



WELL-BEING WITH
NUCLEAR ELECTRICITY



Interim Report

January–June 2015

Teollisuuden Voima Oyj's Interim Report January 1–June 30, 2015

Teollisuuden Voima's electricity generation at Olkiluoto 1 and Olkiluoto 2 plant units continued safely during the first half of the year. A generator failure in OL2 had a negative effect on production in February. The Olkiluoto 3 I&C tests in the test bay in Erlangen, Germany, progressed. According to the Supplier, regular electricity production of OL3 unit will commence in late 2018. Co-operation negotiations were held in January–February. In June, Teollisuuden Voima's General Meeting decided, as proposed by the Board of Directors, not to apply for a construction license for the Olkiluoto 4 nuclear power plant unit during the validity of the decision-in-principle made in 2010.

Operating Environment

During the first half of the year, the use of electricity in Finland decreased by 1.3 per cent compared to the corresponding period of the previous year.

The Program of Prime Minister Sipilä's Government was finalized at the end of May. The Government's objective included replacing imported fossil fuel-based energy and achieving the 2020 climate objectives during the government term. There is no mention of nuclear power in the program; however, there is plenty of space for nuclear power in relation to the Government's target of 50 per cent of renewable energy in the 2020s.

In March, Parliament passed a bill to amend the Finnish Nuclear Energy Act and the Radiation Act. The Radiation and Nuclear Safety Authority in Finland (STUK) received a stronger mandate and the authority to issue binding regulations on the safe use of radiation. The nuclear safety research fee collected from nuclear plant holders and the fees charged to licensees under a waste management obligation will be increased for a fixed term. For TVO, the fees charged will increase by approximately EUR 2 million per year, over the period 2016–2020.

The European Commission released in February a communication on the proposed EU Energy Union. In the paper, the Commission draws up its future actions and considers which areas of energy policy will need increased EU-level actions. According to the communication, diversification of the supply of nuclear fuel is important to ensure supply security. The Energy Council approved the conclusions relating to the communication in June, and the European Parliament will discuss the communication during the summer and autumn.

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. 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. Key indicators based on financial performance will not be presented due to the Company's operating principle.

The consolidated turnover for the period under review January 1–June 30, 2015 was EUR 155.9 (January 1–June 30, 2014: EUR 169.2 million). The amount of electricity delivered to shareholders

was 6,587.1 (7,183.0) GWh. The drop in the amount of electricity delivered to shareholders was mainly caused by a near three-week shutdown of OL2 due to water leakage from the generator, and lower electricity supply of the Meri-Pori coal-fired power plant compared to the previous year.

The consolidated profit/loss was EUR -1.0 (-0.8) million.

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 lent to shareholders, totaled EUR 3,902.3 (December 31, 2014: 3,727.3) million, of which EUR 379.3 (439.3) million were subordinated shareholder loans. During the period under review, TVO raised a total of EUR 500.0 (626.0) million in non-current liabilities. Repayments during the period under review amounted to EUR 152.9 (554.5) million, of which EUR 60.0 (0.0) million were subordinated shareholder loans.

In January, Japan Credit Rating Agency (JCR) lowered its AA rating for TVO to AA- and deemed the outlook to be stable. In May, Fitch Ratings reinstated its rating to BBB/A-3 with a stable outlook. On the other hand, Standard & Poor's lowered its rating for TVO in May from BBB/A-2 to BBB-/A-3 with a continued negative outlook.

In February, TVO issued a EUR 500 million 10-year bond with an annual coupon of 2.125 per cent under its Euro Medium Term Note (EMTN) Program. In June, the value of the EMTN Program was increased from EUR 3.5 billion to EUR 4 billion.

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 June 30, 2015, the amount of the loan was EUR 1,009.1 (December 31, 2014: 982.8) million, which has been re-lent to the Company's A-series shareholders. The loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 26.3 (51.1) million on March 31, 2015.

Nuclear Power

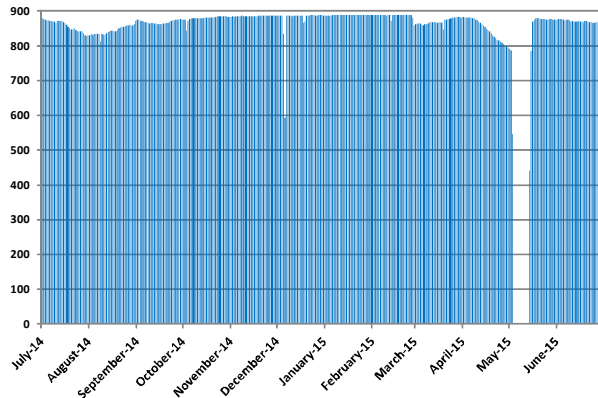
Olkiluoto 1 and Olkiluoto 2

The electricity production of the Olkiluoto power plant units Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) during the period under review was 6,560 (7,091) GWh. The total load factor was 86.0 (93.0) per cent.

The plant units operated safely during the period under review. OL1's net production was 3,557 (3,430) GWh and the load factor 93.3 (90.0) %. OL2's net production was 3,003 (3,661) GWh and the load factor 78.7 (90.1) %.

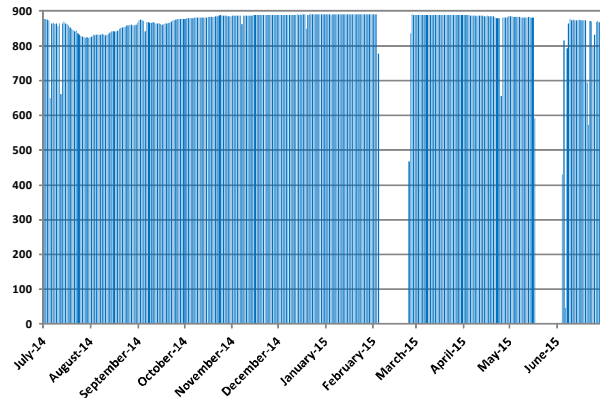
Olkiluoto 1

Average electrical power MW
July 1, 2014–June 30, 2015



Olkiluoto 2

Average electrical power MW
July 1, 2014–June 30, 2015



OL2 was out of production in February nearly three weeks. On February 4, a leakage was detected in the water-cooled generator of the plant unit, and the electricity generation was interrupted. After the problem was examined by the experts of TVO and the generator supplier, TVO decided to replace the rotor of the generator. The electricity generation was restarted on February 24.

Annual Outages

The annual outages of 2015 at the Olkiluoto nuclear power plant were carried out from May 3–June 5, 2015. OL1 underwent a refueling outage that lasted more than 10 days, and OL2 had a maintenance outage taking more than 17 days.

In addition to refueling, maintenance, repair work and tests were carried out in OL1, and a mixing unit in the feedwater system was replaced.

Apart from refueling, the major activities carried out in OL2 included equipment work in two sub-systems, one of them comprising the replacement of low-voltage equipment. Both feedwater mixing units were also replaced.

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

Olkiluoto 3

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

In December 2013, the Supplier announced that it would cut down the number of subcontractors and work staff at the OL3 site, one of the reasons for which being the unfinished state of the design process. Therefore, there has been little progress in the installation works at the site.

In September 2014, TVO received more information on the OL3 schedule from the Supplier. According to the Supplier, regular electricity production of the unit will commence in late 2018. At the moment, the proposed schedule is undergoing detailed scrutiny.

The civil construction work of the plant unit is mainly completed, although some cladding work on the exterior walls is to be carried out later.

Pipeline installation and welding works in the emergency power generating building continued. Works on the cabling, as well as preservation of the pipes and equipment, also continued. Testing of the instrumentation and control (I&C) systems in the test bay in Erlangen, Germany, progressed.

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

During the period under review, the workforce at the site has increased by approximately 300 people, amounting to approximately 1,100 at the end of the period. The occupational safety at the site remained at a good level.

The pending disputes concerning the plant unit are described in the paragraph named '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.

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 (Olkiluoto 4) in Olkiluoto. According to the decision-in-principle, it will expire unless an application for a construction license is submitted a maximum of five years after the date of Parliament's decision to approve the decision-in-principle.

On May 20, 2014, TVO submitted an application to the Government asking for a new time limit for submitting the construction license application, and for a decision addressing the fact that despite changes to the timing of the project, the construction of the OL4 plant unit is still in accordance with the overall good of society. On September 25, 2014, the Government rejected TVO's application.

TVO's Extraordinary General Meeting on June 24, 2015 decided as proposed by the Board of Directors of the Company not to apply for a construction license for OL4 during the validity of the decision-in-principle and not to carry out the project referred to in the contractual and promissory note which the shareholders and TVO signed earlier for the bidding and engineering phase.

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 does not affect TVO's consolidated profit/loss, as TVO has invoiced the impairment charge from the shareholders in proportion to their shareholder loans to OL4. The impairment charge invoiced from the shareholders is presented under other income. TVO has settled the invoices against the OL4 shareholder loans and has refunded EUR 1.8 million to the shareholders. On June 30, 2015, there are no remaining OL4 shareholder loans or shareholder loan commitments.

TVO will remain prepared for applying for a new decision-in-principle for OL4. The application is subject to a separate decision.

Nuclear Fuel

During the period under review, nuclear fuel purchases amounted to EUR 25.6 (15.4) million and the amount consumed to EUR 25.6 (23.9) million.

The nuclear fuel and uranium stock carrying value on June 30, 2015 was EUR 211.4 (December 31, 2014: 211.4).

Nuclear Waste Management

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

The Ministry of Employment and the Economy is currently preparing a draft resolution for the Government that will make the decision to grant a construction license for the Olkiluoto encapsulation plant and final repository.

Both overground and underground facilities of the plant project have progressed to the implementation planning stage. Construction of the second phase of the elevator and entrance building is progressing. Topping out was celebrated in May, 2015. After completion of tests in the testing facility above ground, tests on the machinery and equipment used for the final disposal of spent nuclear fuel are now carried out at the final deposition depth in the ONKALO facility. Tests with the bentonite buffer installation device were carried out successfully in ONKALO.

The liabilities in the consolidated financial statement show a provision related to nuclear waste management liability of EUR 945.7 (December 31, 2014: 930.3) million, calculated according to the international IFRS accounting principles. A corresponding amount, under assets, represents the Company's share in the Finnish State Nuclear Waste Management Fund.

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

In March 2015, the Finnish State Nuclear Management Fund confirmed TVO's nuclear waste management fee for 2014 at EUR 20.8 (56.1) million, which was paid into the Fund on March 31, 2015 (March 31, 2014). The nuclear waste management fee for 2015 will be confirmed in March 2016.

Coal Power

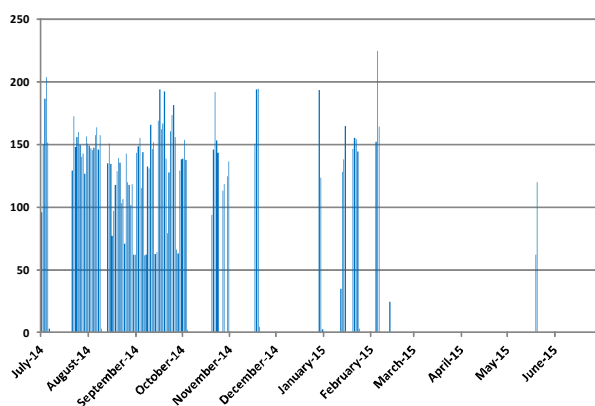
Meri-Pori

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant on January 1–June 30, 2015 was 43.6 (105.1) GWh requiring 15.7 (39.8) thousand tons of coal and 36.2 (89.2) thousand tons of carbon dioxide emission rights.

TVO's share of Meri-Pori's production

Average electrical power MW

July 1, 2014–June 30, 2015



Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 126,0 (181.8) million. Investments of the parent company were EUR 124,2 (182.4) million, of which EUR 98,6 (162.2) million was allocated to the OL3 project.

TVO continued to carry out modernization projects in the operating plant units.

In May 2013, TVO signed an agreement with Wärtsilä Finland Oy for the delivery of emergency diesel generators and associated auxiliary systems to Olkiluoto. A total of nine generators will be delivered, and TVO is in charge of the construction work required for the project, as well as for the connection of the diesel generators to TVO's other systems. The emergency diesel generators of OL1 and OL2 are to be replaced by 2021. This is the largest plant modification project ever carried out in Olkiluoto.

In July 2014, TVO signed a contract with Westinghouse Electric Sweden (WSE) for the replacement of the main circulation pumps at OL1 and OL2. The contract covers 12 main circulation pumps. The replacement of the pumps takes place under a turnkey contract. WSE is responsible for the installing of the pumps and for the manufacture of special tools, as well as for the design and engineering of the pumps in collaboration with their manufacturer. TVO's scope of the delivery covers the provision of the supporting services specified in the contract during the installation period. The main circulation pumps will be replaced during the annual outages of 2016–2018.

Carbon dioxide emission rights have been relinquished to the Energy Market authority worth EUR 1,9 (2.7) million. During the period under review, emission rights have been acquired worth EUR 0,3 (0.5) million. The Company's need for carbon dioxide emission rights for the period under review will be 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 October 2014, TVO updated its quantification estimate of its costs and losses to amount to approximately EUR 2.3 billion by the end of 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, submitted in October 2014 and updated in November 2014, is in total approximately EUR 3.4 billion. The claim covers events that occurred during the construction period until the end of June 2011. The sum includes penalty interest (calculated until October 2014) and payments delayed by TVO under the plant contract amounting to a total of EUR 1.2 billion, as well as approximately EUR 150 million in alleged loss of profit. Having considered and found the earlier claims by the Supplier to be without merit, TVO will scrutinize the updated claim and respond to it in due course.

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

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

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

Personnel

The total number of personnel in the Group at the end of the period under review was 813 (December 31, 2014: 809; June 30, 2014: 933). The number of permanent employees at the end of the period under review was 732 (December 31, 2014: 754; June 30, 2014: 765).

TVO's co-operation negotiations initiated in the beginning of January 2015 concluded at the end of February. The negotiations focused on reorganizing functions and improving cost efficiency with the view to secure TVO's competitive edge on the challenging electricity supply market. The aim was to generate savings of EUR 15 million per year. Prior to the negotiations, the estimated maximum need of personnel reductions was 110 man-years. Through the negotiations, the number of personnel was cut by 42 employees, including 11 terminated contracts. Other personnel reductions will be achieved through voluntary arrangements, amounting to approximately 100 man-years. According to estimates, the total reductions will be achieved by the end of the year. The co-operation negotiations concerned the near-entire TVO personnel of approximately 700 employees.

Annual General Meeting

TVO's Annual General Meeting was held on March 20, 2015. The AGM approved the financial statements for the year 2014, confirmed the consolidated income statement and balance sheet and discharged the members of the Board of Directors, along with the President, CEO and his deputy from liability.

Nine Board members were re-elected. Markus Mannström was elected as a new member to replace Juha Taavila. At its organization meeting held on the same day as the AGM, the Board elected Lauri Virkkunen as Chairman and Matti Ruotsala as Deputy Chairman. The Board also chose the members and chairmen of the Board Committees from among its members.

Extraordinary General Meeting

TVO's Extraordinary General Meeting was held on June 24, 2015. The EGM decided, as proposed by the Board of Directors, not to apply for a construction licence for the Olkiluoto 4 nuclear power plant unit during the validity of the decision-in-principle made in 2010.

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 2014 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 use will be continued. TVO continues to support the Supplier to finalize the project.

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

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

Events after the Period under Review

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

July 16, 2015

Teollisuuden Voima Oyj
Board of Directors

KEY FIGURES OF TVO GROUP

TVO GROUP (IFRS) (M€)	1.1. - 30.6.2015	1.1. - 30.6.2014	1.1. - 31.12.2014
Turnover	156	169	327
Profit/loss for the period	-1	-1	-1
Investments ¹⁾	126	182	339
Equity	1 536	1 457	1 575
Subordinated shareholder loans (hybrid equity) (included in the former) ³⁾	379	339	439
Non-current and current interest-bearing liabilities (excluding loan from VYR) ²⁾	3 661	3 386	3 428
Loan from VYR ²⁾	1 009	983	983
Provision related to nuclear waste management	946	910	930
Balance sheet total	7 295	6 868	7 054
Equity ratio % ⁴⁾	28,8	29,3	30,6
Average number of personnel	825	885	863

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. - 30.6.2015	1.1. - 30.6.2014	1.1. - 31.12.2014
Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).			
Turnover	155	168	325
Profit/loss before appropriations	-1	2	5
Fuel costs	27	28	66
Nuclear waste management costs	22	28	51
Capital expenditure (depreciation and financial income and expenses) ⁵⁾	84	30	59
Investments ¹⁾	124	182	339
Equity	858	858	858
Appropriations	171	169	173
Non-current and current interest-bearing liabilities (excluding loan from VYR and shareholder loans) ²⁾	3 523	3 254	3 288
Loans from equity holders of the company ³⁾	379	339	439
Loan from VYR ²⁾	1 009	983	983
Balance sheet total	6 084	5 736	5 879
Equity ratio % ⁴⁾	27,8	28,7	30,0
Average number of personnel	821	880	858

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

equity + appropriations + loans from equity holders of the company
 balance sheet total - loan from the Finnish State Nuclear Waste Management Fund

⁵⁾ OL4 impairment charge EUR 58 million (2015)

ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)

	1.1. - 30.6.2015	1.1. - 30.6.2014	1.1. - 31.12.2014
Nuclear power	6 543	7 078	14 740
Coal-fired power	44	105	400
Total	6 587	7 183	15 140

TVO GROUP

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

EUR 1 000	1.1. - 30.6.2015	1.1. - 30.6.2014	1.1. - 31.12.2014
Turnover	155 855	169 182	327 209
Work performed for own purposes	4 731	7 361	13 100
Other income	63 589	4 271	9 600
Materials and services	-36 902	-48 927	-98 744
Personnel expenses	-32 474	-32 437	-61 556
Depreciation and impairment charges	-86 511	-28 766	-57 716
Other expenses	-50 943	-50 781	-89 225
Operating profit/loss	17 345	19 903	42 668
Finance income	11 747	12 690	26 214
Finance expenses	-30 118	-33 423	-69 572
Total finance income and expenses	-18 371	-20 733	-43 358
Profit/loss before income tax	-1 026	-830	-690
Income taxes	-1	-1	-2
Profit/loss for the period	-1 027	-831	-692

Profit/loss for the period attributable to:

Equity holders of the company	-1 027	-831	-692
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1.1. - 30.6.2015	1.1. - 30.6.2014	1.1. - 31.12.2014
Profit/loss for the period	-1 027	-831	-692
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	2 354	767	1 910
Cash flow hedges	21 798	-2 962	16 352
Total other comprehensive profit/loss items for the period	24 152	-2 195	18 262
Total comprehensive profit/loss for the period	23 125	-3 026	17 570

Total comprehensive profit/loss for the period attributable to:

Equity holders of the company	23 125	-3 026	17 570
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TVO GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	30.6.2015	30.6.2014	31.12.2014
Assets			
Non-current assets			
Property, plant and equipment	4 665 178	4 505 512	4 628 318
Intangible assets	6 188	6 775	7 893
Loans and other receivables	1 012 617	986 706	986 367
Investments in joint ventures	1 009	1 009	1 009
Investments in shares	27 982	24 712	25 857
Derivative financial instruments	100 089	52 996	74 198
Share in the Finnish State Nuclear Waste Management Fund	945 696	909 605	930 260
Total non-current assets	6 758 759	6 487 315	6 653 902
Current assets			
Inventories	243 610	235 712	239 531
Trade and other receivables	56 618	44 440	33 900
Derivative financial instruments	9 145	7 088	13 395
Fund units	200 230	0	0
Cash and cash equivalents	26 717	93 405	113 418
Total current assets	536 320	380 645	400 244
Total assets	7 295 079	6 867 960	7 054 146
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	40 234	-4 376	16 082
Subordinated shareholder loans (hybrid equity)	379 300	339 300	439 300
Retained earnings	267 952	273 202	271 160
Total equity	1 536 062	1 456 702	1 575 118
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	945 696	909 605	930 260
Loan from the Finnish State Nuclear Waste Management Fund	1 009 050	982 800	982 800
Bonds	2 478 062	2 188 930	2 250 999
Other financial liabilities	729 257	770 886	723 997
Derivative financial instruments	31 515	48 282	46 003
Total non-current liabilities	5 193 580	4 900 503	4 934 059
Current liabilities			
Current financial liabilities	420 814	375 727	401 752
Derivative financial instruments	1 429	2 402	5 471
Advance payments received	38 829	42 701	19 425
Trade payables	19 295	12 748	8 327
Other current liabilities	85 070	77 177	109 994
Total current liabilities	565 437	510 755	544 969
Total liabilities	5 759 017	5 411 258	5 479 028
Total equity and liabilities	7 295 079	6 867 960	7 054 146

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 1.1.2015	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	-1 027	-1 027	-1 027
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	2 354	0	0	2 354	2 354
Cash flow hedges	0	0	21 798	0	0	21 798	21 798
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	-2 181	-2 181	-2 181
Equity 30.6.2015	606 193	242 383	40 234	379 300	267 952	1 536 062	1 536 062

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 1.1.2014	606 193	242 383	-2 181	339 300	275 927	1 461 622	1 461 622
Profit/loss for the period	0	0	0	0	-831	-831	-831
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	767	0	0	767	767
Cash flow hedges	0	0	-2 962	0	0	-2 962	-2 962
Subordinated shareholder loans (hybrid equity)	0	0	0	0	0	0	0
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-1 894	-1 894	-1 894
Equity 30.6.2014	606 193	242 383	-4 376	339 300	273 202	1 456 702	1 456 702

TVO GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	30.6.2015	30.6.2014	31.12.2014
Operating activities			
Profit/loss for the period	-1 027	-831	-692
Adjustments:			
Income tax expenses	1	1	2
Finance income and expenses	18 371	20 733	43 358
Depreciation and impairment charges	86 511	28 766	57 716
Other non-cash flow income and expenses	-20 476	-16 130	-36 511
Sales profit/loss of property, plant and equipment and shares	-1	-3	-156
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	-28 038	-22 309	-6 046
Increase (-) or decrease (+) in inventories	-2 789	8 803	3 560
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	26 818	-17 859	-42 049
Interest paid and other finance expenses	-4 488	-8 679	-13 600
Dividends received	1 219	1 036	1 036
Interest received	9 926	7 165	7 421
Taxes paid	-1	-1	-2
Cash flow from operating activities	86 026	692	14 037
Investing activities			
Acquisition of property, plant and equipment	-144 179	-215 449	-340 139
Proceeds from sale of property, plant and equipment	0	7	7
Acquisition of intangible assets	-520	-248	-523
Acquisition of shares	-6	-11	-33
Proceeds from sale of shares	95	0	280
Loan receivables granted	-26 250	-51 075	-51 209
Repayments of loans granted	0	0	422
Cash flow from investing activities	-170 860	-266 776	-391 195
Financing activities			
Withdrawals of subordinated shareholder loans (hybrid equity)	0	0	100 000
Repayment of subordinated shareholder loans (hybrid equity)	-60 000	0	0
Withdrawals of long-term loans	526 250	677 084	752 830
Repayment of long-term loans	-93 734	-555 306	-581 635
Investments in fund units	-200 000	0	0
Interest paid of subordinated shareholder loans (hybrid equity)	-2 265	-1 893	-3 854
Increase (-) or decrease (+) in interest-bearing receivables	0	0	20
Increase (+) or decrease (-) in current financial liabilities	-172 118	95 237	78 848
Cash flow from financing activities	-1 867	215 122	346 209
Change in cash and cash equivalents	-86 701	-50 962	-30 949
Cash and cash equivalents at the beginning of period	113 418	144 367	144 367
Cash and cash equivalents at the end of period	26 717	93 405	113 418

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 2014. Additionally the changes according to the revised IAS/IFRS standards have been adopted.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

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.

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 2014.

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	30.6.2015	30.6.2014	31.12.2014
Nuclear power	148 099	158 863	298 377
Coal-fired power	7 756	10 319	28 832
Total	155 855	169 182	327 209

PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

EUR 1 000	30.6.2015	30.6.2014	31.12.2014
Nuclear power	571	3 684	7 554
Coal-fired power	-1 644	-1 461	-2 177
Profit/loss before appropriations (FAS)	-1 073	2 223	5 377
The impact of the nuclear waste management obligation	-279	-3 325	-6 441
The impact of financial instruments	25	147	148
Other IFRS adjustments	300	124	224
Total (IFRS)	-1 027	-831	-692

ASSETS BY SEGMENTS

EUR 1 000	30.6.2015	30.6.2014	31.12.2014
Nuclear power	6 044 490	5 683 967	5 840 090
Coal-fired power	40 373	53 143	39 152
Total (FAS)	6 084 863	5 737 110	5 879 242
The impact of the nuclear waste management obligation	1 061 563	1 028 868	1 046 407
The impact of financial instruments	74 742	25 929	54 212
The impact of finance leases	59 160	60 837	60 007
Other IFRS adjustments	14 751	15 216	14 278
Total (IFRS)	7 295 079	6 867 960	7 054 146

TVO GROUP

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	30.6.2015	30.6.2014	31.12.2014
Opening net book amount	4 628 318	4 358 082	4 358 082
Increase	125 240	181 124	336 038
Decrease	-2 928	-5 592	-12 623
Depreciation and impairment charges	-85 941	-28 133	-56 459
Accumulated depreciation from deduction	489	31	3 280
Closing net book amount	4 665 178	4 505 512	4 628 318

CHANGES IN INTANGIBLE ASSETS

EUR 1 000	30.6.2015	30.6.2014	31.12.2014
Opening net book amount	7 893	9 382	9 382
Increase	797	713	2 454
Decrease	-1 932	-2 687	-2 688
Depreciation and impairment charges	-570	-633	-1 256
Accumulated depreciation from deduction	0	0	1
Closing net book amount	6 188	6 775	7 893

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 2014.

DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments *

EUR 1 000	30.6.2015	30.6.2014	31.12.2014
Interest rate swaps	1 151 446	901 446	1 001 446
Forward foreign exchange contracts and swaps	176 357	207 040	191 216
Cross-currency swaps	856 898	859 476	930 421
Total	2 184 701	1 967 962	2 123 084

Fair values of the derivative financial instruments *

EUR 1 000	30.6.2015			30.6.2014			31.12.2014		
	Positive	Negative	Total	Positive	Negative	Total	Positive	Negative	Total
Interest rate swaps									
Cash flow hedges	0	-16 920	-16 920	0	-21 898	-21 898	0	-21 509	-21 509
Fair value hedges	20 854	0	20 853	24 195	0	24 195	32 155	0	32 155
Non-hedges	0	-507	-507	0	-1 037	-1 037	0	-773	-773
Forward foreign exchange contracts and swaps									
Cash flow hedges	30 035	-350	29 685	1 640	-8 287	-6 647	17 835	-4 139	13 695
Non-hedges	0	0	0	134	-58	76	494	-426	69
Cross-currency swaps									
Non-hedges	58 346	-15 166	43 179	34 114	-19 404	14 710	37 109	-24 626	12 482
Total	109 235	-32 943	76 290	60 083	-50 684	9 399	87 593	-51 474	36 119

* Cross-currency swaps related to Private Placements included.

BONDS

Under the EMTN Program, the Company has issued during the first quarter of the year a EUR 500 million bond.

TVO GROUP

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

EUR 1 000	30.6.2015			31.12.2014		
	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		58 346			37 603	
Derivative financial instruments designated as cash flow hedges		30 035			17 835	
Derivative financial instruments designated as fair value hedges		20 854			32 155	
Available-for-sale investments						
Investments in listed companies	25 935			23 811		
Investments in other stocks and shares			0			0
Total	25 935	109 235	0	23 811	87 593	0
Financial liabilities at fair value						
Derivative financial instruments at fair value through profit or loss		15 673			25 825	
Derivative financial instruments designated as cash flow hedges		17 270			25 649	
Derivative financial instruments designated as fair value hedges		0			0	
Total	0	32 943	0	0	51 474	0

On 30 June 2015, TVO has also unquoted shares worth EUR 2,047 (2,046) thousand that are measured at acquisition cost because their fair value cannot be reliably determined.

Fair value estimation

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

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

BOOK VALUES OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

EUR 1 000	30.6.2015			31.12.2014		
	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*	3 207 319	3 207 319	3 293 625	2 974 996	2 974 996	3 186 874

* 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	30.6.2015	30.6.2014	31.12.2014
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	945 696	909 605	930 260
Provision related to nuclear waste management (non-current liabilities)	945 696	909 605	930 260

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	30.6.2015	30.6.2014	31.12.2014
Liability for nuclear waste management according to the Nuclear Energy Act	1 349 100	1 317 800	1 349 100
Funding target obligation	1 345 400	1 310 400	1 345 400
TVO's share in the Finnish State Nuclear Waste Management Fund	1 345 400	1 310 400	1 324 200
Difference between the liability and TVO's share of the fund	3 700	7 400	24 900

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

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 June 30, 2015 is EUR 1,345.4 million. The carrying amount in the balance sheet is EUR 945.7 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.

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

TVO has issued 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	30.6.2015	30.6.2014	31.12.2014
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	1 009 050	982 800	982 800
Guarantees given by shareholders related to the nuclear waste management obligation	137 620	152 710	152 710

Investment commitments

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

EUR 1 000	30.6.2015	30.6.2014	31.12.2014
OL1 and OL2	135 000	78 000	135 000
OL3	786 000	790 000	779 000
Total	921 000	868 000	914 000

Pending Court Cases and Disputes

Pending Court Cases and Disputes are to be found on page 8.