



Annual Report 2011



EPV Energy Ltd

EPV Energy Ltd (EPV) is a Finnish energy company specialized in generation and supply of electricity and heat. The basic task of EPV is to acquire inexpensive electricity for its owners.

EPV concentrates on efficient management of the power shares owned by the company, while also continually improving the competitiveness of the energy supplied to the owners.

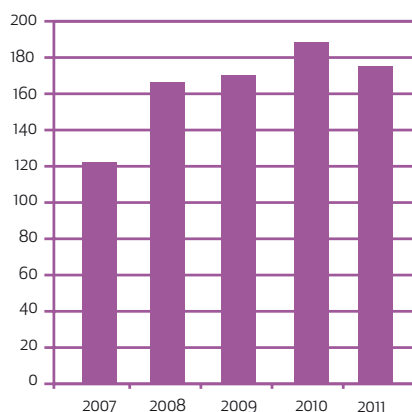
The company supplies approximately **4 TWh** of electricity and **1.4 TWh** of heat annually. EPV Energy Ltd supplies approximately **5 percent** of the total electricity consumed over the year in Finland.

EPV Energy Ltd supplies its shareholders with inexpensive electricity and concentrates on efficient management of the power shares owned by the company.

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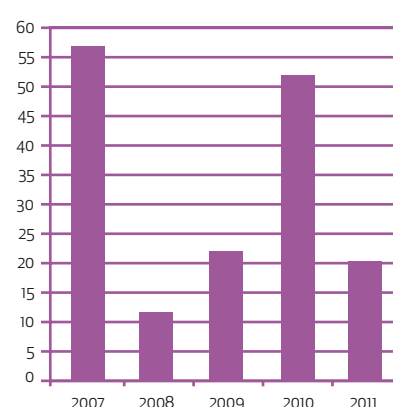
Turnover [M€]



Solvency ratio



Investments [M€]

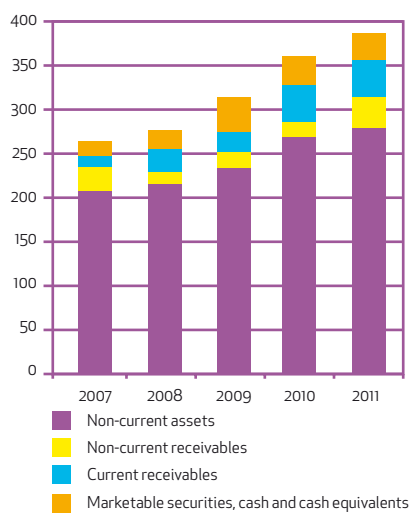




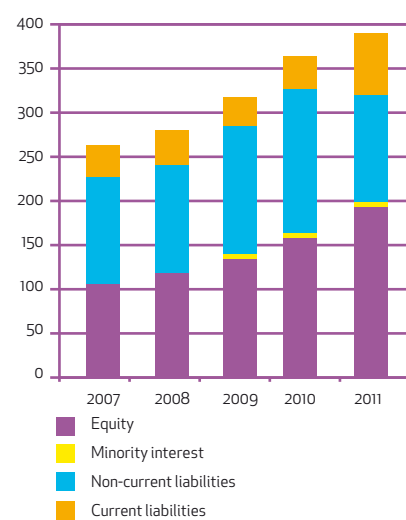
Personnel



Asset development [M€]
(balance, assets)



Development of financing items [M€]
(balance, liabilities)



Future investments must be made with consideration as we cannot afford unprofitable projects.



Rami Vuola

The CEO's statement

Last year was successful for EPV. We managed to achieve the annual targets, even though the European debt crisis caused havoc in the operating environment: the price on emission rights dropped, the industrial utilization rate was reduced and the demand for electricity decreased. Since the Nordic water resources also normalized during the year, the use of thermal power was considerably reduced compared to the previous year.

Considering the circumstances, the year was a good one for EPV. EPV Alueverkko Oy endured the storms in December unharmed, as our regional grid is made safe from the damage from falling trees.

The wind power farm in Tornio, which entered commercial use at the beginning of the year, exceeded the expectations for its first year in operation. The new EPM Metsä Oy established in order to acquire domestic energy wood, got going in spite of the economic setback for the saw-mills.

Where nuclear power is concerned, the problems with Olkiluoto 3 persisted, but Olkiluoto 1 and 2 operated reliably as usual. As a consequence of the nuclear

power plant accident in Fukushima, the safety systems of Finnish nuclear power plants were thoroughly inspected, and the plants passed the stress test well. The safety level of Olkiluoto 3, which is under construction, was mainly considered to be sufficient. In the older plant units Olkiluoto 1 and 2, some minor measures of improvement are to be taken. These improvements of nuclear safety will be performed mainly in 2012 and 2013.

At the end of the year, it was decided that the Olkiluoto 4 project is to proceed. EPV's interest in the project is nearly 10 percent, and the company invests about 30 MEUR in the project planning.

An economically significant development for EPV was the continuation of reserve capacity agreements for the peaking power plants in Vaskiluoto and Kristinestad partly owned by the company. These power plants will thus continue to ensure the function of the Finnish electric system in extreme conditions.

The year also marked the end of an era, when Pohjolan Voima divested its holding in the national grid company



Fingrid. The holding went to the Finnish state and the pension insurance company Ilmarinen. EPV's share in the trade was about 25 MEUR.

The strategy process of the EPV Group initiated in the summer of 2010 was finished in August 2011. The comprehensive, year-long process is important for future investments, since the company's goals and direction must have the owners' support.

One of the large investments currently under construction is the bio carburetor plant in Vaasa. Thanks to this investment, the electricity generated at the Vaskiluoto power plant becomes purer, i.e. the emissions are reduced,

when domestic fuels replace the use of coal in the generation of electricity and heat.

Future investments in the energy sector must be made with consideration as we cannot afford unprofitable projects due to the capital intensity. We also have reason to consider whether Europe can afford to increase the use of renewable energy in the targeted time, and with which course regulations energy will be generated in 2030.

The bouncing aid policy – support systems made in spring were cancelled in autumn – shows that indebted Finland might not have enough funds to support renewable energy sources.

Investments in renewable energy are also slowed down by Finland's inflexible and complex licensing policy and the increasingly more stringent environmental directives of the EU. There is also a lack of domestic biomass.

EPV has the strategic mindset to refine its generation towards low emissions. In order to do this, we require a reliable and stable investment environment. When this was written there wasn't one.

March 2012
Rami Vuola

60 years of energy know-how

EPV Energy Ltd began its operations in 1952 under the name Etelä-Pohjanmaan Voima Oy. The company was founded in order to generate, acquire and transfer electricity to Ostrobothnian municipal electric plants. The regional electric grids were interconnected to a 110 kV electricity network.

EPV Energy resolutely aims at low-emission energy generation. The goal of the company's comprehensive bioenergy, wind and nuclear power programmes is to increase generation of renewable energy, reduce greenhouse gas emissions, and replace fossil fuels with domestic ones.

with Pohjolan Voima Oy founded Vaskiluodon Voima Oy.

In the 1970s, the company added nuclear power to its portfolio when it became a shareholder of Teollisuuden Voima. In the early 1990s, the generation capacity was increased when the peat power plant in Seinäjoki was constructed. In the 21st century the company has resolutely increased its emission-free energy generation by purchasing e.g. a share in a company which supplies Norwegian hydropower, by initiating comprehensive wind power projects and the construction of the bio carburetor plant running on domestic fuels in Vaasa. In 2009, the company's name changed from Etelä-Pohjanmaan Voima and became EPV Energy.

Nowadays EPV Energy Ltd concentrates on power generation holding and has outsourced a majority of its previous operations. Still, the business idea has remained unchanged since the very start: EPV Energy supplies its shareholders with electricity at a competitive price.

The company's first power plant, Vaskiluoto 1, began its operations in 1958. The 38 MW coal power plant has now been run down, but it was the largest condense plant in Finland by the time it was completed. In the 1960s, EPV together



Group structure and business areas



EPV Energy is divided into four business areas: EPV Power, EPV Heat, EPV Wind and EPV Infra.



Pohjolan Voima Oy	7.2%
Rapid Power Oy	50.0%
Teollisuuden Voima Oyj	6.6%



EPM Metsä Oy	40.0%
EPV Bioturve Oy	100.0%
Tornion Voima Oy	100.0%
Vaskiluodon Voima Oy	50.0%



EPV Tuulivoima Oy	100.0%
Innopower Oy	9.8%
Rajakiiri Oy	60.2%
Suomen Merituuli Oy	50.0%



EPV Alueverkko Oy	100.0%
Proma-Palvelut Oy	34.0%
Suomen Energiavarat Oy	>90.0%
Vaskiluodon Teollisuuskiinteistöt Oy	100.0%



EPV Power

EPV Power assures its shareholders' electricity supply by participating in significant energy programmes in Finland.

EPV Power assures its shareholders' electricity supply by participating in significant national energy programmes, and by holding shares in foreign power plants. EPV Power holds shares in Pohjolan Voima (PVO), Teollisuuden Voima (TVO) and Rapid Power Oy, which supplies Norwegian hydropower.

Electricity supply

In 2011, the total electricity acquisition of EPV was 3,792 GWh. This corresponded to about 4.5 percent of the total electricity consumed in Finland.

Through Pohjolan Voima 723 GWh of electricity was acquired. The share of hydropower electricity was 89 GWh and of coal condense power 371 GWh. EPV is the fourth largest owner of Pohjolan Voima with an interest of 7.2%.

A total of 1,186 GWh of nuclear power was acquired from the Olkiluoto power plants of Teollisuuden Voima. In 2010, EPV acquired 1,060 GWh of electricity through Pohjolan Voima. EPV's share of PVO's hydropower electricity was 86 GWh. 708 GWh of coal condense power was generated for EPV. EPV is

both a direct and indirect shareholder in TVO through Pohjolan Voima.

The generation share of Norwegian hydropower was 415 GWh. EPV has a 50% interest in Rapid Power Oy.

The environmental quality of electricity

In 2011, the average carbon dioxide emissions of the electricity supplied by EPV Power were 314 g CO₂/kWh.

The average nitrogen dioxide emissions of the electric energy acquired through generation shares was 384 mg/kWh. The sulphur dioxide emissions were 213 mg/kWh and the particle emissions 12 mg/kWh.

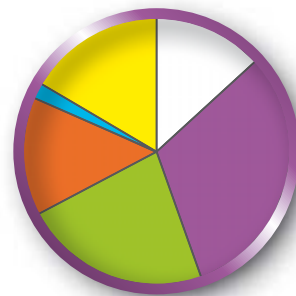
The electricity acquisition is based mainly on emission-free methods of energy generation. The average use of nuclear fuels in the generation of the electricity supplied to EPV's shareholders was 0.9 mg/kWh.











Finland consumed nearly 85 billion kWh of electricity

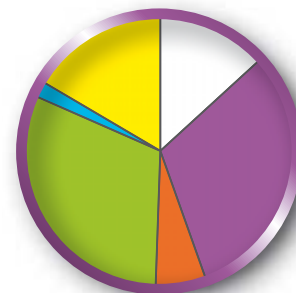
In 2011, Finland consumed 84.4 billion kilowatt hours of electricity. Of this consumption, 16.4 percent was covered by net imports and 83.6 percent by Finland's domestic production. Combined heat and power generation (CHP) covered 31 percent of the consumption, nuclear power 26 percent, hydropower almost 15 percent, and coal and other condensing power more than 11 percent. The share of wind power was 0.6 percent.

Source: Finnish energy industries, press release:
Energy Year 2011 Electricity









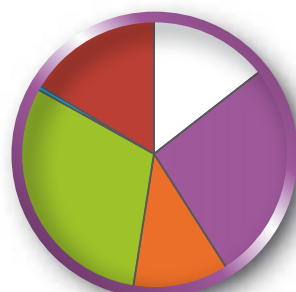
The distribution of EPV's electricity acquisition by type of fuel

	Hydropower	13.3 %
	Nuclear power	31.3 %
	Coal	22.7 %
	Peat, wood	14.3 %
	Natural gas	0.0 %
	Oil	0.0 %
	Wind power	1.9 %
	Market electricity	16.5 %
		100.0 %









Distribution of electricity acquisition: EPV

	Hydropower	13.3 %
	Nuclear power	31.3 %
	Condensation	5.9 %
	CHP production	31.2 %
	Wind power	1.9 %
	Market electricity	16.5 %
		100.0 %



Distribution of electricity acquisition: Finland

	Hydropower	14.6 %
	Nuclear power	26.4 %
	Condensation	11.4 %
	CHP production	30.6 %
	Wind power	0.6 %
	Net import	16.4 %
		100.0 %

EPV Heat proceeds to increasingly utilize domestic fuels in its energy efficient cogeneration of electricity and heat.

EPV Heat

EPV Heat generates electricity and heat efficiently at cogeneration plants in Vaasa, Seinäjoki and Tornio. Cogeneration of electricity and heat reduces carbon dioxide emissions thanks to the high efficiency of the power plant, which at best is up to 90 percent.

The generation companies of EPV Heat are Vaskiluodon Voima Oy and Tornion Voima Oy. The companies generate the majority of the district heating needed in the cities of Seinäjoki, Vaasa and Tornio. The power plant of Tornion Voima also generates process heat for the Outokumpu steel works.

At the Vaskiluoto power plant, 613 GWh of heat was generated, at the Seinäjoki plant 343 GWh, and at the Tornio plant 319 GWh. The total thermal generation amounted to 1,274 GWh.

Last year, 1,099 GWh of electricity was generated at the Vaskiluoto power

plant, at the Seinäjoki plant 652 GWh, and at the Tornio plant 147 GWh.

Energy from the forest: EPM Metsä Oy

In the cogeneration of electricity and heat, EPV aims at utilizing mainly domestic forest and field bioenergy. The use of local fuels has a significant, positive impact on regional economy and employment.

In 2011, EPV Energy Ltd and Myllyahon Saha established a common wood acquisition company, EPM Metsä Oy, in which EPV holds 40 percent. EPM Metsä acquires wood for Myllyahon Saha and forest energy for the power plants of Vaskiluodon Voima in Vaasa and Seinäjoki. The company also supplies wood to other wood refining companies.

EPM Metsä promotes local use of wood in Ostrobothnia and South Ostro-

bothnia. The annual acquisition target is approximately 500,000 cubic metres of wood. The supplying of energy starts in the beginning of 2012.

A bad year for peat

EPV Bioturve Oy, subsidiary of EPV Energy, is specialized in producing energy peat, and in acquiring wood-based fuels.

Due to the heavy rains in early summer, there were big problems with the production of peat. As peat was unavailable, the use of forest energy was increased at the plant. For instance in the autumn period, about 35–40 percent of the fuel used at the Seinäjoki power plant was wood chips.

Progress was made in the licensing of new peat production areas. EPV Bioturve Oy has a total of about 1,000 hectares of new, pending projects.





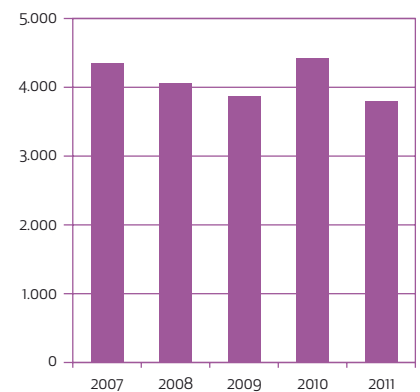
The construction of the bio carburetor plant commenced

The construction of the biomass carburetor plant at the Vaasa plant of Vaskiluodon Voima Oy commenced in 2011. In April 2011, the company's board of directors decided to build the carburetor plant when investment support was granted by the Ministry of Employment and the Economy. The agreement with the main supplier of the plant, Metso Power Oy, was signed in May. In the autumn, the earthwork and pile driving was done at the power plant site, and the casting of the carburetor plant base plate was initiated. The installations begin in spring 2012. The carburetor plant will be ready for operation by the end of 2012.

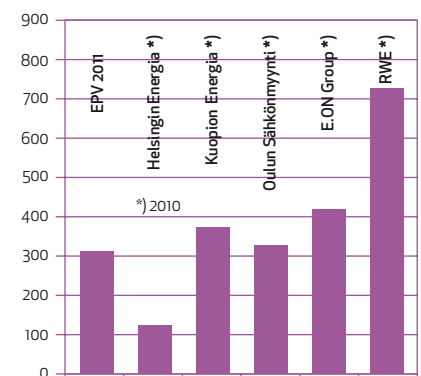
The 140 megawatt bio carburetor plant, which will be attached to the existing coal power plant, mainly runs on wood-based biomass, especially wood

chips, acquired from nearby areas within a radius of about a hundred kilometres. The gas produced by means of renewable energy is burned along with coal in the coal boiler. 25–40 percent of the coal can be replaced by gas. Thanks to the new carburetor plant, the lifetime of the Vaasa power plant is prolonged. The commissioning of the carburetor plant also has a positive impact on regional economy, since the estimated direct annual employment impact of acquiring and producing the required biofuel in the regions of Ostrobothnia and South Ostrobothnia is about 100 man-years.

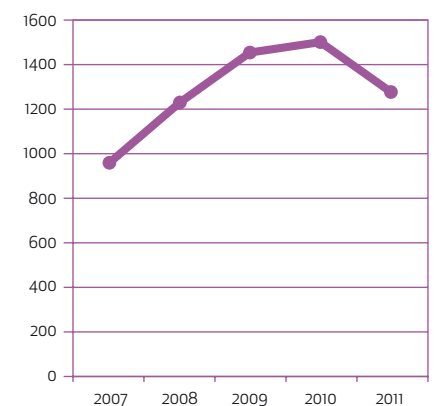
Metso supplies the turnkey solution for the Vaasa power plant, including fuel management, a drying plant, a circulating fluidized bed gasifier, the modification of the current coal boiler, and automation and information systems.



EPV's electricity acquisition
2007–2011 [GWh]



Comparative CO₂ emissions of the
electrical energy [g/kWh]



Total heat production of Vaskiluodon
Voima and Tornion Voima [GWh]



Electricity supply of Tornion Voima Oy
to EPV [GWh]

EPV Wind

The long-term goal is to make electricity generation by means of wind power profitable without financial support.



In accordance with EPV's strategy, the EPV Wind energy programme aims at increasing the share of emission-free energy generation in the group's energy generation. In practice, EPV Wind develops and generates wind power for its holding companies through EPV Tuulivoima Oy, Rajakiiri Oy, Suomen Merituuli Oy and Innopower Oy. Rajakiiri Oy and Innopower Oy have wind power farms which are already in operation.

EPV Tuulivoima Oy, which plans the building of wind power plants mainly in the Ostrobothnian region, is entirely in EPV's ownership. EPV's interest in Rajakiiri Oy, which builds wind power in Tornio and Raahe, is 60.2%, and in Suomen Merituuli Oy, which plans offshore wind farms along the shores of the Gulf of Finland and the Gulf of Bothnia, 50%. Through ownership arrangements with Pohjolan Voima Oy, at the end of 2011 EPV became a direct shareholder of 9.8% of Finland's largest wind power company, Innopower Oy, which is preparing to expand its current wind power farms and is also planning new onshore and offshore wind power projects.

Several pending projects

EPV Wind wishes to take part in the set-up of the 800–1,000 emission-free wind power plants, which the Finnish State has committed to building by 2020. Therefore, the companies belonging to EPV Wind are currently working on several wind power projects, of which a majority has already proceeded to the stage where the issues of the Act on Environmental Impact Assessment Procedures have been resolved and the zoning has begun.

Thanks to the input tariff support from the state, it is now economically possible to build wind power where the conditions are optimal for it. Also, technology adaptable for Finnish conditions is better available on the market. The bottleneck for wind power projects is, however, the long licensing process, the course regulations of which pose a threat to the projects' profitability. At EPV Wind, we are grateful that the Ministry of Employment and the Economy aims at removing impediments and restraints to the building of wind power.

Puuska – the most energy efficient wind farm in Finland

Puuska, which was built in Röyttä, Tornio on the seashore by the Outokumpu steel works at the end of 2010, is the most energy efficient wind farm operating in Finland. It is also the first wind power plant in generation use actualized by EPV through Rajakiiri Oy.

The planning of Puuska was initiated in 2007, and the farm began its energy generation on 1 January 2011. The plant was officially commissioned on 28 March 2011. During their first year, the eight 3.6 MW wind power plants have exceeded their energy generation target, generating just above 91 GWh.

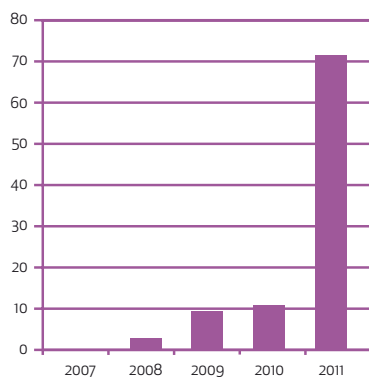
The total full load hours of the plants amount to more than 3,150 hours a year, and the annual generation of the farm is larger than that of any other Finnish wind power farm. Full load hours is a comparison figure, implying the number of hours during which the annual generation would have been generated at the plant's rated power.

The rotors of the Puuska power plants have been rotating diligently



and their operational reliability has been a positive experience also for the farm employees. Thanks to their excellent operational reliability and the favourable wind conditions, Puuska wiped out its construction stage carbon footprint already in its first spring, and its carbon balance turned negative.

EPV's positive experiences from Puuska encourage the company to develop new wind power projects in the future.



Wind power for EPV (GWh)





EPV Infra

EPV Infra produces services for its owners and for the companies in the EPV Group. EPV Infra includes Vaskiluodon Teollisuuskiinteistöt Oy, EPV Alueverkko Oy, Proma-Palvelut Oy and Suomen Energiavarat Oy.

Vaskiluodon Teollisuuskiinteistöt Oy owns the office and industrial facilities in Vaskiluoto, Vaasa. EPV Alueverkko Oy handles the electricity transmission business operations, and Proma-Palvelut Oy is in charge of the power plant utilization and maintenance services of

Vaskiluodon Voima Oy's power plants. The task of Suomen Energiavarat Oy is to develop the operations of Vapo Oy.

The comprehensive investments continued

EPV Alueverkko Oy (EPA) has several investments and thorough renovations in progress, as the network built in the 1970s and 80s is restored, and the electricity transmission capacity is improved. The investments will continue for several years to come.

The many comprehensive projects pending for the planning of decentralized generation in EPA's area of operation also

cause needs for investment. The power track system is being renewed efficiently, and at the same time, we are preparing to connect more capacity to the grid. Developing the transmission connections improves the quality of the transmission services, reduces the risk of disturbances and enables the connectivity of new connections in future.

EPA's grid did not suffer from the storms

The storms Tapani and Hannu, which damaged electricity distribution networks all over Finland in December, did not cause any disturbances in the regional grid, since

Projects completed in 2011 The replacement of power cords along the 110 kV power line (38 km) in **Närpes-Petalax** was completed in spring 2011. | The service lines in Ylistaro and Korsholm (about 5 km) for the **Finnish Transport Agency's** electrification project for the Vaasa-Seinäjoki railway section were completed at the end of 2011, and the train traffic with electric locomotives commenced in December. | The renewal of **Fingrid's** 400/110 kV power station in Toby was completed in October. EPV took part in the project by building the 110 kV substation. 7 fields came into EPV's ownership. | The renewal of the 110 kV power line (21 km) in **Kristinestad-Närpes** was completed at the end of December. | The renewal of the 110 kV substation secondary devices in **Seinäjoki** was completed by the end of the year.

The storms which damaged electricity distribution networks all over Finland in December did not cause any disturbances in the regional grid.

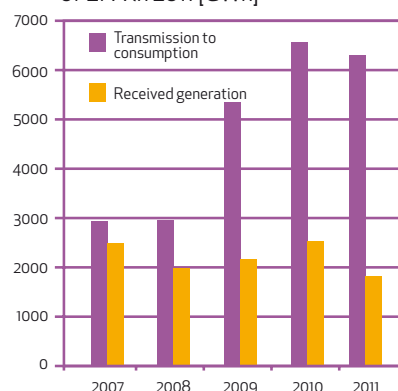


EPA has paid attention to the prevention of storm damages. The regional grid has been built to be safe from the damage from falling trees: the sufficiently wide power line lanes are kept clear of trees that might fall on the power lines by means of regular inspections.

In November, two disturbances which cut the electricity transmission occurred in the regional grid on the same day. Due to construction work, there was a deviating connection situation in the regional grid. A technical error in the remote use also caused a cut in the electricity transmission in the areas of Malax, Petalax and Sundom.

About 8,000 households were without electricity for nearly three hours.

Electricity transmission in the network of EPA in 2011 [GWh]



Projects in progress The construction of the connection line for **Westenergy Oy** began in the autumn. The line will be completed in spring 2012. | The agreements for renewing the 110 kV power line in **Närpes-Perälä**, and replacing the power cords of the 110 kV power line in Perälä-Teuva were signed. | The planning of the thorough renovation of the substations in **Närpes** and **Kurikka** was initiated.

EPV Alueverkko Oy

EPV Alueverkko Oy (EPA) operates in Ostrobothnia, South Ostrobothnia, Tornio and Kokkola. The 110 kV transmission network managed by EPA is mainly rented from the parent company EPV Energy Ltd, Outokumpu Stainless Oy and Boliden Kokkola Oy. The customers of the regional grid are the local distribution network companies, the industry and the energy sector generation plants in the area of operation.

Due to the recession and the warm weather at the end of the year, the national energy consumption decreased by about 3.8 percent compared to the previous year. The same tendency was noted in the transmission network of EPA. 6,306 GWh of energy was transmitted. The electricity transmission hourly average output peak demand of 1,101 MWh/h was reached in February. The previous peak was 976 MWh/h. The peak demand indicates the amount of energy which is transmitted during one hour.

The transmission losses remained on the same level as the previous year. During the past two years, the losses have been larger than usual due to the renewal of the grid's main connections, but will get back to normal in 2012.

During the Energy Market Authority's second control period for network operations, ending in 2011, the transmission tariffs of EPA were moderate, and remained well below the allowed reasonable profit.

In 2012, a new national grid agreement as well as new regional grid agreements and customer tariffs come into force. At the same time, the agreement for reactive power is included in the regional grid agreement. The increase in national grid charges, the higher costs for acquisition of lost electricity and the investments in the grid result in an 8 percent increase in customer tariffs.

The turnover of EPA was 25.8 MEUR, which is 3.7% less than the previous year (26.8 MEUR). The profit of the financial year was 2.5 MEUR.



Management, Board of Directors and personnel

General Shareholders' Meeting

The highest authority in EPV is vested in the General Shareholders' Meeting. Besides statutory issues, the authority of the Shareholders' Meeting extends to the election of the Board, and other issues defined in the Articles of Association. In 2011 the General Shareholders' Meeting was assembled twice.

Board of Directors

The Board of Directors is responsible for the company's administration and for organizing the company's operation according to the Law, Articles of Association and the decisions of the Shareholders' Meeting. The Board also supervises the company's operation and administration. In addition, the company strategy, operational policy, significant investments and financing are also decided by the Board of Directors.

The Board is elected for one year at a time in an Ordinary General Meeting according to the special directions of the Association Agreement. The Board has 10-12 ordinary members and 5 deputy members. The deputy members have the right to attend the General Meetings.

The Chairman of the Board is nominated by the biggest shareholder; the Vice Chairman is nominated by the Board. A member of the Management Team is the Secretary of the Board.

Ordinary Members of the Board

Heikki Kouhi, City Counsellor, Chairman of the Board | **Markku Vartia**, Vice

Chairman of the Board, CEO, Vantaan Energia Oy | **Vesa Kumpulainen**, CEO, Kumera Oy | **Hannu Linna**, CEO, Vaasan Sähkö Oy | **Heikki Miilumäki**, Dr Tech. h.c. | **Jorma Rasinmäki**, Mayor, city of Seinäjoki | **Seppo Ruohonen**, CEO, Helsingin Energia | **Janne Savelainen**, CEO, Lahti Energia Oy | **Kaj Skåtar**, Master of Law | **Sakari Suontaka**, CEO, Kymppivoima Oy

Deputy Members of the Board

Olli Arola, Director of Electricity Sales, Vaasan Sähkö Oy | **Martti Haapamäki**, CEO, Seinäjoen Energia Oy | **Markku Pernaa**, CEO, Jylhän Sähköosuuskunta | **Esa Kaunisto**, Chairman, Järvisuudun Sähkövoiman Kuntayhtymä | **Antti Vilkuna**, CEO, Oy Katternö Ab

CEO and Management Team

The company's CEO is M. Sc. **Rami Vuola** and the Deputy CEO is Director of Finance, M. Econ. Sc., Eng. | **Markku Källström**. Apart from the CEO and the Director of Finance, the Management Team also includes M. Sc. | **Mauri Blomberg**, M. Sc. | **Sami Kuitunen**, M. Sc. **Frans Liski** and M. Sc. **Reima Neva**.

Subsidiary management

The subsidiaries and partnership companies of the group have their own administrative bodies. EPV participates actively in the management and supervision of its subsidiaries and partnership companies.

Auditors

The Ordinary Auditors of EPV are the community of chartered accountants

Good personnel management and competent personnel are EPV's success factors.

Ernst & Young Oy, with CA **Mikko Ryttilahti** and CA **Tatu Huhtala** as main responsible Auditors and CA **Ari Lehto** and CA **Kristian Berg** as Vice Auditors.

An expert organization

Good personnel management and competent personnel are EPV's success factors. The company operations and management are governed by the traditional corporate documents as well as the Corporate Governance documents separately sanctioned by the Board of Directors. The documents guide the operations of the company personnel and function as a means of communication between the company and its shareholders.

Due to the nature of the company's operations, the number of personnel is small, but it consists of prime experts within the trade; people who have the ability, motivation and skills to research and adopt new data, and apply it in practice. The group has 25 employees.

The services bought from partners are important, since EPV has outsourced a considerable share of its operations.

Board of Director's report 2011

EPV Energy Ltd (EPV) is a company specialized in energy acquisition which operates on an absorption principle. The aim is to supply the owners with competitive electricity and to ensure inexpensive electricity acquisition in a changing operating environment. The company's objective is to gradually refine its energy acquisition towards lower emissions. The energy acquisition is mainly transacted through the generation shares owned by the company. EPV's acquired amount of electricity in 2011 was 3,792 (4,441) GWh. This corresponds to 4.5 (5.1) percent of the electricity consumption in Finland.

EVENTS DURING THE FINANCIAL YEAR

Operating environment

According to preliminary statistics, 382 (403) TWh of electricity was consumed in the Nordic countries in 2011. The consumption decreased by approximately 4.3 percent compared to the previous year.

The reasons for the decline were the warm weather during the latter half of the year and the reduced industrial production, even though the winter weather was very cold in the beginning of the year in all of Finland.

In Finland the electricity consumption was 84.4 (87.5) TWh. The electricity consumption in Finland decreased by 3.5 percent compared to 2010. The industrial share of the consumed electricity was 48 percent. Last year, 14.6 percent of the energy consumption was covered with imports, and 85.4 percent with domestic generation. Combined generation of power and heat (CHP) covered 30.6 percent of the consumed electricity, nuclear power 26.4, hydropower 14.6, and coal and other condense power 11.4 percent. The share of wind power was 0.6 percent.

In the beginning of 2011, the water reserves of the Nordic countries were below the long-term average, but already during the final quarter of the year, the water reserves had increased to more than 3 TWh above the long-term average. By the end of the year, the Nordic water reserves were approximately 10 TWh above the long-term average, and approximately 40 TWh larger than at the beginning of the year. The inflow of Nordic hydropower was approximately 20% larger than the average year.

Last year the carbon dioxide emissions from energy generated with coal, natural gas and peat were 13 million tons, which is 26 percent less than the

previous year. The decrease was due to the growth in net import, resulting in reduced separate generation, and the reduced cogeneration of district heating due to the warm weather. Last year, the electricity generated in Finland was free from greenhouse gas emissions to 64 percent. The share of renewable energy sources was 33 percent of the electricity generated.

Generation

The electricity generation of last year at the power plants of the partnership company **Vaskiluodon Voima Oy** (50%) was 1,751 (2,385) GWh. A total of 956 (1,122) GWh district heating was generated. On the basis of its interest, EPV acquired a total of 838 (1,151) GWh of electrical energy. **Vaskiluodon Voima** has pending development projects, the aim of which is to increase the use of biofuels significantly at both the Vaasa and Seinäjoki power plants.

The total output of the Olkiluoto 1 and 2 power plants of the associated company **Teollisuuden Voima Oyj** (TVO) in 2011 was 14,201 (14,144) GWh. EPV's interest in Teollisuuden Voima was 6.6% and 982 (1,027) GWh of energy was acquired in proportion to the share. The acquisition includes the condense generation share from Meri-Pori.



The construction work at the Olkiluoto 3 plant unit is chiefly completed, and the installation work at the reactor plant continues. The planning, documentation and licensing of the reactor plant automation system is still in progress. The number of employees at the Olkiluoto 3 construction site was some 3,000 by the end of the year. The safety at the construction site remained high all year.

The partnership company **Pohjolan Voima Oy** is an electricity acquisition company, which operates on an absorption principle, supplying electricity to its owners at cost price. EPV's interest in Pohjolan Voima Oy was 7.2% and a total of 723 (1,060) GWh electricity was acquired accordingly.

The electricity supplied by the Norwegian hydroelectric power plant of the partnership company (50%) **Rapid Power Oy** lived up to the established goals. The power plant had no significant generation stops during the accounting period. In 2011 the total electricity supply to EPV was 415 (689) GWh.

Tornion Voima Oy is a subsidiary of EPV (100%), which generates electricity and heat at the combined generation power plant in Tornio. The power plant is located in the vicinity of the steel works of Outokumpu Oyj in Tornio. The plant delivers combined generation electric-

ity to EPV, district heating and fabrication steam to the Tornio steel works and district heating to Tornion Energia Oy. The total electricity supply for EPV was 147 (167) GWh.

EPV's wind power programme has been initiated in the regime of three different companies. **EPV Tuulivoima Oy** (100%) has concentrated on investigating the conditions for generation of wind power in the coastal area of Ostrobothnia and in the inland. The objective is to locate the areas with the best wind conditions and to make investments in the chosen areas.

The first wind power farm of **Rajakiiri Oy** (60.2%), Puuska, located in Tornio, was taken into commercial use on 1 January 2011. The farm construction project went according to plan and achieved the established cost, time schedule and performance targets. Over the year the wind farm generated 91 GWh of electricity, which corresponds to 3,150 h/a full load hours, the rated power of the farm being 28.8 MW.

Suomen Merituuli Oy is an associated company, the objective of which is to build future offshore wind power plants in the Gulf of Finland and the Bothnian Sea. The company has development projects for offshore wind

power in the Sideby and Ingå areas. EPV's interest in the company is 50%.

Utilization and maintenance company

The partnership company **Promapalvelut Oy** (34%) is a utilization and maintenance company for thermal power plants, and operates in four regions. The know-how of the company is based on the personnel's well-managed expertise on the utilization and maintenance of power plants.

Regional grid company

The subsidiary EPV Alueverkko Oy practices electricity transmission and network operations mainly in the power transmission network rented from its parent company. During the elapsed year, the restoration of the network was continued by replacing several power transmission lines. In 2011, the electricity transmissions of the regional grid were 6,306 (6,540) GWh. The electricity transmission decreased slightly due to the general economic situation and the warm weather at the end of the year.

The Energy Market Authority's second control period for network operations ended in 2011, and the third control period began in 2012. The transmission tariffs of EPA have been consistent

THE SHAREHOLDERS. GENERAL SHAREHOLDERS' MEETING AND BOARD OF DIRECTORS

Shareholders

The number of shareholders and their interests at the end of 2011 were as follows:

	2011	2010
Alajärven Sähkö Oy	1.30 %	1.27 %
City of Helsinki/Helsingin Energia	7.22 %	7.19 %
Hiirikosken Energia Oy	0.27 %	0.27 %
Imatran Seudun Sähkö Oy	0.29 %	0.30 %
Jylhän Sähköosuuskunta	3.95 %	3.91 %
Järviseudun Sähkövoiman Kuntayhtymä	1.74 %	1.75 %
Kaakon Energia Oy	0.31 %	0.31 %
KSS Energia Oy	0.47 %	0.47 %
Kumera Oy	0.29 %	0.29 %
Kymppivoima Oy	8.76 %	8.82 %
Lahti Energia Oy	7.84 %	7.74 %
Lehtimäen Sähkö Oy	0.58 %	0.58 %
City of Oulu/Oulun Energia	0.89 %	0.81 %
Outokumpu Oyj	1.72 %	1.71 %
Oy Perhonjoki Ab	1.72 %	1.66 %
Rauman Energia Oy	0.63 %	0.61 %
Seinäjoen Energia Oy	10.40 %	10.47 %
Vaasan Sähkö Oy	40.58 %	40.70 %
Vantaan Energia Oy	8.39 %	8.45 %
Vimpelin Voima Oy	0.47 %	0.47 %
Municipality of Vähäkyrö	1.74 %	1.75 %
Äänesseudun Energia Oy	0.44 %	0.44 %
In total	100.00 %	100.00 %

throughout the ended control period, and the operating income remained well below the allowed reasonable profit for network operations.

Other companies

The aim of EPV Energy Ltd's subsidiary **Suomen Energiavarat Oy**, as a shareholder in Vapo Oy, is to develop Vapo's operations with the strategic goal to increase the ownership value and to primarily aim the resources at domestic fuels.

The purpose of **EPV Bioturve Oy** is to acquire land areas suitable for peat production in the regions of Ostrobothnia and South Ostrobothnia, and to prepare these areas for peat production. Environmental permits are pending for about 800 ha of peat production areas.

The partnership company **EPM Metsä Oy** (40%) began its operations halfway through 2011. The purpose of the company is to acquire forest-based bioenergy, mainly from the regions of Ostrobothnia and South Ostrobothnia, for the needs of the EPV Group.

The subsidiary **Vaskiluodon Teollisuuskiinteistöt Oy** operates in the rental of industrial, office and storage facilities. The facilities are located in a reserve area for power generation.

TURNOVER, PROFIT AND RESULT

The turnover of the EPV Energy Group was 175.0 (188.4) MEUR. The turnover share of the electricity sales was 130.8 (143.3) MEUR and of the remaining operations 44.2 (45.1) MEUR.

The business result of the group was profitable by 7.7 (7.3) MEUR. The net financing costs of the financial year were 2.3 (2.6) MEUR. According to the finan-

cial statement the profit was 4.4 (3.3) MEUR, which mainly consists of the conversion of depreciation exceeding plan presented in the separate income statements, to the result of the financial year and imputed tax liabilities in the consolidated income statement, as well as of received dividends. The parent company profit of 2.0 (0.9) MEUR is equivalent to tax-free dividend yields.

EPV Energy Ltd operates according to an absorption principle. The shareholders pay for the variable costs according to the supplied amounts of energy and for the fixed costs in relation to their holdings regardless of whether the power share has been utilized or not. Due to the operational principle, presenting economic indexes is irrelevant for understanding the operations, the financial position or the result.

FINANCING AND INVESTMENTS

The grand total of the group's balance increased to 391.4 (364.6) MEUR. By the end of the year the solvency ratio of the group was 51.0 (44.9)%, which means achieving the objective set by the company.

The liquidity of the group was good all year. By the end of the year there was a total of 26.1 (28.1) MEUR in liquid assets and investments. By the end of the year the unused stand-by credit and limit reservations amounted to approximately 100.0 MEUR.

The total investments of the group were 20.5 (52.0) MEUR. The investments in tangible and intangible assets were 14.5 MEUR. The investment in the wind power farm of Rajakiiri Oy was granted 4.8 MEUR in investment

support. The acquisitions of shares were 6.0 MEUR. The largest acquisition was the 4.3 MEUR subscription of the share issue of Teollisuuden Voima Oyj. The interest-bearing liabilities decreased by 3.3 MEUR during the financial year. The interest rate risk has been hedged through interest rate swap agreements.

General Shareholders' Meetings

The Ordinary General Shareholders' Meeting of 2011 was assembled 31 March 2011. The issues belonging to the Ordinary General Meeting were discussed, and the carburetor plant investment of EPV's partnership company Vaskiluodon Voima Oy approved by the General Shareholders' Meeting.

In addition, the Board of Directors' proposition to make an amendment to the Articles of Association was granted. Thus the P series of shares became the P1 series of shares. At the same time, the new P2 series of shares was issued, and the Board of Directors' proposition for its directed share issue was granted. In the directed share issue of the P2 series, 43,800 pcs of new shares were subscribed to the subscription price of EUR 4,380,000. The share issue will finance the acqui-

sition of emission rights for the P2 series of shares.

At the Extraordinary General Shareholders' Meeting 29 November 2011, the directed share issue of the A4 and A5 series of shares was discussed. The General Shareholders' Meeting approved the Board of Directors' proposition for the directed share issues:

- In the directed share issue of the A4 series of shares, 196,598 pcs of new A4 series shares were subscribed to the subscription price of EUR 19,659,800, which is due at a date later decided on by the Board of Directors. The purpose of the share issue is to cover the equity financing for the planning and competition stage of Teollisuuden Voima Oyj's OL4 project.
- In the directed share issue of the A5 series of shares, 74,379 pcs of new A5 series shares were subscribed to the subscription price of EUR 7,437,900, which is due at a date later decided on by the Board of Directors. The purpose of the share issue is to cover the equity financing for the planning and competition stage of Teollisuuden Voima Oyj's OL4 project with a share corresponding to EPV's interest in Pohjolan Voima Oy.

Board of Directors

In 2011 the Ordinary Members of the Board elected in the Ordinary General Meeting were Heikki Kouhi, Vesa Kumpulainen, Hannu Linna, Heikki Miilumäki, Jorma Rasinmäki, Seppo Ruohonen, Janne Savelainen, Kaj Skåtar, Sakari Suontaka and Markku Vartia.

The Deputy Members of the Board were Olli Arola, Martti Haapamäki, Esa Kaunisto, Markku Pernaa and Antti Vilkuna.

The Chairman of the Board was Heikki Kouhi and the Vice Chairman Markku Vartia.

CEO

The CEO was M. Sc. Rami Vuola.

Auditors

In the General Meeting the community of chartered accountants Ernst & Young Oy was elected Ordinary Auditors during the period until the Ordinary General Meeting in 2012, with CA Mikko Ryttilähti and CA Tatu Huhtala as main responsible Auditors and CA Ari Lehto and CA Kristian Berg as Vice Auditors.

PERSONNEL

The central responsibility of the personnel includes the efficient management of the electricity acquisition,

power plant and network operational assets. The objective is to create added value for the company's shareholders by governing the assets and supervising the operational entities connected to these. Moreover, the objective is to maintain the know-how of the personnel in order to ensure the continuous development of the operations.

Over the year the average number of group employees was 25. EPV has outsourced a considerable part of its central operations. The financial administration of the company is handled contractually by the personnel at Powest Oy and the sustainment services related to the power plant assets are mainly purchased from Proma-Palvelut Oy.

CURRENT LEGAL PROCESSES

The company has no current legal processes.

EVENTS FOLLOWING THE FINANCIAL YEAR

In the beginning of March, EPV's subsidiary Rajakiiri Oy has decided to enter the input tariff support domain for wind power generation, since the fixed electricity generation support ceases in the beginning of 2012. The company is entitled to input tariff support for 12

years. Switching to input tariff support obliges the company to return the received investment support.

RISK ASSESSMENT

According to Teollisuuden Voima Oyj (TVO), the plant supplier has notified that the plant unit is scheduled to be completed for regular electricity generation in August 2014. The supplier is responsible for the time schedule.

Also according to TVO, as of December 2008 AREVA-Siemens has filed a request for arbitration concerning the delay of Olkiluoto 3 and the ensuing costs incurred. In June 2011, the supplier submitted an updated claim including indirect items and interests. The supplier's current monetary claim including indirect items and interests is approximately EUR 1.9 billion. TVO has considered and found the claim by the supplier to be without merit. In April 2009, TVO made a counterclaim based mainly on the additional costs caused by the delay. Currently this counterclaim 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.

The energy sector is a strictly regulated business. The decisions of the EU and the Finnish State can have a great impact on the profitability of a single form of generation. Currently, the most significant energy policy risks concern the handling of energy peat, and the wind-fall tax related to emission-free nuclear power and hydropower.

NEAR FUTURE PROSPECTS

The company's most crucial task is to ensure that the electricity supplied to its shareholders remains competitive. This requires a continuous follow-up of the operating environment and influencing the development of existing generation resources. In addition the company must maintain its capacity to make new investments should the operating environment change.

At the end of February 2012, the water reserves of the Nordic countries were approximately 10 TWh above the average and 40 TWh above the equivalent date in 2011. At the end of February, the market price of emission rights for 2012 was about EUR 8 per ton of carbon dioxide. At the same time, the average electricity price on the derivatives market in NordPool for the rest of 2012 was approximately EUR 40 per megawatt hour, and for 2013 EUR 42 per megawatt

hour. Correspondingly, the future price of coal for the rest of 2012 was approximately USD 111/ton. Crucial factors having an impact on the price of electricity include the prolonged economic uncertainty in Europe, and the uncertainty of future decisions on the reduction of carbon dioxide emissions.

Due to the prevailing Nordic market situation and the economic uncertainty, in the beginning of 2012 the generation of the generation resources owned by EPV has been lower than the average generation year. It is also expected that the generation volumes will be smaller than usual for the rest of the year, particularly in back-pressure and condense generation.

The fixed generation support for electricity generated by means of renewable energy sources was withdrawn in the beginning of 2012. The law came into force in the beginning of 2011. Users of wood chips can switch to the input tariff system included in the same law, where the support is granted in form of a fluctuating production support. The Ministry of Employment and the Economy are preparing to gradually lower the fluctuating production support related to the use of wood chips in electricity generation in 2013 and 2015. Simultaneously, the fuel peat tax will be

gradually raised in 2013 and 2015. The tax increases from the current EUR 1.9 to EUR 5.9 per megawatt hour. The future of peat is investigated in the national climate and energy strategy, which will be updated in 2012. The fast changes in support systems inconvenience the investments already made, and make it difficult to assess future investments, when it is taken into consideration that Finland has committed itself to increasing the share of renewable energy to 38 percent of the energy end-consumption by 2020.

THE BOARD'S PROPOSITION FOR DISTRIBUTION OF PROFITS

The Board proposes to the General Shareholders' Meeting that the net profit of the parent company, 2,018,951.18 €, is assigned to the closing account of the previous accounting periods and that no dividends are to be paid.

Consolidated income statement €

	1.1.-31.12.2011	1.1.-31.12.2010	Notes
TURNOVER	174 980 319,91	188 385 082,07	1
Share of the partnership companies' result	-263 967,73	-840 079,44	
Other income	1 891 224,61	1 128 970,61	2
Materials and services	-92 655 216,89	-110 460 596,46	3
Personnel expenses	-2 530 142,70	-2 270 213,61	4
Depreciation and impairment charges	-6 435 693,83	-4 824 371,66	5
Other expenses	-67 297 247,27	-63 867 718,68	6
RESULT	7 689 276,10	7 251 072,83	
Financial income and expenses	-2 253 398,10	-2 583 389,29	7
RESULT BEFORE TAXES	5 435 878,00	4 667 683,54	
Direct taxes paid	-813 137,69	-1 424 029,11	8
Minority interest	-229 788,43	29 874,95	
RESULT OF THE FINANCIAL YEAR	4 392 951,88	3 273 529,38	

Consolidated balance sheet €

	31.12.2011	31.12.2010	Notes
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13 303 265,76	9 740 675,07	9
Tangible assets	127 201 035,98	125 354 828,99	10
Investments			12
Holdings in group companies	263 570,01	263 570,01	
Holdings in associated companies	136 982 995,16	134 186 836,64	
Other holdings and interests	8 924 114,03	6 693 898,28	
NON-CURRENT ASSETS IN TOTAL	286 674 980,94	276 239 808,99	
CURRENT ASSETS			
Long-term receivables	34 373 586,42	13 285 885,84	13
Current receivables	44 281 411,02	46 966 126,71	14
Cash and cash equivalents	26 111 274,77	28 133 403,97	
CURRENT ASSETS IN TOTAL	104 766 272,21	88 385 416,52	
	391 441 253,15	364 625 225,51	
EQUITY AND LIABILITIES			
EQUITY			15
Share capital	11 113 224,70	11 038 764,70	
Share issue	588 154,10	127 493,20	
Share premium reserve	57 849 805,02	57 849 805,02	
Revaluation reserve	1 244 855,67	1 244 855,67	
Statutory reserve	5 272 584,10	5 272 584,10	
Invested unrestricted equity reserve	72 381 900,27	41 439 321,17	
Retained result	41 785 892,47	38 512 363,56	
Result of the financial year	4 392 951,88	3 273 529,38	
EQUITY IN TOTAL	194 629 368,21	158 758 716,80	
MINORITY INTEREST	5 100 793,59	4 871 005,16	
LIABILITIES			
Imputed tax liabilities	6 601 535,19	5 787 185,38	16
Non-current liabilities	117 523 940,01	158 165 804,70	17
Current liabilities	67 585 616,15	37 042 513,46	18
LIABILITIES IN TOTAL	191 711 091,35	200 995 503,54	
	391 441 253,15	364 625 225,51	

Consolidated cash flow statement €

	2011	2010
OPERATIONS		
Result	7 689 276,10	7 251 072,83
Adjustments to operating result ¹⁾	6 829 455,65	5 664 451,10
Change in working capital ²⁾	-8 069 655,41	-3 830 684,86
Interest paid	-2 353 975,52	-2 010 013,57
Dividends received	2 039 306,00	941 314,00
Interest received	769 319,13	651 377,31
Financial income and expenses	-2 029 747,71	-1 487 767,03
Taxes	1 212,11	-6,00
CASH FLOW FROM OPERATIONS	4 875 190,35	7 179 743,78
INVESTMENTS		
Acquisition of shares	-5 969 941,10	-6 198 739,00
Investments in intangible and tangible assets	-14 512 691,51	-45 777 760,48
Investment support	4 838 400,00	4 883 400,00
Proceeds from sales of intangible and tangible assets	120 505,00	0,00
CASH FLOW FROM INVESTMENTS	-15 523 727,61	-47 093 099,48
FINANCING		
Withdrawals of long-term loans	2 634 413,17	26 655 588,13
Repayment of long-term loans	-5 887 605,11	-10 100 000,00
Share issue	11 879 600,00	13 500 400,00
Minority investment / Share issue	0,00	2 189 250,00
CASH FLOW FROM FINANCING	8 626 408,06	32 245 238,13
CHANGE IN CASH AND CASH EQUIVALENTS	-2 022 129,20	-7 668 117,57
Liquid assets 1 January	28 133 403,97	35 801 521,54
LIQUID ASSETS 31 DECEMBER	26 111 274,77	28 133 403,97
¹⁾ ADJUSTMENTS TO OPERATING RESULT		
Interest in partnership companies' result	263 967,73	840 079,44
Depreciation and write-downs	6 435 693,83	4 824 371,66
Gain (-) or loss (+) from divestment of non-current assets	129 794,09	0,00
	6 829 455,65	5 664 451,10
²⁾ CHANGE IN WORKING CAPITAL		
Increase (-) or decrease(+) in non-interest-bearing receivables	-1 224 084,89	-8 235 204,30
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	-6 845 570,52	4 404 519,44
	-8 069 655,41	-3 830 684,86

Parent company's income statement €

	1.1.-31.12.2011	1.1.-31.12.2010	Notes
TURNOVER	134 703 237,06	148 105 068,91	1
Other income	1 881 009,73	1 710 606,73	2
Materials and services	-66 943 114,10	-86 018 633,71	3
Personnel expenses	-2 359 137,36	-2 083 499,43	4
Depreciation and impairment charges	-1 559 831,86	-1 370 502,57	5
Other expenses	-65 776 869,21	-60 872 137,93	6
RESULT	-54 705,74	-529 098,00	
Financial income and expenses	562 483,77	-254 104,07	7
RESULT BEFORE EXTRAORDINARY ITEMS	507 778,03	-783 202,07	
Extraordinary items			
Received group subventions	2 492 238,93	2 881 552,80	
RESULT BEFORE APPROPRIATIONS AND TAXES	3 000 016,96	2 098 350,73	
Appropriations			
Change in depreciation difference	-984 501,88	-1 167 997,08	
Direct taxes paid	3 436,10	-6,00	8
RESULT OF THE FINANCIAL YEAR	2 018 951,18	930 347,65	

Parent company's balance sheet €

	31.12.2011	31.12.2010	Notes
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4 948 688,98	3 484 721,08	9
Tangible assets	29 964 332,48	27 562 260,00	10
Investments			12
Holdings in group companies	33 698 970,83	33 698 970,83	
Holdings in associated companies	125 605 713,84	121 867 287,58	
Other holdings and interests	8 924 114,03	6 693 898,28	
NON-CURRENT ASSETS IN TOTAL	203 141 820,16	193 307 137,77	
CURRENT ASSETS			
Long-term receivables	34 348 847,66	13 261 147,08	13
Current receivables	35 539 602,57	37 786 104,25	14
Cash and cash equivalents	16 478 361,28	16 928 031,37	
CURRENT ASSETS IN TOTAL	86 366 811,51	67 975 282,70	
	289 508 631,67	261 282 420,47	
EQUITY AND LIABILITIES			
EQUITY			15
Share capital	11 113 224,70	11 038 764,70	
Share issue	588 154,10	127 493,20	
Share premium reserve	57 849 805,02	57 849 805,02	
Revaluation reserve	1 244 855,67	1 244 855,67	
Statutory reserve	5 272 584,10	5 272 584,10	
Invested unrestricted equity reserve	72 381 900,27	41 439 321,17	
Retained result	13 300 510,63	12 370 162,98	
Result of the financial year	2 018 951,18	930 347,65	
EQUITY IN TOTAL	163 769 985,67	130 273 334,49	
APPROPRIATIONS			
Depreciation	13 953 106,73	12 968 604,85	
LIABILITIES			
Non-current liabilities	55 427 612,65	90 181 872,23	17
Current liabilities	56 357 926,62	27 858 608,90	18
LIABILITIES IN TOTAL	111 785 539,27	118 040 481,13	
	289 508 631,67	261 282 420,47	

Parent company's cash flow statement. €

	2011	2010
OPERATIONS		
Result	-54 705,74	-529 098,00
Financial income and expenses	-405 969,20	-493 552,16
Adjustments to operating result ¹⁾	1 561 130,95	1 370 502,57
Change in working capital ²⁾	2 044 550,78	-5 233 149,35
Interest paid	-1 736 465,64	-1 232 462,86
Dividends received	2 039 306,00	941 314,00
Interest received	665 612,61	530 596,95
Taxes	3 436,10	-6,00
CASH FLOW FROM OPERATIONS	4 116 895,86	-4 645 854,85
INVESTMENTS		
Acquisition of shares	-5 969 941,10	-12 198 739,00
Investments in intangible and tangible assets	-5 425 872,24	-4 915 130,48
CASH FLOW FROM INVESTMENTS	-11 395 813,34	-17 113 869,48
FINANCING		
Withdrawals of long-term loans	2 634 413,17	3 371 655,67
Increase (-) or decrease(+) in interest-bearing receivables	-10 177 004,71	-279 848,38
Increase (+) or decrease in short term non-interest-bearing liabilities concerning investments	0,00	-3 310 875,00
Received group subventions	2 492 238,93	2 881 552,80
Share issue	11 879 600,00	13 500 400,00
CASH FLOW FROM FINANCING	6 829 247,39	16 162 885,09
CHANGE IN CASH AND CASH EQUIVALENTS	-449 670,09	-5 596 839,24
Liquid assets 1 January	16 928 031,37	22 524 870,61
Liquid assets 31 December	16 478 361,28	16 928 031,37
¹⁾ ADJUSTMENTS TO OPERATING RESULT		
Depreciation and write-downs	1 559 831,86	1 370 502,57
Gain (-) or loss (+) from divestment of non-current assets	1 299,09	0,00
	1 561 130,95	1 370 502,57
²⁾ CHANGE IN WORKING CAPITAL		
Increase (-) or decrease(+) in non-interest-bearing receivables	10 933 905,81	-9 325 901,86
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	-8 889 355,03	4 092 752,51
	2 044 550,78	-5 233 149,35

Accounting policies

The scope of the consolidated financial statement

EPV Energy Ltd is the parent company of the group. In addition to the parent company, the consolidated financial statement also incorporates the subsidiaries EPV Alueverkko Oy, EPV Bioturve Oy, EPV Tuulivoima Oy, Rajakiiri Oy, Tornion Voima Oy and Vaskiluodon Teollisuuskiinteistöt Oy.

EPV Energy Ltd owns all the shares in the A series of Suomen Energiavarat Oy.

The financial statement has not been incorporated in the consolidated financial statement, since Suomen Energiavarat Oy has been founded for a certain purpose, and the shares in the A series owned by EPV do not entitle to any dividends.

The basis of preparation for the consolidated financial statement

Apart from Vaskiluodon Teollisuuskiinteistöt Oy, the subsidiaries have all been incorporated in accordance with the acquisition cost method. The subsidiaries are companies founded by the parent company. Vaskiluodon Teollisuuskiinteistöt Oy has been incorporated with the equity method.

The internal business transactions of the group and the internal claims and debts have been eliminated.

The minority interests have been separated from the result of the financial year and the equity, and presented as a separate item in the income statement and the balance sheet.

The accumulated depreciation has been divided into unrestricted equity and imputed tax liabilities. The alteration in depreciation in the income statement has been divided into the result of the financial year and the change in imputed tax liabilities. The tax rate used in the calculation of the deferred tax was 24.5% instead of the previous 26%.

Partnership companies

The partnership companies EPM Metsä Oy, Vaskiluodon Voima Oy, Proma-Palvelut Oy, Rapid Power Oy and Suomen Merituuli Oy have been incorporated with the equity method.

A share of the partnership companies' result and alteration in depreciation excluding imputed tax liabilities equivalent to the group's interest is included in the income statement. In the balance sheet, the share of the partnership company's equity and the accumulated depreciation excluding imputed tax liabilities are presented as share value.

The result of the partnership companies is presented prior to profit on a separate line in the income statement.

Non-current assets

The non-current assets have been entered in the balance sheet at the original direct acquisition cost reduced from planned

depreciation and received supports. The made book values are aimed at land areas. The depreciations according to plan have been calculated according to the estimated useful economic lives.

The depreciation periods are:

Other long-term expenses	5 - 40 years
Goodwill	5 - 15 years
Buildings and construction	20 - 54 years
Machinery and equipment	5 - 52 years
Transmission and distribution network	30 years

The direct acquisition costs for bog areas planned for peat production have been entered under land areas, as far as wasteland and standing crop are concerned.

The remaining direct acquisition costs for bog areas have been entered as pending peat acquisitions.

Once the bog area is prepared, the pending peat acquisitions of the area which has been granted a permit are entered as peat resources, which are depreciated by the use of substance depreciation.

The expenses directly linked to the wind power projects have been entered as pending acquisitions. They are part of preparatory investments.

The prerequisites for completing the projects are investigated annually and separately for each project.

Emission rights

The acquisition of emissions reduction and the indirect expenses in connection with these have been entered under intellectual property rights and presented as emission rights. Gratuitous emission rights are assets not included in the balance sheet. The sales of emission rights are included in the turnover of electricity sales, and the costs of emission rights are included under Materials and services.

Derivatives management

The interest rate tying period of the floating-rate loans has been extended with an interest rate swap, interest rate cap and floor agreements. The interests connected to these agreements have been performance-based divided, and they are presented as net amounts in the main group of financial income and expenses. The nominal values and fair values of the derivative agreements are presented in the notes.

Pension benefits

The pension benefits for the company personnel have been arranged for by an external pension insurance company.

	Group		Parent company	
	2011	2010	2011	2010
1. TURNOVER				
Sales of electricity	130 762	143 258	128 307	142 152 ¹⁾
Sales of heat	18 512	17 671	2 596	1 945
Other operations	25 707	27 456	3 800	4 008
	174 980	188 385	134 703	148 105
2. OTHER INCOME				
Rental income	553	561	552	559
Other income	1 339	568	1 329	1 151
	1 891	1 129	1 881	1 711
3. MATERIALS AND SERVICES				
Energy purchases and transfer payments	75 431	86 727	59 869	71 354
Fuels	10 038	8 947	0	0
Emission rights purchases	7 074	14 664	7 074	14 664 ¹⁾
Purchases during the financial year	92 543	110 339	66 943	86 019
External services	112	122	0	0
	92 655	110 461	66 943	86 019
4. PERSONNEL EXPENSES				
Wages and salaries	2 078	1 855	1 933	1 706
Pension expenses	381	351	361	318
Other personnel expenses	71	64	65	59
	2 530	2 270	2 359	2 083
Salaries and fees paid to the CEO and the Board of Directors	364	308	364	308
Average number of personnel	25	24	23	22
5. DEPRECIATION AND IMPAIRMENT CHARGES				
Depreciation according to plan				
Intangible assets	400	400	0	0
Other capitalised long-term expenses	522	298	200	75
Buildings and construction	502	312	74	68
Machinery and equipment	3 958	2 801	231	214
Transmission and distribution network	1 054	1 013	1 054	1 013
	6 436	4 824	1 560	1 371

¹⁾ The charges from the production companies for purchased emission rights have been collected from the shareholders.

	Group		Parent company	
	2011	2010	2011	2010
6. OTHER EXPENSES				
Fixed energy purchases	58 748	56 241	63 379	58 688
External services	5 232	4 719	1 413	1 164
Administrative expenses	800	780	292	315
Other personnel expenses	348	392	316	356
Commitment expenses and public payments	293	231	104	109
Other expenses	1 876	1 505	273	239
	67 297	63 868	65 777	60 872
Auditor's fees				
Auditing fees	70	38	56	25
Certificates and opinions	0	3	0	2
Tax services	8	4	3	4
Other fees	29	5	25	5
7. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From associated companies	-	-	678	678
From others	1 361	263	1 361	263
	1 361	263	2 039	941
Other interest and financial income				
From group companies	-	-	724	1 010
From others	787	651	668	512
	787	651	1 392	1 522
Interest expenses and other financial expenses				
To group companies	-	-	0	0
To others	-4 401	-3 498	-2 868	-2 717
	-4 401	-3 498	-2 868	-2 717
Total financial income and expenses	-2 253	-2 583	562	-254
8. DIRECT TAXES PAID				
Income taxes on extraordinary items	-	-	648	749
Income taxes on the actual operations	-1	0	-651	-749
Change in deferred tax liabilities	814	1 424	-	-
	813	1 424	-3	0

	Group		Parent company	
	2011	2010	2011	2010
9. INTANGIBLE ASSETS				
Intangible rights				
Acquisition cost 1 January	38	38	38	38
Increase	0	0	0	0
Acquisition cost 31 December	38	38	38	38
Book value 31 December	38	38	38	38
Goodwill				
Acquisition cost 1 January	6 000	6 000	0	0
Acquisition cost 31 December	6 000	6 000	0	0
Depreciation of the financial year	-400	-400	0	0
Book value 31 December	4 800	5 200	0	0
Emission rights				
Acquisition cost 1 January	2 400	1 178	2 400	1 178
Increase	1 645	1 222	1 645	1 222
Acquisition cost 31 December	4 044	2 400	4 044	2 400
Book value 31 December	4 044	2 400	4 044	2 400
Other capitalised long-term expenses				
Acquisition cost 1 January	3 907	3 152	2 398	1 644
Increase	3 817	755	20	755
Investment support	-1 051	0	0	0
Acquisition cost 31 December	6 674	3 907	2 418	2 398
Accumulated depreciation and impairment charges 1 January	-1 804	-1 578	-1 351	-1 277
Depreciation of the financial year	-449	-225	-200	-75
Acquisition cost 31 December	4 421	2 103	866	1 047
Intangible assets in total				
Acquisition cost 1 January	12 344	10 368	4 836	2 859
Increase	5 462	1 976	1 664	1 976
Investment support	-1 051	0	0	0
Acquisition cost 31 December	16 756	12 344	6 500	4 836
Accumulated depreciation and impairment charges 1 January	-2 604	-1 978	-1 351	-1 277
Depreciation of the financial year	-849	-625	-200	-75
Book value 31 December	13 303	9 741	4 949	3 485

	Group		Parent company	
	2011	2010	2011	2010
10. TANGIBLE ASSETS				
Land and water areas				
Acquisition cost 1 January	3 716	3 291	2 210	2 210
Increase	629	425	0	0
Decrease	-249	0	0	0
Transfer between categories	3	0	0	0
Acquisition cost 31 December	4 099	3 716	2 210	2 210
Book value 31 December	4 099	3 716	2 210	2 210
Revaluation included in the acquisition cost of land areas				
Revaluation 1 January	1 682	1 682	1 682	1 682
Revaluation 31 December	1 682	1 682	1 682	1 682
The revaluation is based on the presumable transfer price.				
Deferred tax share of the revaluation	412	437	412	437
Buildings and construction				
Acquisition cost 1 January	10 833	10 803	4 946	4 916
Increase	6 736	30	132	30
Investment support	-1 841	0	0	0
Decrease	-89	0	-89	0
Acquisition cost 31 December	15 638	10 833	4 989	4 946
Accumulated depreciation and impairment charges 1 January	-4 632	-4 320	-3 921	-3 853
Accumulated depreciation from deduction	89	0	89	0
Depreciation of the financial year	-502	-312	-74	-68
Book value 31 December	10 592	6 200	1 083	1 025
Machinery and equipment				
Acquisition cost 1 January	73 438	73 203	11 237	11 075
Increase	33 885	280	422	162
Investment support	-9 204	0	0	0
Decrease	0	-45	0	0
Acquisition cost 31 December	98 119	73 438	11 658	11 237
Accumulated depreciation and impairment charges 1 January	-15 504	-12 702	-7 915	-7 700
Depreciation of the financial year	-3 958	-2 801	-231	-214
Book value 31 December	78 657	57 935	3 512	3 322
Book value share of machinery and equipment 31 December	77 225	56 439	3 371	3 182
Transmission network				
Acquisition cost 1 January	28 589	28 474	28 368	28 253
Increase	6 687	115	6 687	115
Acquisition cost 31 December	35 277	28 589	35 055	28 368
Accumulated depreciation and impairment charges 1 January	-11 135	-10 122	-10 914	-9 900
Depreciation of the financial year	-1 054	-1 013	-1 054	-1 013
Book value 31 December	23 088	17 454	23 088	17 454

	Group		Parent company	
	2011	2010	2011	2010
Other tangible assets				
Acquisition cost 1 January	1 081	1 081	0	0
Acquisition cost 31 December	1 081	1 081	0	0
Depreciation of the financial year	-72	-72	0	0
Book value 31 December	870	942	0	0
Pending peat acquisitions				
Acquisition cost 1 January	2 835	2 053	0	0
Increase	542	782	0	0
Transfer between categories	-3	0	0	0
Acquisition cost 31 December	3 373	2 835	0	0
Book value 31 December	3 373	2 835	0	0
Advance payments and acquisitions in progress				
Acquisition cost 1 January	36 273	3 780	3 551	919
Increase	6 308	42 329	3 651	2 776
Investment support	0	-9 677	0	0
Decrease	-36 059	-160	-7 130	-144
Acquisition cost 31 December	6 522	36 273	72	3 551
Book value 31 December	6 522	36 273	72	3 551
Tangible assets in total				
Acquisition cost 1 January	156 765	122 685	50 311	47 373
Increase	54 786	43 961	10 892	3 083
Investment support	-11 045	-9 677	0	0
Decrease	-36 397	-205	-7 219	-144
Acquisition cost 31 December	164 109	156 765	53 984	50 311
Accumulated depreciation and impairment charges 1 January	-31 410	-27 211	-22 749	-21 453
Accumulated depreciation from deduction	89	0	89	0
Depreciation of the financial year	-5 587	-4 199	-1 359	-1 296
Book value 31 December	127 201	125 355	29 964	27 562
11. CAPITALISED INTEREST COSTS				
Machinery and equipment				
Including capital interest costs	1 461	1 537	0	0

INVESTMENTS

Company name	Domicile	Group interest %	Group voting share %	Parent company interest %	Holdings of parent company	
					Pcs.	Book value
HOLDINGS IN GROUP COMPANIES						
EPA	Vaasa	100,0	100,0	100,0	150	3
EPV-B	Vaasa	100,0	100,0	100,0	1 000	6 150
EPV-T	Vaasa	100,0	100,0	100,0	1 000	4 750
RK (A)	Tornio	60,2	60,2	60,2	602	452
RK (A1)	Tornio	60,2	60,2	60,2	8 829	6 622
RK (B)	Tornio	60,2	60,2	60,2	602	452
TOVO	Tornio	100,0	100,0	100,0	7 500	15 008
VTK	Vaasa	100,0	100,0	100,0	4 000	264
HOLDINGS IN ASSOCIATED COMPANIES						
VV	Vaasa	50,0	50,0	50,0	300	505
EPM	Vaasa	40,0	40,0	40,0	160	160
Proma	Helsinki	34,0	34,0	34,0	2 380	238
RPO	Vaasa	50,0	50,0	50,0	5 000	26 804
SMT	Helsinki	50,0	50,0	50,0	1 000	500
PVO (A)					692 549	
PVO (B)					230 558	
PVO (B2)					77 508	
PVO (C2)					11 624	
PVO (C)					1 016 188	
PVO (E1)					3 422	
PVO (H)					302 142	
PVO (N)					49 376	
PVO (V)					224 735	
				7,2	2 608 102	37 925
TVO (A)					44 562 213	
TVO (B)					44 562 203	
TVO (C)					2 246 704	
				6,6	91 371 120	58 974
OTHER SHARES AND HOLDINGS OWNED BY THE PARENT COMPANY						
SEV(A)	Vaasa			100,0	4 400	3
SEV(B)	Vaasa			3,9	1 176	4 998
Mervento Oy (B)				7,5	400	2 400
Innopower Oy (A,C)				9,8	12 580	1 280
Powest Oy (E)				1,0	13 206	89
Others						154
						168 229

EPA = EPV Alueverkko Oy
 EPM = EPM Metsä Oy
 EPV-B = EPV Bioturve Oy
 EPV-T = EPV Tuulivoima Oy
 VTK = Vaskiluodon Teollisuuskiinteistöt Oy
 VV = Vaskiluodon Voima Oy
 Proma = Proma-Palvelut Oy
 PVO = Pohjolan Voima Oy
 TOVO = Tornion Voima Oy
 TVO = Teollisuuden Voima Oy
 RK = Rajakiiri Oy
 RPO = Rapid Power Oy
 SEV = Suomen Energiavarat Oy
 SMT = Suomen Merituuli Oy

	Group		Parent company	
	2011	2010	2011	2010
12. INVESTMENTS				
Interest in group companies				
Acquisition cost 1 January	264	264	33 699	27 699
Increase	0	0	0	6 000
Acquisition cost 31 December	264	264	33 699	33 699
Book value 31 December	264	264	33 699	33 699
Interest in associated companies				
Acquisition cost 1 January	134 187	130 508	121 867	116 671
Increase	4 058	3 678	5 000	5 197
Acquisition cost 31 December	-1 261	0	-1 261	0
Book value 31 December	136 983	134 187	125 606	121 867
Kirjanpitoarvo 31.12.	136 983	134 187	125 606	121 867
Other holdings and interests				
Acquisition cost 1 January	6 694	5 692	6 694	5 692
Increase	2 230	1 002	2 230	1 002
Acquisition cost 31 December	8 924	6 694	8 924	6 694
Book value 31 December	8 924	6 694	8 924	6 694
Investments in total				
Acquisition cost 1 January	141 144	136 464	162 260	150 061
Increase	6 288	4 680	7 230	12 199
Decrease	-1 261	0	-1 261	0
Acquisition cost 31 December	146 171	141 144	168 229	162 260
Book value 31 December	146 171	141 144	168 229	162 260
13. NON-CURRENT RECEIVABLES				
Loan receivables	11 752	11 752	11 752	11 752
Unpaid equity capital	19 872	0	19 872	0
Other long-term receivables	2 750	1 534	2 725	1 509
	34 374	13 286	34 349	13 261
Receivables from associated companies				
Loan receivables	11 750	11 750	11 750	11 750

	Group		Parent company	
	2011	2010	2011	2010
14. CURRENT RECEIVABLES				
Trade receivables	19 227	30 636	12 127	23 567
Loan receivables	10 000	0	12 592	2 882
Unpaid equity capital	7 226	7 500	7 226	7 500
Prepayments and accrued income *)	7 105	8 553	3 206	3 040
Other receivables	723	278	388	797
	44 281	46 966	35 540	37 786
Receivables from group companies				
Trade receivables	-	-	461	391
Loan receivables	-	-	2 592	2 882
Prepayments and accrued income	-	-	0	0
Other receivables	-	-	196	257
	-	-	3 249	3 529
Receivables from associated companies				
Trade receivables	89	83	49	53
Loan receivables	10 000	0	10 000	0
Prepayments and accrued income	2 949	2 936	2 949	2 936
Other receivables	25	49	23	49
	13 064	3 069	13 022	3 038
*) Constituents included in the short-term prepayments and accrued income				
Accrued electricity purchases	2 979	2 914	2 979	2 914
Accrued electricity sales	174	62	174	62
Accrued energy support	686	35	0	0
Peat reservation fee	370	0	0	0
Accrued interest income	47	23	47	23
Accrued VAT	0	38	0	38
Accrued investment subventions	2 419	4 838	0	0
Others	430	643	6	4
	7 105	8 553	3 206	3 040
15. SHAREHOLDERS' EQUITY				
Equity capital 1 January	11 039	10 697	11 039	10 697
Increase in equity capital	74	342	74	342
Equity capital 31 December	11 113	11 039	11 113	11 039
Share issue 1 January	127	113	127	113
Unregistered unpaid equity capital	461	127	461	127
Transfer to equity capital	0	-113	0	-113
Share issue 31 December	588	127	588	127
Share premium reserve 1 January	57 850	57 850	57 850	57 850
Share premium reserve 31 December	57 850	57 850	57 850	57 850
Revaluation reserve 1 January	1 245	1 245	1 245	1 245
Revaluation reserve 31 December	1 245	1 245	1 245	1 245

	Group		Parent company	
	2011	2010	2011	2010
Statutory reserve 1 January	5 273	5 273	5 273	5 273
Statutory reserve 31 December	5 273	5 273	5 273	5 273
Invested unrestricted equity reserve 1 January	41 439	20 796	41 439	20 796
Investment in the invested unrestricted equity reserve	30 943	20 643	30 943	20 643
Invested unrestricted equity reserve 31 December	72 382	41 439	72 382	41 439
Retained result 1 January	41 786	38 512	13 301	12 370
Retained result 31 December	41 786	38 512	13 301	12 370
Result of the financial year	4 393	3 274	2 019	930
TOTAL SHAREHOLDER'S EQUITY	194 629	158 759	163 770	130 273
Depreciation difference				
Depreciation difference share entered under equity capital	19 432	16 471	-	-

Estimation of distributable funds 31 December				
Retained result	-	-	13 301	12 370
Result of the financial year	-	-	2 019	930
Invested unrestricted equity reserve	-	-	72 382	41 439
	-	-	87 701	54 740

NOTES TO THE BALANCE SHEET (1 000 €)

EQUITY CAPITAL ACCORDING TO SERIES OF SHARES		pcs	1 000 €
A1 series ^{*)}	The shares in the A and B series of the company Teollisuuden Voima Oyj or other shares replacing these entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 1, Olkiluoto 2 and Olkiluoto 3 nuclear power plant units	3 359 304	5 711
A2 series	The shares in the B series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 1 and Olkiluoto 2 nuclear power plant units of Teollisuuden Voima Oyj	250 000	425
A3 series	The shares in the B2 series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 3 nuclear power plant unit of Teollisuuden Voima Oyj	466 950	794
A4 series ^{*)}	The shares in the company Teollisuuden Voima Oyj entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 4 nuclear power plant unit	10 000	17
A5 series ^{*)}	The shares in the company Pohjolan Voima Oy entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 4 nuclear power plant unit	3 783	6
B series	The shares in the C series of the company Teollisuuden Voima Oyj and the shares in the C2 series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated at the Meri-Pori coal power plant	64 653	110
C series ^{*)}	The shares in the M series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated by Mussalon Voima Oy	20 517	35
D1 series	The shares in the company Vaskiluodon Voima Oy or other shares replacing these entitle the holder to electricity generated at the thermal power plant units in Vaasa and Seinäjoki	562 500	956
D2 series	The shares in the V series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated at the power plants of Vaskiluodon Voima Oy in Vaasa and Seinäjoki	113 091	192
E1 series	The shares in the A series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated in Finland by means of hydropower	543 375	924
E2 series	The shares entitle the holder to the electricity supplied by the partnership Rapid Power Oy, generated by means of hydropower in Norway and transmitted to Finland	265 440	451
F series	The shares in the C series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated at the power plants in Tahkoluoto and Kristinestad	197 964	337
G series	The shares in the H series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated by means of peaking power. In addition, the shares in the G series entitle the holder to the potential profit of the other operations of the company, which are not included in the other series, in order to cover the costs for electricity generation resources in the G series	302 400	514
P1 series	The shares entitle the holder to the emission reduction rights acquired from a third party and obligate the holder to compensate for the fixed costs of the company concerned arising from the acquisition of the rights in relation to the holder's shares in the P1 series, as well as for the variable costs in relation to the received rights	74 000	126
P2 series	The shares entitle the holder to the emission reduction rights acquired from a third party, based on acquisition decisions made in 2011 or at a later date, and obligate the holder to compensate for the fixed costs of the company concerned arising from the acquisition of the rights in relation to the holder's shares in the P2 series, as well as for the variable costs in relation to the received rights	43 800	74
T series	The shares in the company Tornion Voima Oy or other shares replacing these entitle the holder to electricity generated by means of thermal power at the power plant in Tornio	120 000	204
W1 series ^{*)}	The shares in the A and C series of the company Innopower Oy and the shares in Rajakiiri Oy or other shares replacing these entitle the holder to electricity generated by means of wind power	86 971	148
W2 series	The shares in the company EPV Tuulivoima Oy or other shares replacing these entitle the holder to electricity generated by means of wind power	47 456	81
W3 series	The shares in the company Suomen Merituuli Oy or other shares replacing these entitle the holder to electricity generated by means of wind power	4 987	8
		6 537 191	11 113

^{*)} Pending amendment to the Articles of Association

The shareholders in each of the series are responsible for the fixed costs of the series in relation to their holdings and for the variable costs in relation to the amount of energy supplied.

^{**) Unregistered share issues}

Date of general shareholders' meeting	Series of shares	Directed share issue		Share capital 1 000 €	Invested unrestricted equity reserve 1 000 €
		Number pcs	Total subscription price 1 000 €		
30.3.2010	A1	74 996	7 500	127	7 372
29.11.2011	A4	196 598	19 660	334	19 326
29.11.2011	A5	74 379	7 438	126	7 311

	Group		Parent company	
	2011	2010	2011	2010
16. ACCUMULATED APPROPRIATIONS				
Depreciation difference of deferred tax liabilities	6 602	5 787	3 419	3 372
17. NON-CURRENT LIABILITIES				
Bank loans	62 096	105 373	0	37 389
Other non-current liabilities	55 428	52 793	55 428	52 793
	117 524	158 166	55 428	90 182
Liabilities to associated companies				
Other non-current liabilities	55 428	52 793	55 428	52 793
Liabilities which are due later than after five years				
Bank loans	44 442	51 538	0	0
Other non-current liabilities	55 428	52 793	55 428	52 793
	99 869	104 332	55 428	52 793
18. CURRENT LIABILITIES				
Bank loans	39 989	2 600	37 389	0
Trade payables	16 092	24 514	11 619	19 836
Accruals and deferred income *)	5 333	5 315	4 416	4 457
Other current liabilities	6 172	4 613	2 934	3 566
	67 586	37 043	56 358	27 859
Liabilities to group companies				
Trade payables	-	-	494	690
Accruals and deferred income	-	-	0	0
Other current liabilities	-	-	121	545
	-	-	615	1 235
Liabilities to associated companies				
Trade payables	7 703	16 930	7 703	16 929
Accruals and deferred income	3 479	3 423	3 479	3 423
Other current liabilities	2 739	2 677	2 739	2 677
	13 921	23 030	13 920	23 029
*) Constituents included in the short-term prepayments and accrued income				
Accrued sales of electricity	3 543	3 423	3 543	3 423
Accrued interest income	1 090	1 172	588	790
Accrued emission rights	0	355	0	4
Accrued fuel acquisition	166	25	0	0
Accrued personnel expenses	305	263	282	235
Others	230	78	4	5
	5 333	5 315	4 416	4 457

	Group		Parent company	
	2011	2010	2011	2010
19. PLEDGED COLLATERALS ON THE BEHALF OF OTHERS				
Pledge of bank account	829	823	829	823
20. COMMITMENTS				
Leasing contract payments				
Payments during the following financial year	6	9	0	0
Guarantees				
From the group company's liabilities	0	3 357	0	3 357
From associated companies' liabilities	10 822	18 500	10 822	18 500
	10 822	21 857	10 822	21 857
Other commitments				
Other own commitments	1 850	2 150	1 850	2 150
21. DERIVATIVE AGREEMENTS				
Interest rate derivatives				
Option agreements				
Purchased (nominal value)	0	11 750	0	11 750
Fair value	0	0	0	0
Sold (nominal value)	0	11 750	0	11 750
Fair value	0	-76	0	-76
Interest rate swaps (nominal value)	88 000	93 000	69 000	74 000
Fair value	-3 514	-1 514	-2 921	-1 746
22. EMISSION RIGHTS				
Emissions trading period	2011-2012	2010-2012		
	tn CO ₂	tn CO ₂		
Granted emission rights	531 240	796 860		
Annual level allocation	265 620	265 620		
Emission rights utilization	2011	2010		
	tn CO ₂	tn CO ₂		
Emissions	178 346	236 067		
Gratuitous emission rights 1 January	-265 620	-265 620		
Emission rights sales	0	30 000		
Deficit (+)/surplus (-)	-87 274	447		
Gratuitous granted emission rights available on 31 December	387 770	566 116		

Signatures for the report of the Board of Directors and financial statements

PROPOSITION FOR ENTRY OF THE ANNUAL RESULT

The distributable funds of the parent company are EUR 87,701,362.08, of which the result of the financial year is EUR 2,018,951.18.

The Board of Directors proposes to the General Shareholders' Meeting that no dividends are to be paid and that the result is added to the equity

Vaasa, 15 March 2012

Heikki Kouhi

Chairman

Vesa Kumpulainen

Hannu Linna

Heikki Miilumäki

Jorma Rasinmäki

Seppo Ruohonen

Janne Savelainen

Kaj Skåtar

Sakari Suontaka

Markku Vartia

Rami Vuola

CEO

Auditor's report

To the General Shareholders' Meeting of EPV Energy Ltd

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of EPV Energy Ltd for the year ended on 31 December, 2011. The financial statements comprise the Group's and parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of these in accordance with effective laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO is responsible for that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance of whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate under the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Vaasa, 16 March 2012

ERNST & YOUNG OY

Community of chartered accountants

Mikko Rytilahti
CA

Tatu Huhtala
CA

Financial statements of EPV Alueverkko Oy

**Differentiated financial statements for the electricity network operations
of EPV Alueverkko Oy in accordance with 32 § of the Electricity Market Act.**

The complete financial statements of EPV Alueverkko Oy are available
at the website of EPV Energy Ltd: www.epv.fi and at the website of EPV Alueverkko Oy: www.epa.fi

Income statement €

EPV ALUEVERKKO OY

	1.1.-31.12.2011	1.1.-31.12.2010
TURNOVER	25 795 667,08	26 770 930,86
Other income	32 748,80	2 693,90
Materials and services	-17 286 576,08	-17 924 226,78
Personnel expenses	-167 155,34	-186 714,18
Other expenses	-5 892 418,66	-5 785 630,54
RESULT	2 482 265,80	2 877 053,26
Financial income and expenses	12 197,12	4 499,54
RESULT BEFORE EXTRAORDINARY ITEMS	5 435 878,00	4 667 683,54
Extraordinary items		
Given group subventions	-2 492 238,93	-2 881 552,80
RESULT BEFORE APPROPRIATIONS AND TAXES	2 223,99	0,00
Appropriations and taxes	-2 223,99	0,00
RESULT OF THE FINANCIAL YEAR	0,00	0,00

Balance sheet €

EPV ALUEVERKKO OY

	31.12.2011	31.12.2010
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	680 656,37	0,00
NON-CURRENT ASSETS IN TOTAL	680 656,37	0,00
CURRENT ASSETS		
Current receivables	5 737 843,94	4 714 900,25
Cash and cash equivalents	2 124 869,16	2 777 818,41
CURRENT ASSETS IN TOTAL	7 862 713,10	7 492 718,66
	8 543 369,47	7 492 718,66
EQUITY AND LIABILITIES		
EQUITY		
Share capital	2 522,82	2 522,82
Retained result	90 370,63	90 370,63
Result of the financial year	0,00	0,00
EQUITY IN TOTAL	92 893,45	92 893,45
LIABILITIES		
Current liabilities	8 450 476,02	7 399 825,21
LIABILITIES IN TOTAL	8 450 476,02	7 399 825,21
	8 543 369,47	7 492 718,66

Cash flow statement €

EPV ALUEVERKKO OY

	2011	2010
OPERATIONS		
Result	2 482 265,80	2 877 053,26
Adjustments to operating result ¹⁾	417 020,99	-176 091,08
Interest paid	-14 424,58	-9 668,78
Interest received	26 621,70	14 168,32
Taxes paid	-2 223,99	0,00
CASH FLOW FROM OPERATIONS	2 909 259,92	2 705 461,72
INVESTMENTS		
Network construction	-680 656,37	0,00
CASH FLOW FROM INVESTMENTS	-680 656,37	0,00
FINANCING		
Increase (+) or decrease(-) in short-term interest-bearing liabilities	-389 313,87	977 353,73
Given group subventions	-2 492 238,93	-2 881 552,80
CASH FLOW FROM FINANCING	-2 881 552,80	-1 904 199,07
CHANGE IN CASH AND CASH EQUIVALENTS	-652 949,25	801 262,65
Liquid assets 1 January	2 777 818,41	1 976 555,76
LIQUID ASSETS 31 DECEMBER	2 124 869,16	2 777 818,41
¹⁾ CHANGE IN WORKING CAPITAL		
Increase (-) or decrease(+) in non-interest-bearing receivables	-1 022 943,69	-514 732,76
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	1 439 964,68	338 641,68
	417 020,99	-176 091,08

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