performance

The consolidated turnover for the period under review January 1–June 30, 2012 was EUR 169.0 (January 1–June 30, 2011: EUR 189.6) million. The amount of electricity delivered to shareholders was 6,822.4 (7,356.2) GWh.

The consolidated profit/loss was EUR -10.6 (-1.8) million.

### Financing and Liquidity

TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) totaled at the end of the period under review EUR 3,180.8 (December 31, 2011: 2,922.0) million excluding the loan from the Finnish State Nuclear Waste Management Fund, relented to shareholders. During the period under review, TVO raised a total of EUR 550.0 (33.9) million in non-current liabilities, of which EUR 20.0 million were subordinated shareholder loans. Repayments during the period under review amounted to EUR 120.6 (5.8) million.

Fitch Ratings has downgraded TVO's long-term issuer default rating and senior unsecured rating from A- to BBB+ and affirmed its short-term rating at F2. As a new rating, Standard & Poor's Rating Services assigned its BBB long-term and A-2 short-term corporate credit ratings to TVO. The outlook was assessed as being stable by both agencies.

In June, TVO updated the Euro Medium Term Note Program (EMTN) and raised the size of the program from EUR 2.5 billion to EUR 3 billion. During the first quarter of the year, TVO issued a EUR 500 million bond under the Euro Medium Term Note Program. The maturity of the bond is 7 years and it pays an annual coupon of 4.625 per cent. Furthermore, during the second quarter, TVO issued EUR 30 million private placement under the EMTN Program.

In March 2011, TVO signed a EUR 1.5 billion five-year syndicated credit facility with two one-year extension options. In March 2012, the facility was extended by one year with EUR 1.45 billion.

In February, the Company raised a EUR 20 million shareholder loan designated for the bidding and engineering phase of the OL4 project.

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. During the period under review, the loan was increased by EUR 39.2 (40.2) million. On June 30, 2012, the amount of the loan was EUR 881.7 (December 31, 2011: 842.6) million and it has been relented to the Company's A series shareholders.

## Nuclear Power

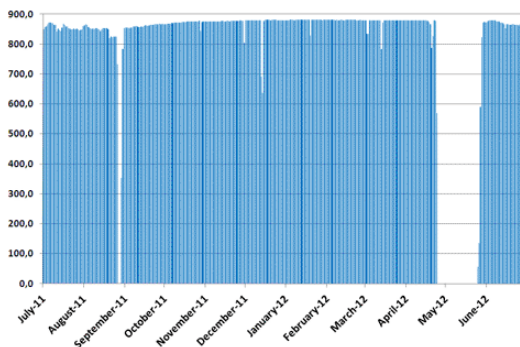
### Olkiluoto 1 and Olkiluoto 2

The electricity production of the Olkiluoto power plant units, Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) during the period under review was 6,756 (6,673) GWh. The total capacity factor was 88.1 (88.5) %.

The plant units operated safely and reliably during the period under review. OL1's net production was 3,137 (3,537) GWh and the capacity factor 81.8 (92.8) %. OL2's net production was 3,619 (3,136) GWh and the capacity factor 94.4 (84.1) %.

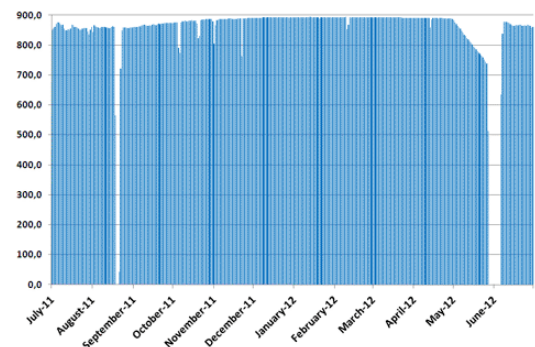
#### Olkiluoto 1

Average electrical power MW  
July 1, 2011–June 30, 2012



#### Olkiluoto 2

Average electrical power MW  
July 1, 2011–June 30, 2012



### Annual Outages

The 2012 annual outages at Olkiluoto nuclear power plant were started exceptionally already in April due to moisture detected in the main generator of the OL1 plant unit on April 24. The outages were completed on June 6, when OL2 was synchronized back to the national grid.

During the outage at OL1, the whole generator set was replaced according to previously made plans. Other major work carried out at OL1 included, among others, modification of the discharge side of the low-pressure turbines, modernization of the I&C of the condensate purification system, leak-tightness testing of the containment, and replacement of one of the auxiliary transformers. The annual outage of OL1 took just over 31 days. After the annual outage, a repair outage of about one day was implemented for a valve repair.

OL2 had a short refueling outage, which in addition to refueling mainly involved inspections and tests. The annual outage at OL2 took a good nine days.

Both plant units have operated reliably after the annual outages.

In addition to TVO's own personnel, the annual outages employed at best up to 997 external contractors' people, of whom 887 were Finnish.

The plant upgrades implemented in 2010–2012 have further improved the safety of the Olkiluoto NPP. As a result of enhanced efficiency of the turbine islands, the net electrical output of both OL1 and OL2 increased by approximately 20 megawatt.

### Olkiluoto 3

OL3, currently under construction, was commissioned as a fixed-price turnkey project from the Consortium (referred to as the Supplier) formed by AREVA NP GmbH, AREVA NP SAS and Siemens AG. Originally commercial electricity production was scheduled to start at the end of April 2009. The completion of the project, however, has been delayed. The Supplier's installation works and plant automation system engineering at the plant unit have not progressed according to the Supplier's schedules. Based on the information submitted by the Supplier, TVO estimates that the plant unit will not be ready for regular electricity production in 2014. The Supplier is responsible for the time schedule. TVO expects the Supplier to update the overall schedule and provide a new confirmation and analysis of the completion date as well as clarification of the measures needed to keep up with the schedule.

The civil construction works of the plant unit have been mainly completed. 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 inner parts of the reactor pressure vessel as well as equipment of the reactor pressure vessel lid continued. In the fuel and reactor building, installation works of the spent fuel mast bridge equipment continued. The lining works of the fuel and reactor pool were completed, and leak rate tests have been made. Installation of the other components and pipeline welding works as well as pressure tests at the reactor plant continued. At the turbine plant, the auxiliary stand-by transformer was permanently connected to the 110 kV external grid. 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 is under testing at Olkiluoto. Construction of TVO's office building continued.

The pending disputes concerning the plant unit are described on page 9, "Pending Court Cases and Disputes".

The workforce at the site at the end of the period under review was about 3,400. 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.

TVO continued preparations for the OL4 nuclear power plant project. Engineering with the potential plant suppliers to clarify licensability and constructability of the plant alternatives proceeded, as did also the procurement process aiming at the plant selection. Bids for the new plant unit are expected at the beginning of 2013.

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

#### **Nuclear Fuel**

During the period under review, nuclear fuel purchases amounted to EUR 19.1 (12.1) million and the amount consumed to EUR 21.3 (20.3) million.

The nuclear fuel and uranium stock carrying value on June 30, 2012 was EUR 176.1 (December 31, 2011: 178.4) 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 repository, 420 meters below ground level, excavation of two so called demonstration tunnels started at the beginning of 2011 were completed and the tunnels were taken over in May 2012. The purpose of

excavating the demonstration tunnels is to show in practice that Posiva is capable of building and excavating the final disposal tunnels and boring disposal holes as well as define position for the final disposal tunnels and holes in order to secure a safe final disposal. In one of the tunnels, four final disposal holes, each 8 meters deep and 1.8 meters in diameter, have been drilled by a boring machine taken over in December 2011. The operation of the boring machine has fulfilled its requirements.

The excavation works of ONKALO, the underground rock characterization facility, were completed in June 2012. The last completed, one-kilometer-long tunnel will be started to be equipped with technical systems in the autumn. Injections of one of the two ventilation shafts and personnel shaft have been continued. The raise boring of the shafts will be started during the autumn. The most significant construction project in 2012 will be the second phase's excavation works of the hoist equipment building. The actual construction works will start in 2013.

The spent fuel produced by the NPP units of TVO and Fortum in Finland 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. The license application is pending in the Ministry of Employment and the Economy (MEE).

The liabilities, in the consolidated financial statement, show a provision related to nuclear waste management liability of EUR 842.9 (December 31, 2011: 831.8) 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 into the Finnish State Nuclear Waste Management Fund. MEE 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 2012, the Finnish State Nuclear Management Fund confirmed TVO's nuclear waste management fee for 2011 at EUR 34.1 (36.9) million, which was paid into the Fund on April 2, 2012 (March 31, 2011).

## Coal Power

### Meri-Pori

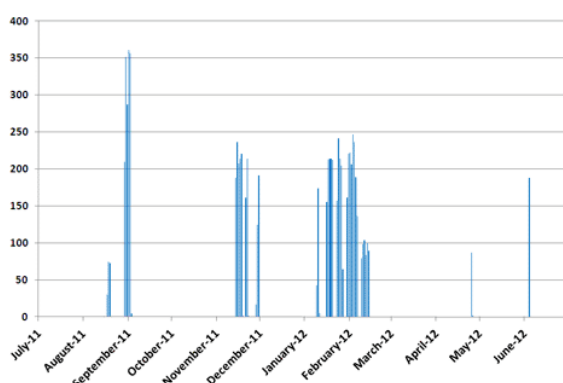
The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant on January 1–June 30, 2012 was 109.5 (730.4) GWh requiring 37.6 (243.8) thousand tons of coal and 91.5 (580.1) thousand tons of carbon dioxide emission rights.

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

#### **TVO's share of Meri-Pori's production**

Average electrical power MW

July 1, 2011–June 30, 2012



## Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 169.3 (153.9) million. Investments of the parent company were EUR 168.5 (154.1) million, of which EUR 143.3 (110.4) million was allocated to the OL3 project.



During the outage at the OL1 plant unit, works related to the modernization project, such as replacement of the generator as well as, among others, modification of the discharge side of the low-pressure turbines and modernization of the I&C of the condensate purification system were carried out.

Carbon dioxide emission rights acquired for the company's share of the Meri-Pori coal-fired power plant have been relinquished to the Energy Market Authority worth of EUR 6.7 (14.5) million. In 2012, emission rights and certified emission reductions for the company's share of the Meri-Pori coal-fired power plant have been acquired worth 0.1 (6.5) million. The Company's need for carbon dioxide emission rights for the period under review will be covered by acquired and free emission rights.

## 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.

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

TVO was also involved with the Supplier 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 ended with an award during the reporting period. The economic impacts of the award are considered to be minor.

During the reporting period, the arbitration tribunal made a decision regarding an interpretation dispute in treating the plant delivery installments already paid, which was informed to TVO after the reporting period. According to the decision, parts of a few installments, totaling approximately EUR 100 million, previously transferred to a blocked account by TVO under the plant contract will be released to the Supplier, and

TVO will pay interest the net amount of which is approximately EUR 23 million. The decision does not take position on the delay of the plant unit and the costs resulting from the delay, and it has no impact on TVO's business or the progress of the OL3 project.

## Personnel

The total number of personnel in the Group at the end of the period under review was 971 (December 31, 2011: 818, June 30, 2011: 957). The number of permanent employees at the end of the period under review was 761 (December 31, 2011: 742, June 30, 2011: 745).

On February 29, 2012, the Board of Directors of TVO appointed Anja Ussa as Senior Vice President, Finance and member of the Executive Team, and Lauri Piekkari as Senior Vice President, Treasury and member of the Executive Team. In this connection, the Company also implemented an organizational change by dividing the Finance Department into Finance and Treasury Departments. Klaus Luotonen, the former Senior Vice President for Finance continues in the employment of the Company as Senior Adviser. The appointments took effect as of May 1, 2012.

## Annual General Meeting

TVO's Annual General Meeting was held on March 22, 2012. The AGM approved the financial statement for the year 2011, confirmed the consolidated income statement and balance sheet and discharged the members of the Board of Directors and the President and CEO from liability. In addition, it was decided to make an amendment to the Articles of Association concerning the number of auditors as well as a change to the shareholder loan terms. PricewaterhouseCoopers Oy was selected as the Company's Auditor.

Eight Board members were re-elected. The new Board members elected were Pekka Manninen to replace Seppo Ruohonen and Juha Taavila to replace Mikael Hannus. 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 chose also 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 Report of the Board of Directors 2011.

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.

In accordance with STUK's new safety guidelines under preparation, TVO has initiated pre-planning of the required systems changes. 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.

Realization of the OL3 nuclear power plant project and preparing the plant unit for production use will be continued.

Preparations for the OL4 nuclear power plant project will proceed. Clarification of the licensability and constructability of the plant alternatives with the potential plant suppliers as well as procurement process aiming at the plant selection will continue.

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

Posiva Oy will continue the construction, equipping and investigations of the underground research facility at Olkiluoto and preparation of the construction license application of the disposal facility. The construction license application to the Council of State will be filed with the Ministry of Employment and the Economy by the end of 2012 as planned.

## Events After the Period Under Review

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

July 16, 2012

Teollisuuden Voima Oyj  
Board of Directors

## Key Figures of TVO Group

<b>TVO GROUP (IFRS) (M€)</b>	<b>1.1. - 30.6.2012</b>	<b>1.1. - 30.6.2011</b>	<b>1.1. - 31.12.2011</b>
Turnover	169	190	352
Profit/loss for the period	-11	-2	6
Investments <sup>1)</sup>	169	154	316
Equity	1 278	1 075	1 083
Subordinated shareholder loans (hybrid equity) (included in the former) <sup>3),5)</sup>	199	0	0
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>2)</sup>	3 163	2 726	2 847
Loans from equity holders of the company <sup>3),5)</sup>	0	179	179
Loan from VYR <sup>2)</sup>	882	843	843
Provision related to nuclear waste management	843	815	832
Balance sheet total	6 347	5 785	5 939
Equity ratio % <sup>4)</sup>	27,7	30,4	29,6
Average number of personnel	889	865	853

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

<sup>2)</sup> The Finnish State Nuclear Waste Management Fund (VYR)

<sup>3)</sup> Subordinated loans

<sup>4)</sup> Equity ratio % = 100 x 
$$\frac{\text{equity} + \text{loans from equity holders of the company}}{\text{balance sheet total} - \text{provision related to nuclear waste management} - \text{loan from the Finnish State Nuclear Waste Management Fund}}$$

<sup>5)</sup> During the reporting period, the terms of the loans of the equity holders of the company have been changed and the loans are included in equity according to IFRS standards.

## Key Figures of Teollisuuden Voima Oyj

TEOLLISUUDEN VOIMA OYJ (FAS) (M€)	1.1. - 30.6.2012	1.1. - 30.6.2011	1.1. - 31.12.2011
Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).			
Turnover	167	187	347
Profit/loss before appropriations	-9	0	8
Fuel costs	25	41	67
Nuclear waste management costs	40	35	68
Capital expenditure (depreciation and financial income and expenses)	33	34	68
Investments <sup>1)</sup>	169	154	314
Equity	858	858	858
Appropriations	157	157	165
Non-current and current interest-bearing liabilities (excluding loan from VYR) <sup>2)</sup>	2 982	2 632	2 743
Loans from equity holders of the company <sup>3)</sup>	199	179	179
Loan from VYR <sup>2)</sup>	882	843	843
Balance sheet total	5 257	4 816	4 944
Equity ratio % <sup>4)</sup>	27,7	30,1	29,3
Average number of personnel	883	859	847

<sup>1)</sup> Acquisitions of tangible and intangible assets and shares are based on gross investments.

<sup>2)</sup> The Finnish State Nuclear Waste Management Fund (VYR)

<sup>3)</sup> Subordinated loans

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

## ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)

	1.1. - 30.6.2012	1.1. - 30.6.2011	1.1. - 31.12.2011
Nuclear power	6 713	6 626	14 129
Coal-fired power	109	730	815
Total	6 822	7 356	14 944

TVO GROUP

## CONSOLIDATED FINANCIAL STATEMENT IN BRIEF AND NOTES

### Consolidated Income Statement

1 000 €	1.1. - 30.6.2012	1.1. - 30.6.2011	1.1. - 31.12.2011
<b>Turnover</b>	<b>168 986</b>	<b>189 625</b>	<b>352 372</b>
Work performed for own purposes	7 015	6 087	11 173
Other income	4 492	4 755	9 086
Materials and services	-58 746	-78 307	-126 250
Personnel expenses	-32 191	-31 371	-59 219
Depreciation and impairment charges	-28 725	-28 816	-58 022
Other expenses	-52 353	-46 409	-85 406
<b>Operating profit/loss</b>	<b>8 478</b>	<b>15 564</b>	<b>43 734</b>
Finance income	18 788	19 451	39 184
Finance expenses	-37 834	-36 810	-77 265
Total finance income and expenses	-19 046	-17 359	-38 081
<b>Profit/loss before income tax</b>	<b>-10 568</b>	<b>-1 795</b>	<b>5 653</b>
Income taxes	-1	-2	-2
<b>Profit/loss for the period</b>	<b>-10 569</b>	<b>-1 797</b>	<b>5 651</b>

#### Profit/loss for the period attributable to:

Equity holders of the company	-10 569	-1 797	5 651
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### Consolidated Statement of Comprehensive Income

1 000 €	1.1. - 30.6.2012	1.1. - 30.6.2011	1.1. - 31.12.2011
Profit/loss for the period	-10 569	-1 797	5 651
Other comprehensive items			
Changes in fair values of the available-for-sale investments	762	1 347	-538
Cash flow hedges	7 130	4 409	6 934
Total other comprehensive profit/loss items for the period	7 892	5 756	6 396
<b>Total comprehensive profit/loss for the period</b>	<b>-2 677</b>	<b>3 959</b>	<b>12 047</b>

#### Total comprehensive profit/loss for the period attributable to:

Equity holders of the company	-2 677	3 959	12 047
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TVO GROUP

## Consolidated Statement of Financial Position

1 000 €	30.6.2012	30.6.2011	31.12.2011
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 959 600	3 688 262	3 821 833
Intangible assets	7 747	15 070	14 988
Loans and other receivables	886 253	847 393	847 076
Investments in associates and joint ventures	1 009	1 009	1 009
Investments in shares	14 582	15 704	13 819
Derivative financial instruments	94 118	676	8 951
Share in the Finnish State Nuclear Waste Management Fund	842 912	815 002	831 828
<b>Total non-current assets</b>	<b>5 806 221</b>	<b>5 383 116</b>	<b>5 539 504</b>
<b>Current assets</b>			
Inventories	238 949	192 329	234 334
Trade and other receivables	52 434	113 309	58 562
Derivative financial instruments	3 845	373	996
Fund units	0	0	0
Cash and cash equivalents	245 139	95 619	105 535
<b>Total current assets</b>	<b>540 367</b>	<b>401 630</b>	<b>399 427</b>
<b>Total assets</b>	<b>6 346 588</b>	<b>5 784 746</b>	<b>5 938 931</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	606 193	540 992	606 193
Share issue	0	65 201	0
Share premium reserve and statutory reserve	242 383	242 383	242 383
Fair value and other reserves	-11 126	-19 658	-19 018
Subordinated shareholder loans (hybrid equity)	199 300	0	0
Retained earnings	241 434	245 771	253 219
<b>Total equity</b>	<b>1 278 184</b>	<b>1 074 689</b>	<b>1 082 777</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision related to nuclear waste management	842 912	815 002	831 828
Loans from equity holders of the company	0	179 300	179 300
Loan from the Finnish State Nuclear Waste Management Fund	881 726	842 550	842 550
Bonds	1 865 266	1 253 524	1 254 160
Other financial liabilities	850 830	1 042 506	922 169
Derivative financial instruments	54 522	42 914	53 108
<b>Total non-current liabilities</b>	<b>4 495 256</b>	<b>4 175 796</b>	<b>4 083 115</b>
<b>Current liabilities</b>			
Current financial liabilities	391 495	380 498	612 411
Derivative financial instruments	664	6 175	4 992
Advance payments received	45 113	45 187	22 922
Trade payables	19 118	21 594	11 003
Other current liabilities	116 758	80 807	121 711
<b>Total current liabilities</b>	<b>573 148</b>	<b>534 261</b>	<b>773 039</b>
<b>Total liabilities</b>	<b>5 068 404</b>	<b>4 710 057</b>	<b>4 856 154</b>
<b>Total equity and liabilities</b>	<b>6 346 588</b>	<b>5 784 746</b>	<b>5 938 931</b>



**Consolidated Statement of Changes in Equity**

<b>1 000 €</b>	<b>Share capital</b>	<b>Share issue</b>	<b>Share premium reserve and statutory reserve</b>	<b>Fair value and other reserves</b>	<b>Subordinated shareholder loans (hybrid equity)</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Total equity</b>
<b>Equity 1.1.2012</b>	<b>606 193</b>	<b>0</b>	<b>242 383</b>	<b>-19 018</b>	<b>0</b>	<b>253 219</b>	<b>1 082 777</b>	<b>1 082 777</b>
Profit/loss for the period	0	0	0	0	0	-10 569	-10 569	-10 569
Other comprehensive items								
Changes in fair values of the available-for-sale investments	0	0	0	762	0	0	762	762
Cash flow hedges	0	0	0	7 130	0	0	7 130	7 130
Subordinated shareholder loans (hybrid equity)	0	0	0	0	199 300	0	199 300	199 300
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	0	-1 216	-1 216	-1 216
<b>Equity 30.6.2012</b>	<b>606 193</b>	<b>0</b>	<b>242 383</b>	<b>-11 126</b>	<b>199 300</b>	<b>241 434</b>	<b>1 278 184</b>	<b>1 278 184</b>

<b>1 000 €</b>	<b>Share capital</b>	<b>Share issue</b>	<b>Share premium reserve and statutory reserve</b>	<b>Fair value and other reserves</b>	<b>Subordinated shareholder loans (hybrid equity)</b>	<b>Retained earnings</b>	<b>Attributable to equity holders of the company</b>	<b>Total equity</b>
<b>Equity 1.1.2011</b>	<b>540 992</b>	<b>0</b>	<b>242 383</b>	<b>-25 414</b>	<b>0</b>	<b>247 568</b>	<b>1 005 529</b>	<b>1 005 529</b>
Profit/loss for the period	0	0	0	0	0	-1 797	-1 797	-1 797
Other comprehensive items								
Changes in fair values of the available-for-sale investments	0	0	0	1 347	0	0	1 347	1 347
Cash flow hedges	0	0	0	4 409	0	0	4 409	4 409
Share issue	0	65 201	0	0	0	0	65 201	65 201
<b>Equity 30.6.2011</b>	<b>540 992</b>	<b>65 201</b>	<b>242 383</b>	<b>-19 658</b>	<b>0</b>	<b>245 771</b>	<b>1 074 689</b>	<b>1 074 689</b>

TVO GROUP

## Consolidated Statement of Cash Flows

1 000 €	30.6.2012	30.6.2011	31.12.2011
<b>Operating activities</b>			
Profit/loss for the period	-10 569	-1 797	5 651
Adjustments:			
Income tax expenses	1	2	2
Finance income and expenses	19 046	17 358	38 082
Depreciation and impairment charges	28 725	28 816	58 022
Other non-cash flow income and expenses	-12 883	-10 540	-25 796
Sales profit/loss of property, plant and equipment and shares	10	-109	-143
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	-1 150	10 317	9 313
Increase (-) or decrease (+) in inventories	-4 482	413	-41 592
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	30 526	15 097	-4 124
Interest paid and other finance expenses	-22 223	-21 213	-25 565
Dividends received	760	726	728
Interest received	15 732	10 800	10 731
Taxes paid	-1	-2	-1
<b>Cash flow from operating activities</b>	<b>43 492</b>	<b>49 868</b>	<b>25 308</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	-159 457	-179 105	-321 068
Proceeds from sale of property, plant and equipment	31	0	33
Acquisition of intangible assets	-13	-98	-447
Acquisition of shares	-2	-346	-473
Proceeds from sale of shares	0	303	363
Loan receivables granted	-39 176	-40 200	-40 337
Repayments of loans granted	0	0	382
<b>Cash flow from investing activities</b>	<b>-198 617</b>	<b>-219 446</b>	<b>-361 547</b>
<b>Financing activities</b>			
Share issue	0	0	65 201
Withdrawals of subordinated shareholder loans (hybrid equity)	20 000	0	0
Withdrawals of long-term loans	569 176	74 098	74 098
Repayment of long-term loans	-121 436	-5 823	-11 645
Interest paid of subordinated shareholder loans (hybrid equity)	-2 467	0	0
Increase (-) or decrease (+) in interest-bearing receivables	0	0	69
Increase (+) or decrease (-) in current financial liabilities	-170 544	98 822	215 951
<b>Cash flow from financing activities</b>	<b>294 729</b>	<b>167 097</b>	<b>343 674</b>
<b>Change in cash and cash equivalents</b>	<b>139 604</b>	<b>-2 481</b>	<b>7 435</b>
Cash and cash equivalents at the beginning of period	105 535	98 100	98 100
Changes in fair values of the fund units	0	0	0
<b>Cash and cash equivalents at the end of period</b>	<b>245 139</b>	<b>95 619</b>	<b>105 535</b>

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 2011. Additionally the changes according to revised IAS/IFRS standards have been adopted. The standards issued during the year 2012 have no impact in the consolidated financial statements.

### Subordinated shareholder loans (hybrid equity)

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

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

### Property, plant and equipment

OL4 is a nuclear power plant unit under bidding and engineering phase. All the realized costs on the OL4 project that meet recognition criteria are shown as incomplete plant investment.

### Derivative financial instruments and hedge accounting

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

### Consolidated cash flow statement

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.

### 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 2011.

## TVO GROUP

### SEGMENT REPORTING

#### Segment structure in TVO

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, 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

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
Nuclear power	159 205	154 541	307 846
Coal-fired power	9 781	35 084	44 526
<b>Total</b>	<b>168 986</b>	<b>189 625</b>	<b>352 372</b>

### PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
Nuclear power	-6 373	57	10 028
Coal-fired power	-2 538	256	-1 982
Profit/loss before appropriations (FAS)	-8 911	313	8 046
The impact of the nuclear waste management obligation	-1 628	-3 055	-3 107
The impact of financial instruments	-30	945	712
<b>Total (IFRS)</b>	<b>-10 569</b>	<b>-1 797</b>	<b>5 651</b>

### ASSETS BY SEGMENTS

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
Nuclear power	5 158 106	4 736 911	4 844 479
Coal-fired power	100 961	80 503	100 226
Total (FAS)	5 259 067	4 817 414	4 944 705
The impact of the nuclear waste management obligation	938 396	912 166	928 940
The impact of financial instruments	72 857	-23 985	-10 943
The impact of finance leases	63 740	65 500	64 463
Other IFRS adjustments	12 528	13 651	11 766
<b>Total (IFRS)</b>	<b>6 346 588</b>	<b>5 784 746</b>	<b>5 938 931</b>

TVO GROUP

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
<b>Opening net book amount</b>	<b>3 821 833</b>	<b>3 578 775</b>	<b>3 578 775</b>
Increase	169 117	146 948	308 529
Decrease	-3 319	-9 461	-10 884
Depreciation and impairment charges	-28 081	-28 164	-56 721
Accumulated depreciation from deduction	50	164	2 134
<b>Closing net book amount</b>	<b>3 959 600</b>	<b>3 688 262</b>	<b>3 821 833</b>

**CHANGES IN INTANGIBLE ASSETS**

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
<b>Opening net book amount</b>	<b>14 988</b>	<b>23 633</b>	<b>23 633</b>
Increase	136	6 613	7 181
Decrease	-6 733	-14 524	-14 524
Depreciation and impairment charges	-644	-652	-1 302
Accumulated depreciation from deduction	0	0	0
<b>Closing net book amount</b>	<b>7 747</b>	<b>15 070</b>	<b>14 988</b>

TVO GROUP

#### FINANCIAL RISK MANAGEMENT

The objective of financial risk management and finance policy are the same as those applied to the annual financial statement for the year ended 31 December 2011.

#### DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments \*

1 000 €	30.6.2012	30.6.2011	31.12.2011
Interest rate option agreements			
Purchased	0	120 000	30 000
Written	0	120 000	30 000
Interest rate swaps	1 221 446	1 188 446	1 108 446
Forward foreign exchange contracts and swaps	154 245	128 608	144 192
Cross-currency swaps	710 507	0	0
<b>Total</b>	<b>2 086 198</b>	<b>1 557 054</b>	<b>1 312 638</b>

Fair values of the derivative financial instruments \*

1 000 €	30.6.2012			30.6.2011			31.12.2011		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate swaps									
Cash flow hedges	0	-36 564	-36 564	0	-28 614	-28 614	0	-38 131	-38 131
Fair value hedges	7 548	0	7 548	0	0	0	0	0	0
Non-hedges	222	-17 556	-17 334	208	-16 802	-16 593	288	-19 327	-19 039
Forward foreign exchange contracts and swaps									
Cash flow hedges	13 953	-3	13 950	782	-2 932	-2 150	9 564	-361	9 203
Non-hedges	349	-9	340	58	-216	-158	95	-232	-137
Cross-currency swaps									
Non-hedges	75 891	-1 053	74 838	0	0	0	0	0	0
Forward foreign exchange options (non-hedges)									
Purchased	0	0	0	0	-23	-23	0	0	0
Written	0	0	0	0	-124	-124	0	0	0
Interest rate option agreements (non-hedges)									
Purchased	0	0	0	0	0	0	0	0	0
Written	0	0	0	0	-379	-379	0	-49	-49
<b>Total</b>	<b>97 963</b>	<b>-55 186</b>	<b>42 778</b>	<b>1 049</b>	<b>-49 089</b>	<b>-48 040</b>	<b>9 947</b>	<b>-58 100</b>	<b>-48 153</b>

\* Cross-currency swaps related to Private Placements included.

#### BONDS

During the period under review, TVO issued EUR 500 million bond and EUR 30 million private placement under the Euro Medium Term Note Programme (EMTN).

TVO GROUP

**ASSETS AND PROVISION RELATED TO NUCLEAR WASTE MANAGEMENT OBLIGATION**

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

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	842 912	815 002	831 828
Provision related to nuclear waste management (non-current liabilities)	842 912	815 002	831 828

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

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
Liability for nuclear waste management according to the Nuclear Energy Act	1 207 100	1 179 100	1 207 100
Funding target obligation	1 179 100	1 123 400	1 179 100
TVO's share in the Finnish State Nuclear Waste Management Fund	1 179 100	1 123 400	1 145 100
Difference between the liability and TVO's share of the fund	28 000	55 700	62 000

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 every third year.

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. During this interim reporting period TVO has paid to the Finnish State Nuclear Waste Management Fund EUR 34.1 million which has been decided by the supervising authority (Ministry of Employment and the Economy, MEE). TVO's share in the Finnish Nuclear Waste Management Fund on 30 June 2012 is EUR 1,179.1 million. The carrying amount in the balance sheet is EUR 842.9 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.

In 2007 by virtue of section 46 of the Nuclear Energy Act the Council of State accepted TVO's petition to reduce the funding target obligation for the years 2008 - 2012. TVO has issued 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, and are to be found in note Obligations and other commitments.

TVO GROUP

**OBLIGATIONS AND OTHER COMMITMENTS**

**Pledged promissory notes and financial guarantees**

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	881 726	842 550	842 550
Guarantees given by shareholders related to the nuclear waste management obligation	147 610	165 140	165 140

**Investment commitments**

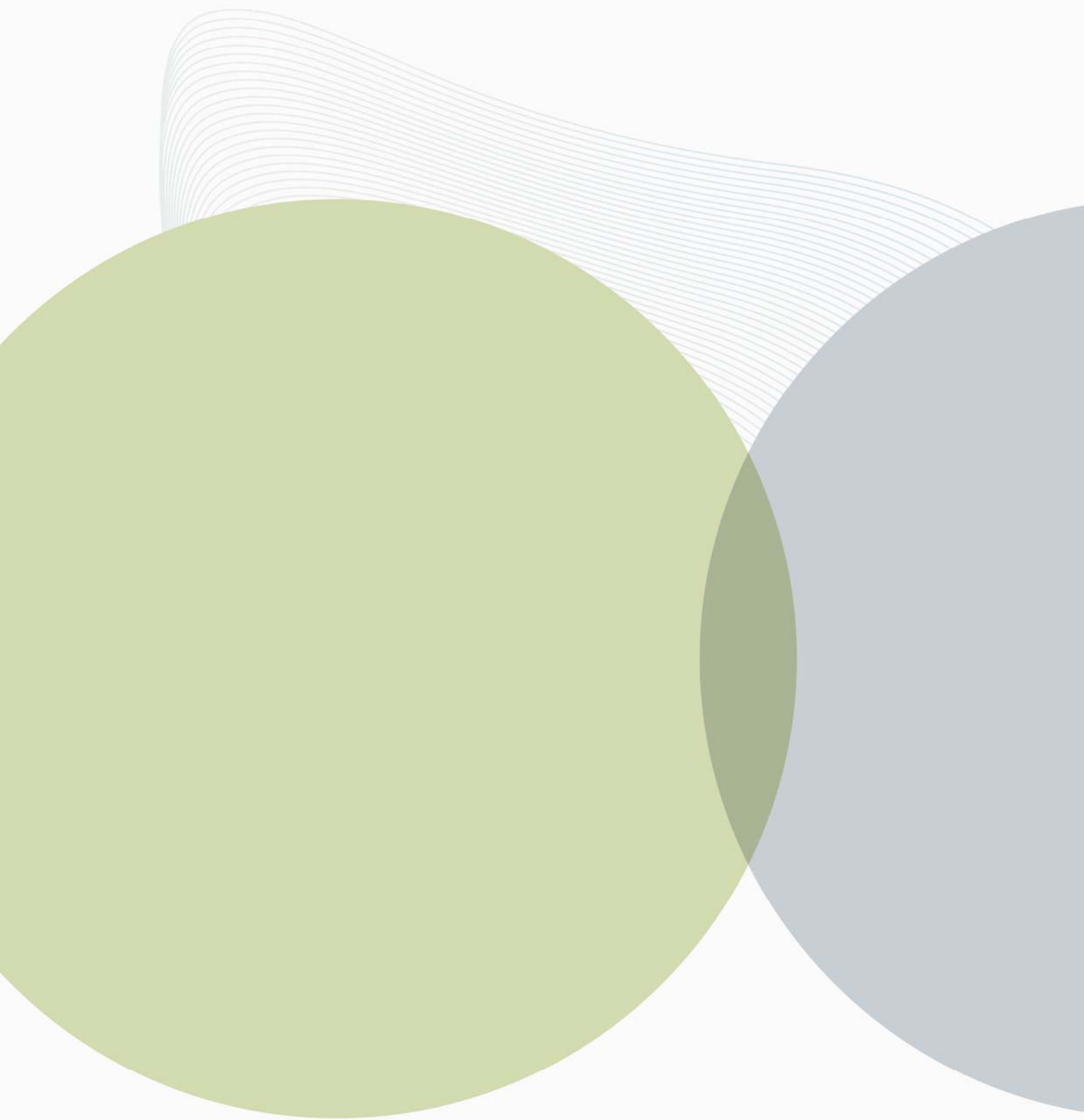
Agreement-based commitments regarding the acquisition of property, plant and equipment:

<b>1 000 €</b>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
OL1 and OL2	22 000	20 000	14 000
OL3	695 000	695 000	687 000
OL4	28 000	0	0
<b>Total</b>	<b>745 000</b>	<b>715 000</b>	<b>701 000</b>

**Pending Court Cases and Disputes**

Pending Court Cases and Disputes are to be found in page 9.





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