



Annual Report 2012



# EPV Energy Ltd

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

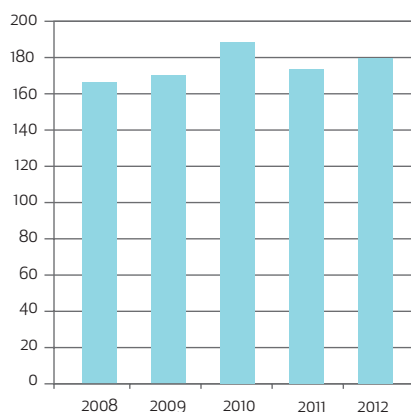
EPV concentrates on efficient management of the power shares owned by the company, while also continually improving the competitiveness of the energy supplied to the owners.

The company supplies approximately **4 TWh** of electricity and **1.3 TWh** of heat annually. EPV Energy Ltd supplies approximately **4.5 percent** of the total electricity consumed over the year in Finland.

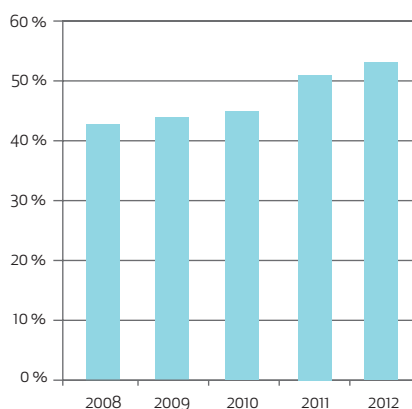
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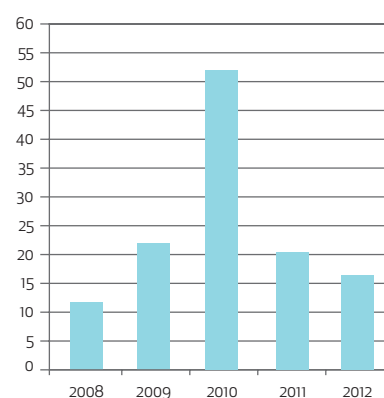
Turnover [M€]

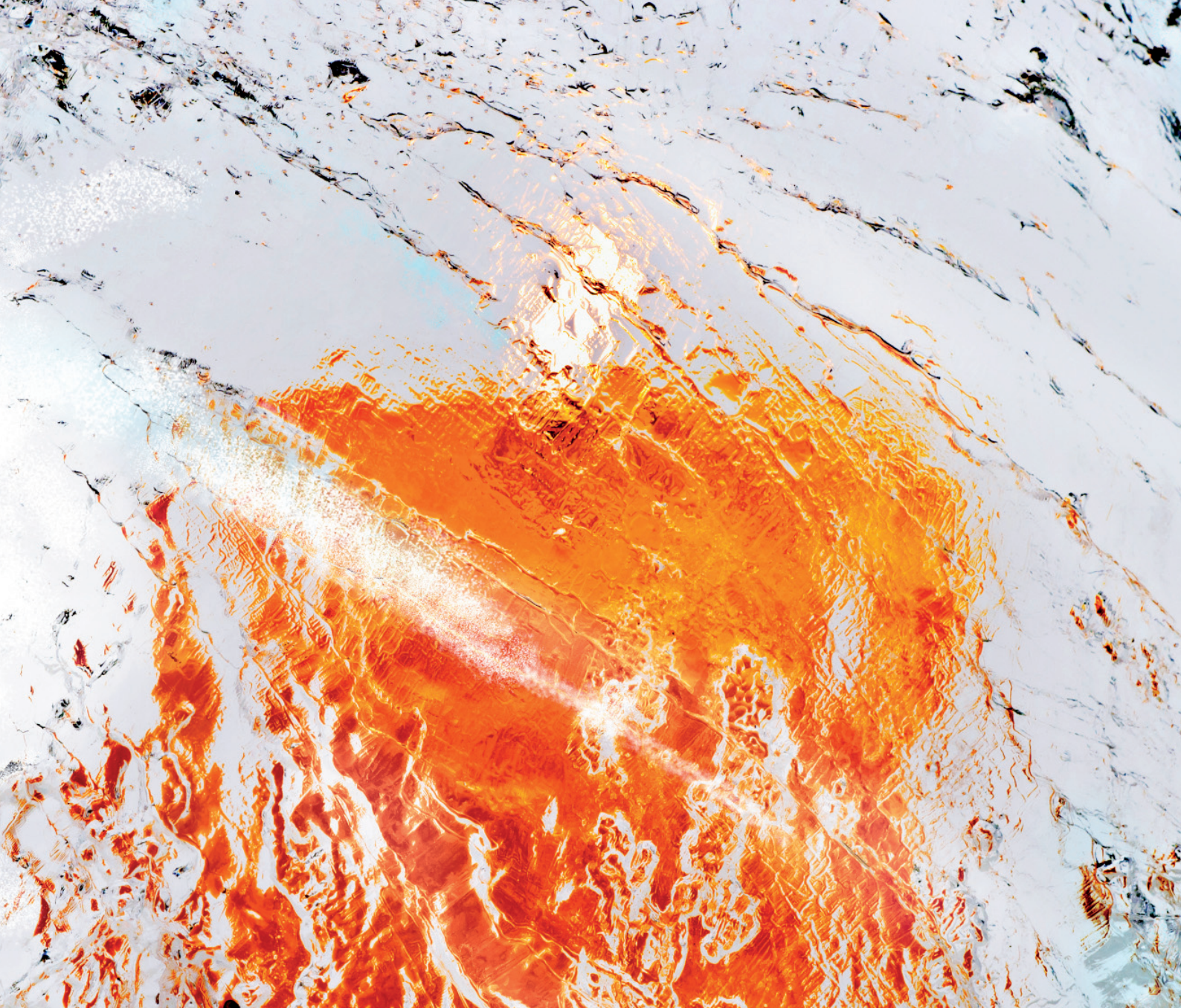


Solvency ratio

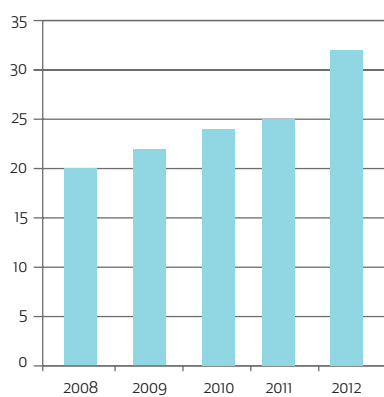


Investments [M€]

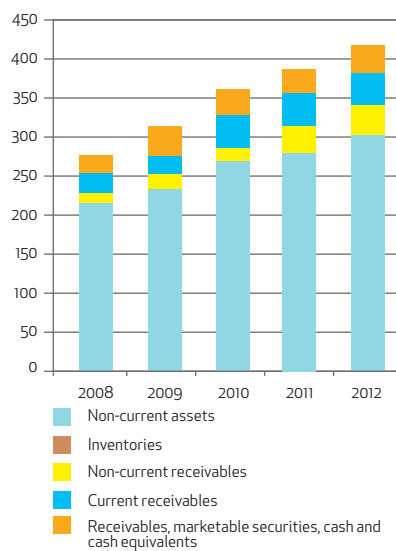




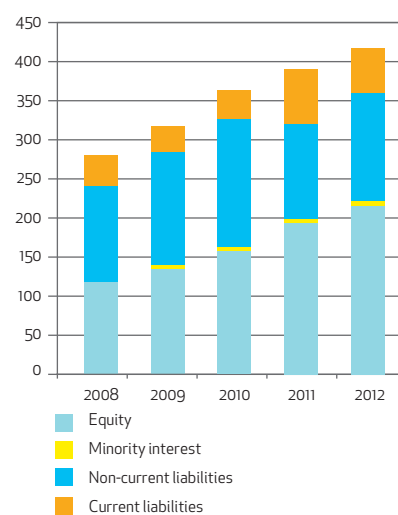
Personnel



Asset development [M€]  
(balance, assets)

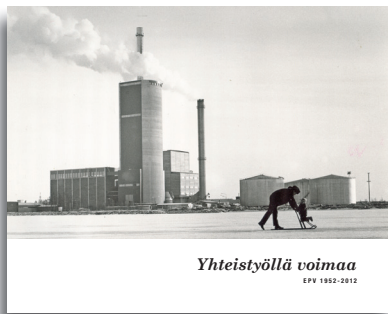


Development of financing items [M€]  
(balance, liabilities)





# 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, and transfer electricity to municipal electric plants in former Province of Vaasa. In honour of the 60 years the company has been active, in October EPV published a company history written by Ph.D. Petri Juuti and

Tech.D. Riikka Rajala. The history also offers a sectional view on the recent history of electricity generation and distribution in Ostrobothnia and all of Finland.

In addition to the history, EPV celebrated its anniversary with a seminar focusing on future energy technology and its investment opportunities, as well as energy and environmental

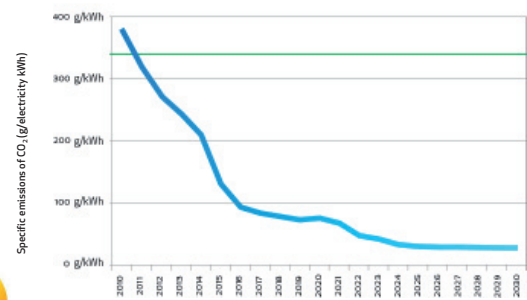




policies. The seminar speakers included top experts experienced in their respective fields and national decision-makers such as Hannele Pokka, Johnny Åkerholm and Mikko Pukkinen. CEO Rami Vuola concluded the seminar with a presentation on how EPV gradually will transfer to CO<sub>2</sub> emission-free energy generation.



## Towards low-emission energy generation



60  
1952 2012  
EPV Energy Ltd



# The CEO's statement



**Rami Vuola**

The year of 2012 brought internal changes to the EPV Group. Taking charge of and internalizing data and economic administration has led to cost benefits and increased operational efficiency. A common data network that covers all offices is also necessary for the company's development.

The decision to phase out the operations of Proma-Palvelut and to restructure the management of thermal energy was a direct consequence of the need to make the company's thermal power plants more efficient.

Due to governmental decisions, the plants in question have become extremely low-profit or practically unprofitable. For Vaasa and Seinäjoki this unfortunately meant that after co-operation negotiations the plants had to terminate 20 employments in total.

The past year did unfortunately not see a change for the better regarding Olkiluoto 3. The construction of the nuclear power plant proceeds excruciatingly slowly. Currently, the commercial electricity generation is estimated to start in 2016.

Olkiluoto 4 has advanced in the respect that the plant suppliers were submitted in January 2013. Decisions on how to proceed will be made this spring. EPV is committed to financing the tendering and planning phase with approximately MEUR 30.

The good news for nuclear power was that last year, the matter of final disposal took a giant leap when Posiva

submitted its construction permit application to the government. We also received positive figures from Olkiluoto 1 and 2, which together achieved their second best generation record through all times, a total of 14.45 TWh electricity.

Instead of breaking even, EPV also made a very good profit thanks to the dividend yields of 20 million paid by PVO for the Fingrid shares. The shareholders jointly decided that the non-recurring transaction would be added to the equity to be used for future investments.

The EU emissions trading system's becoming stricter at the beginning of 2013 increases the costs for electricity generation in future. During the period 2013–2020 electricity generation will no longer receive free emission rights, all rights have to be purchased. The free emission rights for thermal generation will also be reduced significantly.

Given the situation it is unbelievable that the government is preparing the windfall tax, which, if implemented, would have disastrous consequences for the competitiveness and investment opportunities of the Finnish industry. The government is making a big mistake if they start to collect additional taxes on carbon dioxide emission-free generation. In the name of Finnish employment, competitiveness and ensuring prosperous operating conditions for the industry, the government should abort the preparation of a tax which contradicts the objectives of the government programme. Instead the government

# Group structure and business areas

EPV ENERGY IS DIVIDED INTO FOUR BUSINESS AREAS:  
EPV POWER, EPV HEAT, EPV WIND AND EPV INFRA.

should encourage companies to make the billion investments in clean energy that are currently being planned.

For a long time, EPV has strived systematically towards low-emission electricity generation, since before long, we expect emission-free generation to increase our competitiveness. At EPV's 60th anniversary seminar I presented our timetable for reducing emissions. We are proceeding according to plan, as all projects on the list are in progress and a large share of the plans already have been realized.

Last year, one of the most significant projects on the list was actualized, as the world's largest, innovative biomass carburetion plant was finished at Vaskiluoto. The test run began in the autumn, and the plant was utilized at 140 MW maximum capacity for the first time 29 November 2012.

The carburetion plant is a significant climate action, since it enables a reduction in use of coal and in carbon dioxide emissions. In addition, it improves the Finnish trade balance and employment in Ostrobothnia. We need more projects of this kind.

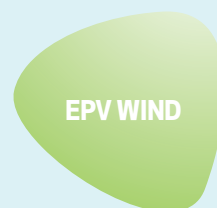
March 2013  
Rami Vuola



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 HOLDS SHARES IN POHJOLAN VOIMA, TEOLLISUUDEN VOIMA AND RAPID POWER OY, WHICH SUPPLIES NORWEGIAN HYDROPOWER.

EPV holds a share of 7.2 percent in Pohjolan Voima, and is thus the fourth largest owner of the company. EPV is both a direct and indirect shareholder in Teollisuuden Voima through Pohjolan Voima. EPV has a 50% interest in Rapid Power Oy.

In 2012, the total electricity acquisition of EPV was 3,815 GWh. This corresponded to about 4.5 percent of the total electricity consumed in Finland.

1,206 GWh of electricity was generated with nuclear power, 789 GWh with hydropower, 707 GWh with coal, 412 GWh with peat and wood, and 68 GWh with wind power.

## The EU approved the Mankala model

At the end of November, the European Commission decided to discontinue the investigation of the legality of the Mankala principle. The complaint filed with the Commission was thus concluded.

The European Commission's decision means that the absorption cost pricing of Finnish power companies is allowed to continue. When a company operates according to the absorption cost principle, it sells the electricity and heat it generates to its shareholders at an absorption cost price, and the shareholders take care of the company's expenses in proportion to their share.

According to the power companies, the absorption cost pricing is about uniting power resources. The Mankala principle enables large investments in power plants, which the shareholders could not afford on their own. By means of an absorption cost price operational model, even small players are able to benefit from their own generation capacity.

The absorption cost price operational model of EPV enables comprehensive investment programmes. Over the next few years EPV, which aims at

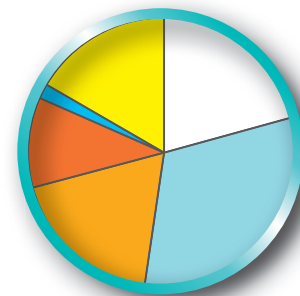
emission-free generation, will invest greatly in renewable energy, in particular in wind power, and nuclear power. A company which generates electricity at absorption cost price does not make profit nor pay income taxes. The income tax is paid when profit is made, i.e. when the shareholder sells electricity to the market.

The Supreme Administrative Court has approved the Mankala principle in two resolutions from 1963 and 1968. The operational model is named after the Mankala power plant by Kymijoki river, to which one of these resolutions applied.

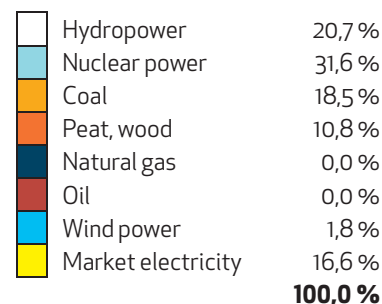
## The environmental quality of electricity

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 1.1 mg/kWh.

In 2012, the average carbon dioxide emissions of the electricity supplied by EPV Power were 242.8 g/kWh.



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



The average nitrogen dioxide emissions of the electric energy acquired through generation shares were 376.8 mg/kWh. The sulphur dioxide emissions were 140.8mg/kWh and the particle emissions 8.3 mg/kWh.

### Nuclear power is pure energy

Finland has committed to reducing the greenhouse gas emissions by 20 per-cent by 2020, compared to the level in 1990. The climate change can be effectively contained with nuclear power, since it enables the generation of completely carbon dioxide emission-free electricity.

Electricity consumption will grow in future, when fossil fuels are replaced by electricity. The growing demand for energy cannot be covered solely by renewable energy sources.

During consumption peaks, energy generated with nuclear power, peat, coal or natural gas is required. Nuclear electricity plays a significant part in striving towards self-sufficient energy generation.

The largest portion of the total cost of electricity generated with nuclear power arises from capital costs. Fuel costs are low, which is why the

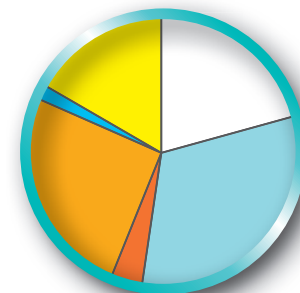
price of electricity generated with nuclear power remains stable and predictable. No community subventions are required for building and generating nuclear power. Nuclear power has turned out to be an efficient and affordable way of generating electricity in Finnish conditions.

### The windfall tax poses a threat to investments

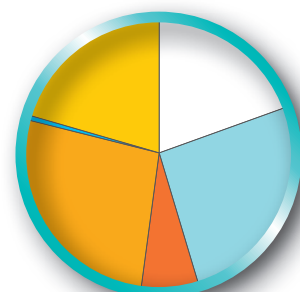
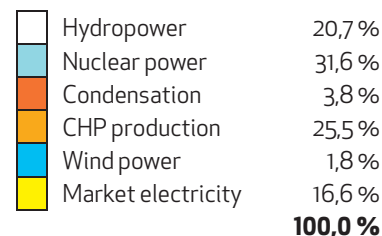
The windfall tax prepared by the Katainen government is due to come into force in 2014. The tax, which is aimed at emission-free energy generation, is estimated to cause EPV direct costs of at least MEUR 7.5.

As EPV operates according to the Mankala principle, the tax means the owners are forced to pay more for the electricity. The tax will weaken the profitability of the business operations, complicate the availability of financing and increase the price of borrowed capital.

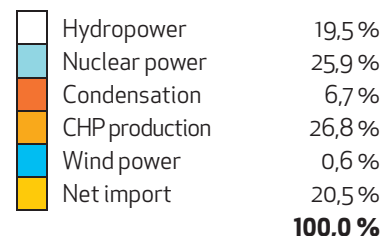
The windfall tax will undermine the opportunities of EPV to invest in bio and wind programmes, by means of which we strive to increase our renewable energy generation.



Distribution of electricity acquisition: EPV



Distribution of electricity acquisition: Finland



# EPV Heat

EPV HEAT GENERATES ELECTRICITY AND HEAT AT COGENERATION PLANTS IN VAASA, SEINÄJOKI AND TORNIO. EFFICIENT COGENERATION OF ELECTRICITY AND HEAT HAS KEPT THE CARBON DIOXIDE EMISSIONS LOW. THE BIOFUEL CARBURETOR PLANT AT THE VAASA POWER PLANT, WHICH WAS FINISHED AT THE END OF 2012, WILL FURTHER REDUCE THE CARBON FOOTPRINT OF EPV HEAT.

The generation companies of EPV Heat are Vaskiluodon Voima Oy and Tornion Voima Oy. Tornion Voima is EPV's subsidiary, of which EPV holds all the shares. EPV owns 50 percent of Vaskiluodon Voima. These companies generated the majority of the district heating consumed in the cities of Seinäjoki, Tornio and Vaasa. In addition, Tornion Voima generated process heat for the Outokumpu steel works.

In 2012, 606 GWh of heat was generated at the Vaasa power plant, 329 GWh at the Seinäjoki plant, and 391 GWh at the Tornio plant.

977 GWh of electricity was generated at the Vaasa power plant, 421 GWh at the Seinäjoki plant, and 156 GWh at the Tornio plant.

## The carburetor plant began its operations

The biomass carburetor plant of Vaskiluodon Voima was finished and taken into test run at the end of 2012. With advanced technology about a third of the coal can be replaced by domestic biofuels, mainly wood chips.

The biomass carburetor plant reduces carbon dioxide emissions, creates direct employment for 100–150 people in the production of biofuels, and keeps

money which used to go abroad in the region.

## Facts about the carburetor plant

- To build the plant cost about MEUR 40. The Ministry of Employment and the Economy subsidized the project with MEUR 10.8.
- The fuel efficiency of the carburetor reactor is 140 MW.
- Over 80 percent of the main fuel is wood chips.
- In the carburetor the biomass pyrolyses, decomposes and partly oxidizes into gas in a temperature of 850 degrees Celsius.
- During one hour nearly 200 cubic metres of wood chips is gasified.
- The carbon dioxide emissions and the use of coal at the Vaskiluoto power plant are reduced by 25–40 percent.
- The lifecycle of the Vaskiluoto power plant increases.

## The share of domestic fuels increased

The commissioning of the carburetor plant at the Vaasa power plant was a big step forward in EPV's aim at utilizing mainly domestic biofuels in the generation of electricity and heat. Thanks



to the carburetor plant, at Vaskiluoto up to 40 percent of the coal imported from abroad can be replaced by domestic wood chips.

In order to ensure the availability of forest fuels, Vaskiluodon Voima has built biomass terminal and interim storage areas in the region. The appeal process concerning the environmental permit of the bioterminal in Korsholm still hampers and delays the set-up of fuel logistics for the Vaasa power plant.

Last year was the fourth bad year in a row. Due to heavy rains, less than half of the planned peat amount was collected. For this reason, a record amount of wood chips was used at the Seinäjoki power plant.

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



fuels. The partnership company EPM Metsä Oy, of which EPV owns 40 percent, is responsible for the acquisition of forest energy for the power plant of Vaskiluodon Voima. The annual acquisition target of EPM Metsä, which promotes the local use of wood, is 500,000 cubic metres.

### EPV participates in LNG project

EPV Energy participates in a development project, which investigates the utilization of liquefied natural gas (LNG) in industrial processes, energy production and shipping.

The aim of the Tornio ManGa LNG project is to build an LNG terminal in Röyttä, Tornio. The Finnish-Swedish development project applies for subsidies from the Swedish and Finnish

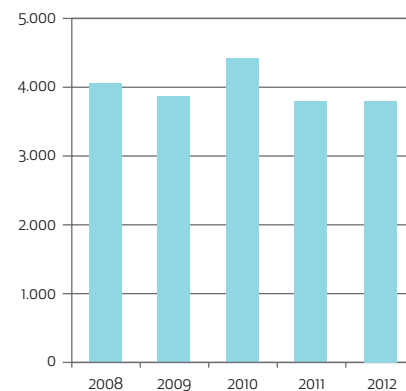
states, as well as from the European Union.

LNG can replace the use of oil-based fuels in energy generation and industry, and reduce the particle and carbon dioxide emissions.

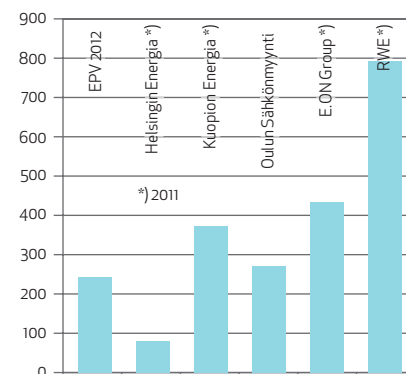
LNG is also suitable as fuel onboard vessels. The sulphur directive of the European Union requires shipping to transfer to low-sulphur fuels, sulphur scrubbers, biofuels or LNG by 2015.

Tornion Voima Oy is planning to build a power plant operating on LNG either in connection with the LNG terminal or the present-day power plant. The new power plant would enable the balancing of electricity peaking prices in times of electricity shortage. The power plant could also generate electricity quickly in case of unexpected errors.

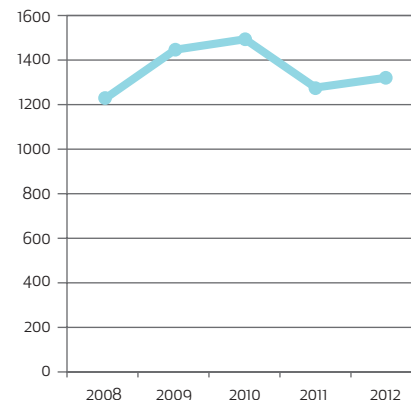
EPV's electricity acquisition [GWh]



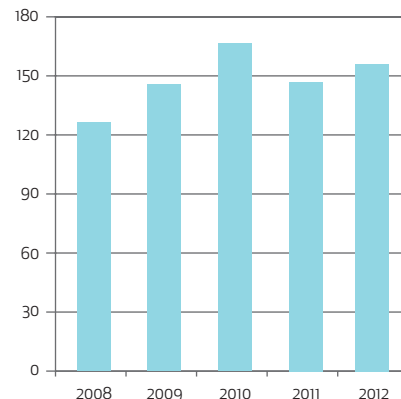
Comparative CO<sub>2</sub> emissions of the electrical energy [g/kWh]



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



Electricity supply of Tornion Voima Oy to EPV [GWh]



# EPV Wind

## THE WIND POWER PROJECTS ARE PROCEEDING

EPV'S WIND POWER PROGRAMME EPV WIND AIMS AT INCREASING THE SHARE OF EMISSION-FREE ENERGY GENERATION IN THE GROUP. EPV WIND CONSISTS OF FOUR COMPANIES: EPV TUULIVOIMA OY, RAJAKIIRI OY, SUOMEN MERITUULI OY AND INNOPOWER OY, WHICH GENERATE WIND POWER FOR THEIR HOLDING COMPANIES. EPV TUULIVOIMA, THE AIM OF WHICH IS TO BUILD WIND POWER PLANTS IN THE OSTROBOTHNIAN REGION, IS A SUBSIDIARY ENTIRELY IN EPV'S OWNERSHIP. EPV'S INTEREST IN RAJAKIIRI, WHICH BUILDS WIND POWER IN TORNIO AND RAAHE, IS 60.2 PERCENT, IN SUOMEN MERITUULI OY, WHICH PLANS OFFSHORE WIND FARMS ALONG THE SHORES OF THE GULF OF FINLAND AND THE GULF OF BOTHNIA, 50 PERCENT, AND IN FINLAND'S LARGEST WIND POWER COMPANY INNOPOWER 9.8 PERCENT.

### Some impediments have been removed

The Finnish State has committed to building 800–1,000 wind power plants by 2020. However, due to the slow licensing process, wind power projects are proceeding gradually. Thanks to the efforts of Minister Lauri Tarasti's task force, several impediments for the building of wind power have been removed. Unfortunately, when it comes to the matter of licensing, the problems have only been dealt with on a general level.

Wind power technology has taken giant leaps forward and continues to

develop rapidly. Thanks to this, the profitability of wind power building has improved and domestic projects are economically feasible in favourable areas. In the long term, if the development is allowed to continue, we will hopefully reach a situation where profitable wind power farms can be built without the financial aid of tax payers.

### The projects are proceeding

Of EPV Tuulivoima's many pending projects, four have proceeded significantly over the past year. The plans for wind power farms in Närpes, Ömossa in Kris-

tinestad, Vähäkyrö and in Santavuori in the Kurikka region have been approved. In the approved areas a total of about 100 wind power plants can be built.

EPV Tuulivoima made a policy decision to pay rent also to the landowners of so-called wind-catching areas. The wind-catching area is measured from the wind power plant. The aim of EPV Tuulivoima is to build an industrial scale wind power farm in Ostrobothnia by the end of 2014.

The Puuska wind power park built by Rajakiiri in Tornio already has a track-record of two excellent years





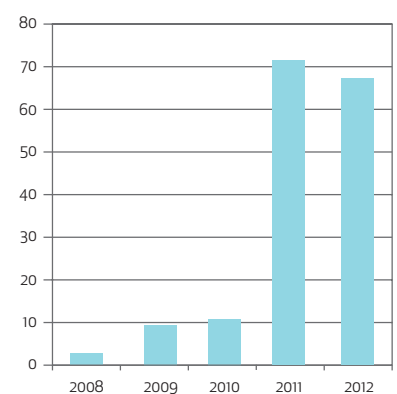
and more than 3,000 hours on full load. An expansion of this successful farm is currently being planned.

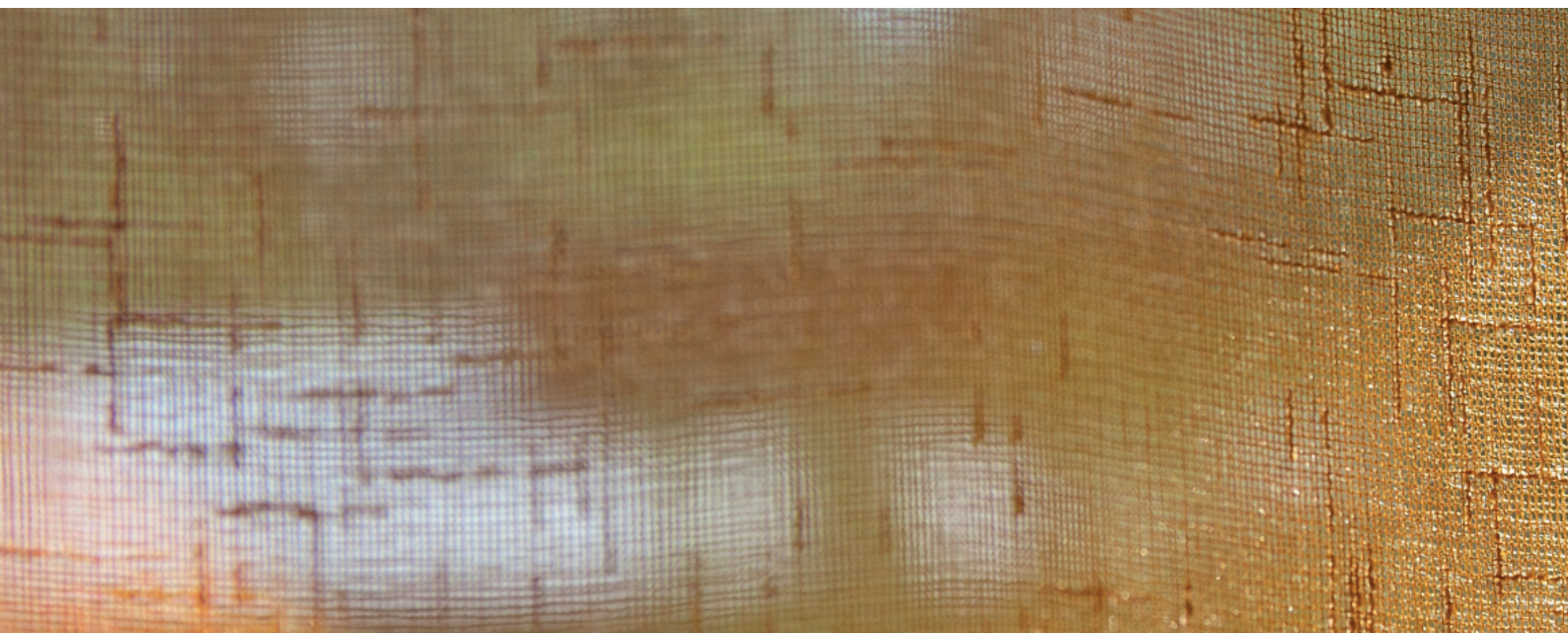
The offshore wind farm projects of Suomen Merituuli in Sideby and Ingå-Raseborg are proceeding, and their actualization schedule will be specified when the licensing processes make progress. At the moment, Suomen Merituuli is also investigating new potential areas in the Kymenlaakso region.

Innopower Oy is planning several large wind power farms in locations all over Finland. City of Kemi has begun

making a land use plan regarding the expansion of Innopower Oy's offshore wind power farm Ajos. The aim is to plan about 30 new wind power plants in the sea territory south of Ajos island.

Wind power for EPV (GWh)





IN 2012, THE EPV GROUP PERFORMED INTERNAL RESTRUCTURING. DATA AND ECONOMIC ADMINISTRATION SERVICES PREVIOUSLY OUTSOURCED BECAME INTEGRATED IN THE COMPANY. IN CONNECTION WITH THE CHANGES, EIGHT EMPLOYEES TRANSFERRED TO EPV. THE GROUP ALSO EMPLOYED A SYSTEM EXPERT, ACQUIRED A NEW ECONOMIC ADMINISTRATION SYSTEM AND CONSTRUCTED A DATA NETWORK INCLUDING ALL OFFICES.

The staff of Proma-Palvelut Oy, which was in charge of the power plant utilization and maintenance services, transferred to the holding company 1 January 2013. The restructuring led to co-operation negotiations and the reduction of in total 64 employments. 20 of these reductions applied to Vaasa and Seinäjoki.

EPV Infra produces services for the owners and companies in the EPV Group. Apart from Proma-Palvelut Oy, EPV Infra includes Vaskiluodon Teollisuuskiinteistöt Oy, which owns the office and industrial facilities in Vaskiluoto, EPV Alueverkko Oy, Proma-Palvelut Oy and Suomen Energiavarat Oy, the task of which is to develop the operations of Vapo Oy.

## The grid operations expanded

EPV Alueverkko Oy (EPA) operates in Ostrobothnia, South Ostrobothnia, Tornio, Kokkola and Kemi. The company's customers are the local distribu-

tion network companies, the industry and the energy sector generation plants in the area of operation.

The distribution area and grid operations expanded to Kemi in May, when the company signed a rental agreement with Innopower Oy regarding the 10.9 kilometre 110 kV service line for the Ajos wind power farm and its power station.

Other new connection point customers of EPA included the wind power plant of Sumituuli Oy on Ajos island, and the waste combustion plant of Westenergy Oy in Korsholm. The 4 kilometre service line for Westenergy was completed in April.

The 110 kV transmission network managed by EPA is 730 kilometre long in total. The network is mainly rented from the parent company EPV Energy Ltd. In addition to the network rented from the parent company and Innopower Oy, EPA also rents network from

Outokumpu Stainless Oy and Boliden Kokkola Oy.

Last year, the number of employees at EPV Alueverkko Oy increased to three, when a maintenance manager was hired.

## Reduced transmission losses

Thanks to the performed renewal of the network, the transmission losses of the network decreased significantly compared to previous years. There was no storm damage in EPA's network during the entire year.

During the year there were two power cuts which lasted several minutes. The reason for these was problems in the main grid. In July, a human error caused all the 110 kV switches at the Tuovila power station to go off, which led to an approximately 6 minute long transmission cut at two transmission stations of EPA's customers.

In August an error in the main grid blacked out the entire Vaasa region. The 63,000 connection customers of Vaasan Sähköverkko were without electricity for 9 minutes in Vaasa, Korsholm, Laihia, Malax, Korsnäs and Vörå.



### Precautionary measures improved

In 2012, EPV Alueverkko Oy conducted a risk assessment, which proved that the company was already rather well prepared to handle damages caused by storms. The precautionary level was improved further by giving instructions to the personnel, collecting and updating the contact information and improving the availability of spare part network components.

The Energy Market Authority's third control period for network operations began in the beginning of 2012. According to the Energy Market Authority's estimation, during the second control period, the transmission tariffs of EPA were consistent, and the profit of the operations remained below the allowed reasonable profit for network operations.

Fingrid Oyj increased its main grid tariffs by 35 percent for 2012, and by another 15 percent for 2013. At the beginning of 2012, EPA increased its transmission tariffs by approximately 8 percent. The tariffs remained unaltered for 2013.

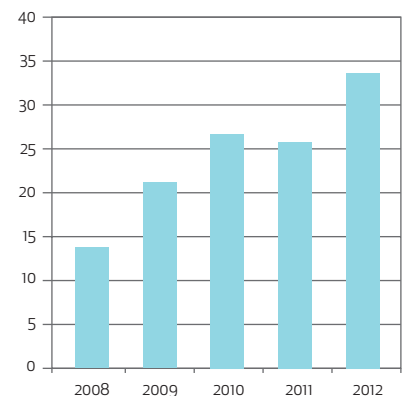
### New projects kicked off

Over the year, the renewal of the 17 kilometre 110 kV power line between Lapua and Kauhava, and the expansion and renewal of the 110 kV power station in Alavus, began. The contract for renovating the power station in Kurikka was signed. The planning of the double line and sea pylons in Vaskiluoto-Tuovila proceeds and will be completed in 2013.

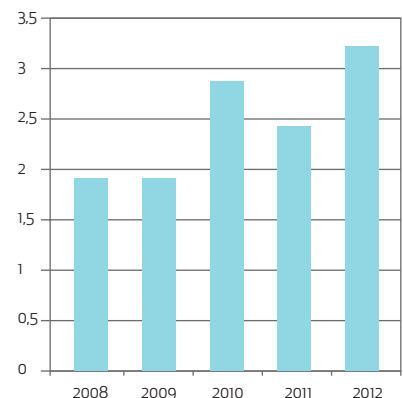
Of the line projects already in progress, the renewal of the 110 kV power lines in Kristinestad-Närpes and Närpes-Perälä were completed. Between Perälä and Teuva the power cords were replaced. The planning of the 39 kilometre 110 kV power line between Lapua and Sänkiahö was also completed.

The turnover of EPA was MEUR 33.7 (25.8), which is about 30 percent more than the previous year. The profit of the financial year was MEUR 3.2.

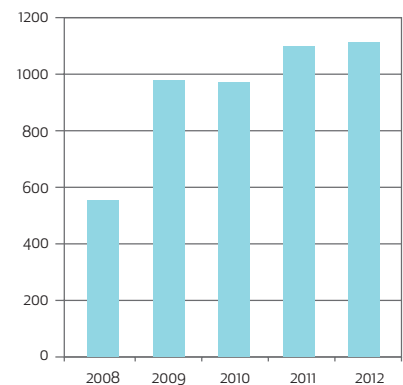
EPA's turnover [M€]



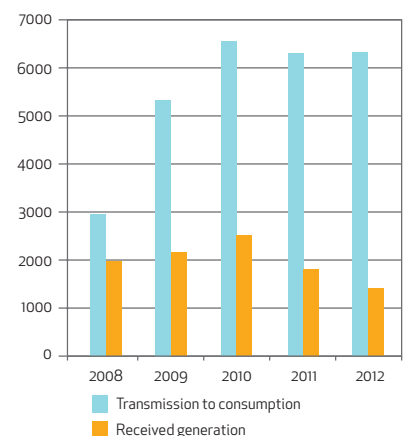
EPA's profit [M€]



Peak hour capacity for consumption [MWh/h]



Electricity transmission in the network of EPA in [GWh]





# Management, Board of Directors and personnel

## EPV IS 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.

The company's personnel consist 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 32 employees.

### 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 2012 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 Bo-

ard 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 | **Esa Kaunisto**, M. Ed., Järvisseudun Sähkövoiman Kuntayhtymä **Hannu Linna**, CEO, Vaasan Sähkö Oy | **Pekka Manninen**, Vice Chairman of the Board, Helsingin Energia | **Heikki Miilumäki**, Dr Tech. h.c. | **Jorma Rasinmäki**, Mayor, city of Seinäjoki | **Janne Savelainen**, CEO, Lahti Energia Oy | **Kaj Skåtar**, Master of Law | **Sakari Suontaka** and from 1 May 2013 when he retires **Anders Renvall**, CEO, Kymppivoima Oy | **Markku Vartia**, CEO, Vantaan Energia Oy.

### Deputy Members of the Board

**Olli Arola**, Director of Electricity Sales, Vaasan Sähkö Oy | **Marko Haapala**, CEO, Rauman Energia Oy | **Martti Haapamäki**, CEO, Seinäjoen Energia Oy | **Ahti Källi**, CEO, Hiirikosken Ener-

gia Oy | **Markku Pernaa**, CEO, Jylhän Sähköosuuskunta.

### CEO and Management Team

The company's CEO is M. Sc. **Rami Vuola**. 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 Ernst & Young Oy, with CA **Mikko Rytilahti** and CA **Tatu Huhtala** as main responsible Auditors and CA **Ari Lehto** and CA **Kristian Berg** as Vice Auditors.

# Board of Director's report 2012

EPV Energy Ltd (EPV) is a company specialized in energy acquisition and investment, 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 strategic objective is that the energy acquisition should be low-emission in the long term. The energy acquisition is mainly transacted through the generation shares owned by the company. EPV's acquired amount of electricity in 2012 was 3,815 (3,792) GWh. This corresponds to 4.5 (4.5) percent of the electricity consumption in Finland.

## EVENTS DURING THE FINANCIAL YEAR

### Operating environment

According to preliminary statistics, 391 (382) TWh of electricity was consumed in the Nordic countries in 2012. The consumption increased by approximately 2 percent compared to the previous year.

The reason for the increase was the growth in private consumption, while the industrial consumption nearly remained the same as the previous year.

In 2012, the Finnish electricity consumption was 85.2 (84.4) TWh, which meant an increase by 1.1 percent com-

pared to 2011. The industrial share of the consumed electricity was 45.9 percent, and other consumption 51.1 percent. Last year, industrial consumption decreased by 4 percent, while the consumption in other sectors increased by nearly 6 percent. The share of losses in electricity consumption was 3 percent.

Last year, 20.5 percent of the energy consumption was covered with imports, and 79.5 percent with domestic generation. Combined generation of power and heat (CHP) covered 27 percent of the consumed electricity, nuclear power 26, hydropower approximately 20, and coal and other condense power nearly 7 percent. The share of wind power was 0.6 percent.

In the beginning of 2012, the snow and water reserves, the so-called hydrological balance, of the Nordic countries were 12 TWh above the long-term average, but at the end of the year, the water reserves had sunk to 2 TWh below the long-term average. By the turn of the year, the Nordic water reserves were approximately 85 TWh in total.

Last year, the energy generation CO<sub>2</sub> emissions were 8.7 million tons, which is 32 percent less than the previous year. The decrease was due to the growth in net import, resulting in reduced separate electricity generation.

Domestic hydropower generation also helped in reducing the emissions, since it approached a Finnish top level with 16.6 TWh. Last year, the electricity generated in Finland was free from greenhouse gas emissions to 73 percent. The share of renewable energy sources was 41 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 1,398 (1,751) GWh. A total of 935 (956) GWh district heating was generated. On the basis of its interest, EPV acquired a total of 660 (838) GWh of electrical energy. The new bio carburetor plant of Vaskiluodon Voima was commissioned in mid-December. 25–40 percent of the coal used at the power plant can be replaced by biofuels.

The total output of the Olkiluoto 1 and 2 power plants of the associated company Teollisuuden Voima Oyj (TVO) in 2012 was 14,450 (14,203) GWh. The efficiency and safety of the power plants was improved during 2010–2012, which resulted in increased electricity generation capacity of 20 MW per unit. EPV's direct interest in Teollisuuden Voima is 6.6% and 981 (982) GWh of energy was acquired in proportion to the share. The



Back row from the left: Rami Vuola CEO, Ahti Källi, Esa Kaunisto, Markku Vartia, Kaj Skåtar, Marko Haapala, Pekka Manninen, Olli Arola and Markku Källström Director of Finance and Secretary of the Board. Front row from the left: Anders Renvall, Martti Haapamäki, Hannu Linna, Heikki Kouhi, Jorma Rasinmäki and Markku Pernaa. Missing from the picture Janne Savelainen and Heikki Miilumäki.

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 of the main components is finished. Some of the installations and automation planning has not proceeded according to the schedule of the AREVA Siemens consortium, which is building the power plant unit based on a fixed rate turnkey contract.

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 is 7.2% and a total of 638 (723) 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 2012 the total electricity supply to EPV was 678 (415) GWh.

Tornion Voima Oy is a subsidiary of EPV (100%), which generates electricity and heat in connection with the steel works in Tornio. The power plant is located in the vicinity of the steel works of Outokumpu Oyj in Tornio. The plant

delivers combined generation electricity 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 156 (147) 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 project development has reached the phase where the first general plans which enable the building of wind power have been made in Metsälä in Kristinestad, Vähäkyrö in Vaasa, Norrskogen in Närpes and Koskenkorva in Ilmajoki.

The second year of generation for the Puuska wind power farm of Rajakiiri Oy (60.2%), located in Tornio, lived up to the expectations and the generation goals were achieved. Over the year the wind farm generated 88 (91) GWh of electricity, which corresponds to 3,030 (3,150) h/a full load hours, the rated power of the farm being 28.8 MW. Due to the change in feed-in tariff legislation, Rajakiiri returned the investment support the company previously received, and became part of the feed-in tariff system on 1 July 2012.

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 Proma-Palvelut Oy (34%) was a utilization and maintenance company for thermal power plants, and operated in four regions. The know-how of the company was based on the personnel's well-managed expertise on the utilization and maintenance of power plants. In the beginning of this year, 1 January 2013, almost the entire staff of Proma-Palvelut came into the employment of PVO-Lämpövoima Oy and Vaskiluodon Voima Oy through a business transfer. The company's operations were discontinued as such.

### 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 2012, the electricity transmissions of EPV Alueverkko were 6,296 (6,306) GWh.

The Energy Market Authority's second control period for network operations ended in 2011, and the third control period began in 2012. According to the Energy Market Authority's yet unconfirmed estimate, the proceeds of EPV Alueverkko during the first and second control period were approximately MEUR 3.2 below the permitted level.

### Other companies

EPV Energy Ltd's subsidiary Suomen Energiavarat Oy has been founded for the purpose of, as a shareholder in Vapo Oy, developing Vapo's operations with the strategic goal to increase the ownership value and to primarily aim the resources at the generation and development of 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. During the last financial year, the company has also become active in the ac-

quisition of bioenergy in its operating area.

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 MEUR 179.7 (173.7). The turnover share of the electricity sales was MEUR 124.0 (129.4) and of the remaining operations MEUR 55.8 (44.2).

The business result of the group was profitable by MEUR 8.2 (7.7). The net financing costs of the financial year were MEUR 15.6, while the previous year the net financing costs were MEUR 2.3. According to the financial statement the profit was MEUR 22.3 (4.4). The profit mainly consisted of the non-recurring dividend, which resulted from Pohjolan Voima's sale of the holdings in the main grid company Fingrid Oy.

The dividends received in 2012 totalled MEUR 19.8.

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 MEUR 418.7 (391.4). By the end of the year the solvency ratio of the group was 53.1 (51.0)%, 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 MEUR 34.9 (26.1) in liquid assets and investments. By the end of the year the unused stand-by credit and limit reservations amounted to approximately MEUR 100.

The total investments of the group were MEUR 24.8 (15.5). The investments in tangible and intangible assets were MEUR 15.1. The acquisitions of shares

## THE SHAREHOLDERS. GENERAL SHAREHOLDERS' MEETING AND BOARD OF DIRECTORS

### Shareholders

The number of shareholders and their interests at the end of 2012 were as follows:

	2012	2011
Alajärven Sähkö Oy	1.29	1.30
City of Helsinki/Helsingin Energia	7.26	7.22
Hiirikosken Energia Oy	0.27	0.27
Imatran Seudun Sähkö Oy	0.29	0.29
Jylhän Sähköosuuskunta	3.94	3.95
Järviseudun Sähkövoiman Kuntayhtymä	1.75	1.74
Kaakon Energia Oy	0.31	0.31
KSS Energia Oy	0.46	0.47
Kumera Oy	0.29	0.29
Kymppivoima Oy	8.73	8.76
Lahti Energia Oy	7.87	7.84
Lehtimäen Sähkö Oy	0.58	0.58
City of Oulu/Oulun Energia	0.88	0.89
Outokumpu Oyj	1.69	1.72
Oy Perhonjoki Ab	1.72	1.72
Rauman Energia Oy	0.63	0.63
Seinäjoen Energia Oy	10.39	10.40
Vaasan Sähkö Oy	42.33	40.58
Vantaan Energia Oy	8.41	8.39
Vimpelin Voima Oy	0.47	0.47
Municipality of Vähäkyrö	0.00	1.74
Ääneseudun Energia Oy	0.44	0.44
In total	100.00 %	100.00 %

were MEUR 1.3. Teollisuuden Voima Oy was granted a partnership loan, to finance the planning and tendering phase of OL4. The interest-bearing liabilities decreased by MEUR 1.9 during the financial year. The interest rate risk has

been hedged through interest rate swap agreements.

As part of the consolidation of city of Vaasa and the municipality of Vähäkyrö, Vaasan Sähkö Oy has purchased the municipality of Vähäkyrö's

shares in EPV 28 December 2012, as well as the entire share capital of Hiirikosken Energia Oy 1 January 2013. Due to the above mentioned share acquisitions, Vaasan Sähkö Oy's interest in EPV will be 42.60 percent.

### General Shareholders' Meetings

The Ordinary General Shareholders' Meeting of 2012 was assembled 30 March 2012. The issues belonging to the Ordinary General Meeting were discussed.

At the Extraordinary General Shareholders' Meeting 7 May 2012, the amendment to 15§ in the articles of association was discussed. The clause on distribution of assets was specified so that any potential surplus or other assets directed to a series of shares is specific to the series of shares in question, and belongs to the shareholders in proportion to their shares in the series concerned. Another clause was added, stating that the shareholders are not entitled to minority dividends in accordance with the Companies Act.

### Board of Directors

In 2012 the Ordinary Members of the Board elected in the Ordinary General Meeting were Heikki Kouhi, Esa

Kaunisto, Hannu Linna, Pekka Manninen, Heikki Mäkelä, Jorma Rasmäki, Janne Savelainen, Kaj Skåtar, Sakari Suontaka and Markku Varti.

As Sakari Suontaka will resign from the Board when retiring, Anders Renvall was elected as his replacement at the Extraordinary General Shareholders' Meeting 7 May 2012.

The Deputy Members of the Board were Olli Arola, Marko Haapala, Martti Haapamäki, Ahti Källi and Markku Pernaa.

The Chairman of the Board was Heikki Kouhi and the Vice Chairman Pekka Manninen.

## 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 2013, 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 electricity acquisition,

and the efficient management of 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. Maintaining the know-how of the personnel has a central role in ensuring the continuous development of the operations.

Over the year the average number of group employees was 32 (25). EPV has outsourced a considerable part of its central operations. The financial administration of the company was handled contractually until 1 November 2012 by the personnel at Powest Oy, after which the seven employees at Powest became directly employed by EPV through a transfer of assets. At the beginning of the year, the decision was made to restructure the ICT functions of the entire group, including the economic administration systems.

1 January 2013, the subsidiary Tornion Voima Oy employed 12 operating personnel, who transferred from the service of Outokumpu Stainless Oy. The operating services were previously acquired from Outokumpu Stainless. At the beginning of 2013, Tornion Voima has a personnel of 14, of which 12 are employees and 2 officials.

## CURRENT LEGAL PROCESSES

The company has no current legal processes.

## EVENTS FOLLOWING THE FINANCIAL YEAR

The company is unaware of any significant events following the financial year.

## RISK ASSESSMENT

According to the AREVA-Siemens consortium, Teollisuuden Voima Oyj has previously assessed that the Olkiluoto 3 power plant unit will not be ready for regular electricity generation in 2014. Based on the plant supplier AREVA-Siemens consortium's recent progress reports, Teollisuuden Voima is preparing for that the commercial electricity generation at the Olkiluoto 3 power plant unit may be postponed until 2016.

During the second quarter, Teollisuuden Voima received a decision from the international arbitration tribunal regarding instalments for the Olkiluoto 3 power plant previously transferred to a blocked account. The instalments were released to the supplier. The decision did not take position on the delay of the plant unit and the costs resulting from the delay.

In September Teollisuuden Voima submitted a claim and defense in the In-

ternational Chamber of Commerce (ICC) arbitration proceedings concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. The quantification estimate of Teollisuuden Voima's costs and losses was approximately EUR 1.8 billion.

## 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 2013, the hydrological water reserves of the Nordic countries were approximately 10 TWh below the average. The market price of emission rights for 2013 was about EUR 4 per ton of carbon dioxide. At the same time, the average electricity price on the derivatives market in NordPool for the rest of 2013 was approximately EUR 37 per megawatt hour, and for 2014 EUR

36 per megawatt hour. Correspondingly, the future price of coal for the rest of 2013 was approximately USD 92 per ton. Crucial factors having an impact on the price of electricity include the prolonged economic instability in Europe, and the uncertainty of future decisions on the reduction of carbon dioxide emissions, as well as the development of the water resource situation in the Nordic countries.

Due to the prevailing Nordic market situation and the economic uncertainty in the beginning of 2013, the generation of the resources owned by EPV has been lower than the average generation year. It is difficult to predict the generation volumes for the rest of the year, particularly in condense generation.

The potential governmental decision to introduce a new tax on emission-free forms of electricity generation (the windfall tax), would weaken the competitiveness and growth opportunities of Finnish industry and energy industry. The windfall tax is planned to be implemented in 2014. Due to this potential tax, the previously agreed on

energy tax being made equitable in order to bring it closer to the central competitive countries would be non-existent. This tax would significantly undermine the competitiveness of the industry and the energy companies' ability to invest in emissions reduction.

Environmental legislation is becoming increasingly complex, comprehensive and demanding. The Environmental Protection Act amended according to the proposal is made open to interpretations in several aspects. This causes obscurity and puts pressure on the permit handlers, which will probably lead to ambiguous permit decisions which are hard to predict, and in turn lead to complaints.

EPV Energy participates in a development project, which investigates the utilization of liquefied natural gas (LNG) in industrial processes, energy production and shipping. The aim of the Tornio ManGa LNG project is to build an LNG terminal in Röyttä, Tornio. The Finnish-Swedish development project applies for subsidies from the Swedish and Finnish states, as well as from the European Union.

## THE BOARD'S PROPOSITION FOR DISTRIBUTION OF PROFITS

The Board proposes to the General Shareholders' Meeting that the net profit of the parent company, EUR 19,774,504.88, is assigned to the closing account of the previous accounting periods and that no dividends are to be paid..



# Financial statements

# Consolidated income statement €

	1.1.-31.12.2012	1.1.-31.12.2011	Notes
<b>TURNOVER</b>	<b>179 717 513,86</b>	<b>173 670 314,99</b>	1
Share of the partnership companies' result	-322 507,95	-263 967,73	
Other income	2 430 275,44	1 729 224,86	2
Materials and services	-93 649 768,78	-91 183 212,22	3
Personnel expenses	-3 190 266,25	-2 530 142,70	4
Depreciation and impairment charges	-7 736 331,36	-6 435 693,83	5
Other expenses	-69 062 077,28	-67 297 247,27	6
<b>RESULT</b>	<b>8 186 837,68</b>	<b>7 689 276,10</b>	
Financial income and expenses	15 613 672,12	-2 253 398,10	7
<b>RESULT BEFORE TAXES</b>	<b>23 800 509,80</b>	<b>5 435 878,00</b>	
Direct taxes paid	-1 122 981,05	-813 137,69	8
Minority interest	-342 461,13	-229 788,43	
<b>RESULT OF THE FINANCIAL YEAR</b>	<b>22 335 067,63</b>	<b>4 392 951,88</b>	

# Consolidated balance sheet €

	31.12.2012	31.12.2011	Notes
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	14 517 806,86	13 303 265,76	9
Tangible assets	142 227 768,36	127 201 035,98	10
Investments			12
Holdings in group companies	263 570,01	263 570,01	
Holdings in associated companies	136 612 887,53	136 982 995,16	
Other holdings and interests	10 189 739,03	8 924 114,03	
<b>NON-CURRENT ASSETS IN TOTAL</b>	<b>303 811 771,79</b>	<b>286 674 980,94</b>	
<b>CURRENT ASSETS</b>			
Inventories	1 025 946,33	0,00	13
Long-term receivables	39 074 120,23	34 373 586,42	14
Current receivables	39 875 576,89	44 281 411,02	15
Cash and cash equivalents	34 933 602,64	26 111 274,77	
<b>CURRENT ASSETS IN TOTAL</b>	<b>114 909 246,09</b>	<b>104 766 272,21</b>	
	<b>418 721 017,88</b>	<b>391 441 253,15</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			16
Share capital	11 317 495,00	11 113 224,70	
Share issue	383 883,80	588 154,10	
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	72 381 900,27	
Retained result	46 178 844,34	41 785 892,47	
Result of the financial year	22 335 067,63	4 392 951,88	
<b>EQUITY IN TOTAL</b>	<b>216 964 435,83</b>	<b>194 629 368,21</b>	
<b>MINORITY INTEREST</b>	<b>5 443 254,71</b>	<b>5 100 793,59</b>	
<b>LIABILITIES</b>			
Imputed tax liabilities	7 722 858,55	6 601 535,19	17
Non-current liabilities	131 122 168,72	117 523 940,01	18
Current liabilities	57 468 300,07	67 585 616,15	19
<b>LIABILITIES IN TOTAL</b>	<b>196 313 327,34</b>	<b>191 711 091,35</b>	
	<b>418 721 017,88</b>	<b>391 441 253,15</b>	

# Consolidated cash flow statement €

	2012	2011
<b>OPERATIONS</b>		
Result	8 186 837,68	7 689 276,10
Adjustments to operating result <sup>1)</sup>	7 333 814,61	6 829 455,65
Change in working capital <sup>2)</sup>	-171 114,74	-8 069 655,41
Interest paid	-3 134 322,17	-2 353 975,52
Dividends received	19 800 426,12	2 039 306,00
Interest received	758 505,99	769 319,13
Financial income and expenses	-1 763 337,82	-2 029 747,71
Taxes	-1 657,68	1 212,11
<b>CASH FLOW FROM OPERATIONS</b>	<b>31 009 151,99</b>	<b>4 875 190,35</b>
<b>INVESTMENTS</b>		
Acquisition of shares	-1 265 625,00	-5 969 941,10
Investments in intangible and tangible assets	-15 164 894,65	-14 512 691,51
Investment support	-9 676 800,00	4 838 400,00
Proceeds from sales of intangible and tangible assets	1 290 276,75	120 505,00
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-24 817 042,90</b>	<b>-15 523 727,61</b>
<b>FINANCING</b>		
Withdrawals of long-term loans	18 858 228,71	2 634 413,17
Repayment of long-term loans	-20 744 309,93	-5 887 605,11
Share issue	4 516 300,00	11 879 600,00
<b>CASH FLOW FROM FINANCING</b>	<b>2 630 218,78</b>	<b>8 626 408,06</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>8 822 327,87</b>	<b>-2 022 129,20</b>
Liquid assets 1 January	26 111 274,77	28 133 403,97
<b>LIQUID ASSETS 31 DECEMBER</b>	<b>34 933 602,64</b>	<b>26 111 274,77</b>
<b><sup>1)</sup> ADJUSTMENTS TO OPERATING RESULT</b>		
Interest in partnership companies' result	322 507,95	263 967,73
Depreciation and write-downs	7 736 331,36	6 435 693,83
Gain (-) or loss (+) from divestment of non-current assets	-725 024,70	129 794,09
	7 333 814,61	6 829 455,65
<b><sup>2)</sup> CHANGE IN WORKING CAPITAL</b>		
Increase (-) or decrease(+) in non-interest-bearing receivables	-4 512 162,72	-1 224 084,89
Increase (-) or decrease(+) in inventories	-1 025 946,33	0,00
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	5 366 994,31	-6 845 570,52
	-171 114,74	-8 069 655,41

# Parent company's income statement. €

	1.1.-31.12.2012	1.1.-31.12.2011	Notes
<b>TURNOVER</b>	<b>125 825 355,95</b>	<b>133 231 232,39</b>	1
Other income	3 098 002,41	1 881 009,73	2
Materials and services	-59 753 273,87	-65 471 109,43	3
Personnel expenses	-2 814 466,18	-2 359 137,36	4
Depreciation and impairment charges	-2 239 566,11	-1 559 831,86	5
Other expenses	-63 851 245,02	-65 776 869,21	6
<b>RESULT</b>	<b>264 807,18</b>	<b>-54 705,74</b>	
Financial income and expenses	17 508 692,01	562 483,77	7
<b>RESULT BEFORE EXTRAORDINARY ITEMS</b>	<b>17 773 499,19</b>	<b>507 778,03</b>	
Extraordinary items			
Received group subventions	3 193 437,35	2 492 238,93	
<b>RESULT BEFORE APPROPRIATIONS AND TAXES</b>	<b>20 966 936,54</b>	<b>3 000 016,96</b>	
Appropriations			
Change in depreciation difference	-1 192 431,66	-984 501,88	
Direct taxes paid	0,00	3 436,10	8
<b>RESULT OF THE FINANCIAL YEAR</b>	<b>19 774 504,88</b>	<b>2 018 951,18</b>	

# Parent company's balance sheet €

	31.12.2012	31.12.2011	Notes
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	5 795 794,95	4 948 688,98	9
Tangible assets	28 878 318,76	29 964 332,48	10
Investments			12
Holdings in group companies	33 698 970,83	33 698 970,83	
Holdings in associated companies	125 605 713,84	125 605 713,84	
Other holdings and interests	10 189 739,03	8 924 114,03	
<b>NON-CURRENT ASSETS IN TOTAL</b>	<b>204 168 537,41</b>	<b>203 141 820,16</b>	
<b>CURRENT ASSETS</b>			
Long-term receivables	39 043 687,47	34 348 847,66	14
Current receivables	40 741 642,09	35 539 602,57	15
Cash and cash equivalents	30 113 541,19	16 478 361,28	
<b>CURRENT ASSETS IN TOTAL</b>	<b>109 898 870,75</b>	<b>86 366 811,51</b>	
	<b>314 067 408,16</b>	<b>289 508 631,67</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			16
Share capital	11 317 495,00	11 113 224,70	
Share issue	383 883,80	588 154,10	
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	72 381 900,27	
Retained result	15 319 461,81	13 300 510,63	
Result of the financial year	19 774 504,88	2 018 951,18	
<b>EQUITY IN TOTAL</b>	<b>183 544 490,55</b>	<b>163 769 985,67</b>	
<b>APPROPRIATIONS</b>			
Depreciation	<b>15 145 538,39</b>	<b>13 953 106,73</b>	
<b>LIABILITIES</b>			
Non-current liabilities	71 891 874,05	55 427 612,65	18
Current liabilities	43 485 505,17	56 357 926,62	19
<b>LIABILITIES IN TOTAL</b>	<b>115 377 379,22</b>	<b>111 785 539,27</b>	
	<b>314 067 408,16</b>	<b>289 508 631,67</b>	

# Parent company's cash flow statement €

	2012	2011
<b>OPERATIONS</b>		
Result	264 807,18	-54 705,74
Financial income and expenses	-1 512 319,47	-405 969,20
Adjustments to operating result 1)	1 514 541,41	1 561 130,95
Change in working capital 2)	-7 047 825,62	2 044 550,78
Interest paid	-1 609 148,60	-1 736 465,64
Dividends received	19 800 426,12	2 039 306,00
Interest received	829 733,96	665 612,61
Taxes	0,00	3 436,10
<b>CASH FLOW FROM OPERATIONS</b>	<b>12 240 214,98</b>	<b>4 116 895,86</b>
<b>INVESTMENTS</b>		
Acquisition of shares	-1 265 625,00	-5 969 941,10
Investments in intangible and tangible assets	-2 565 910,41	-5 425 872,24
Profit from disposal of intangible and tangible assets	1 290 276,75	0,00
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-2 541 258,66</b>	<b>-11 395 813,34</b>
<b>FINANCING</b>		
Withdrawals of long-term loans	16 464 261,40	2 634 413,17
Increase (-) or decrease(+) in interest-bearing receivables	-3 423 465,23	-10 177 004,71
Increase (+) or decrease (-) in short term interest-bearing liabilities	-16 814 309,93	0,00
Received group subventions	3 193 437,35	2 492 238,93
Share issue	4 516 300,00	11 879 600,00
<b>CASH FLOW FROM FINANCING</b>	<b>3 936 223,59</b>	<b>6 829 247,39</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>13 635 179,91</b>	<b>-449 670,09</b>
Liquid assets 1 January	16 478 361,28	16 928 031,37
<b>Liquid assets 31 December</b>	<b>30 113 541,19</b>	<b>16 478 361,28</b>
<b>1) ADJUSTMENTS TO OPERATING RESULT</b>		
Depreciation and write-downs	2 239 566,11	1 559 831,86
Gain (-) or loss (+) from divestment of non-current assets	-725 024,70	1 299,09
	1 514 541,41	1 561 130,95
<b>2) CHANGE IN WORKING CAPITAL</b>		
Increase (-) or decrease(+) in non-interest-bearing receivables	-10 989 714,10	10 933 905,81
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	3 941 888,48	-8 889 355,03
	-7 047 825,62	2 044 550,78

## 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.

## 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 concerning wasteland and standing crop have been entered under land areas. 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.

## Valuation of inventories

Inventories are mainly evaluated as direct acquisition costs according to the FIFO principle. Should the probable acquisition cost of the inventories be lower than the original acquisition cost on the date of the financial statements, the difference is not entered as a cost due to the absorption principle.

## 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.

## Feed-in tariff system

The feed-in tariff system covers the fluctuating generation subsidy, or feed-in tariff, based on the electricity market price or emission rights price, granted for wind, biogas, wood chip and wood-based fuel power plants.

The subsidies granted based on the feed-in tariff system, starting 1 October 2011, have been added to the company's turnover, and the comparative information has been changed accordingly.

The fixed electricity generation subsidy, until 30 September 2011, has been entered under the business operations' other profits.

## 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	
	2012	2011	2012	2011
<b>1 .TURNOVER</b>				
Sales of electricity	123 950	129 451	118 572	126 835 <sup>1)</sup>
Sales of heat	21 104	18 512	3 033	2 596
Other operations	34 663	25 707	4 220	3 800
	<b>179 717</b>	<b>173 670</b>	<b>125 825</b>	<b>133 231</b>
<b>2. OTHER INCOME</b>				
Rental income	567	553	560	552
Profits from sale of fixed assets	917	0	917	0
Other income	946	1 176	1 621	1 329
	<b>2 430</b>	<b>1 729</b>	<b>3 098</b>	<b>1 881</b>
<b>3. MATERIALS AND SERVICES</b>				
Energy purchases and transfer payments	80 394	75 431	59 033	59 869
Fuels	13 087	10 038	0	0
Emission rights purchases	346	5 602	346	5 602 <sup>1)</sup>
Purchases during the financial year	93 827	91 071	59 379	65 471
Storage increase (-) or decrease (+)	-1 026	0	0	0
External services	849	112	374	0
	<b>93 650</b>	<b>91 183</b>	<b>59 753</b>	<b>65 471</b>
<b>4. PERSONNEL EXPENSES</b>				
Wages and salaries	2 590	2 078	2 278	1 933
Pension expenses	504	381	451	361
Other personnel expenses	96	71	85	65
	<b>3 190</b>	<b>2 530</b>	<b>2 814</b>	<b>2 359</b>
Salaries and fees paid to the CEO and the Board of Directors	408	368	392	364
Average number of personnel	32	25	28	23
<b>5. DEPRECIATION AND IMPAIRMENT CHARGES</b>				
Depreciation according to plan				
Intangible assets	400	400	0	0
Other capitalised long-term expenses	505	522	210	201
Buildings and construction	584	502	85	74
Machinery and equipment	4 874	3 958	644	231
Transmission and distribution network	1 373	1 054	1 301	1 054
	<b>7 736</b>	<b>6 436</b>	<b>2 240</b>	<b>1 560</b>

<sup>1)</sup> Earlier entering practice and comparative information have been converted to brutto.

	Group		Parent company	
	2012	2011	2012	2011
<b>6. OTHER EXPENSES</b>				
Fixed energy purchases	58 832	58 748	60 854	63 379
External services	5 873	5 232	1 579	1 413
Administrative expenses	873	800	424	292
Rents	1 608	1 283	191	84
Materials and equipment	621	463	190	187
Other personnel expenses	233	348	319	316
Commitment expenses and public payments	349	293	101	104
Other expenses	673	130	192	1
	<b>69 062</b>	<b>67 297</b>	<b>63 851</b>	<b>65 777</b>
Auditor's fees				
Auditing fees	52	70	35	56
Certificates and opinions	2	0	2	0
Tax services	0	8	0	3
Other fees	14	29	7	25
<b>7. FINANCIAL INCOME AND EXPENSES</b>				
Dividend income				
From associated companies	-	-	48	678
From others	19 753	1 361	19 753	1 361
	19 753	1 361	19 801	2 039
Other interest and financial income				
From group companies	-	-	124	724
From partnership companies	-	-	67	58
From others	792	787	672	609
	792	787	863	1 391
Interest expenses and other financial expenses				
To group companies	-	-	0	0
To others	-4 931	-4 401	-3 155	-2 868
	-4 931	-4 401	-3 155	-2 868
Total financial income and expenses	<b>15 614</b>	<b>-2 253</b>	<b>17 509</b>	<b>562</b>
<b>8. DIRECT TAXES PAID</b>				
Income taxes on extraordinary items	-	-	782	648
Income taxes on the actual operations	2	-1	-782	-651
Change in deferred tax liabilities	1 121	814	-	-
	<b>1 123</b>	<b>813</b>	<b>0</b>	<b>-3</b>

# 9. INTANGIBLE ASSETS

## Intangible rights

Acquisition cost 1 January

Increase

Acquisition cost 31 December

Book value 31 December

## Goodwill

Acquisition cost 1 January

Acquisition cost 31 December

Accumulated depreciation and impairment charges 1 January

Depreciation of the financial year

Book value 31 December

## Emission rights

Acquisition cost 1 January

Increase

Acquisition cost 31 December

Book value 31 December

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## Other capitalised long-term expenses

Acquisition cost 1 January

Increase

Investment support

Acquisition cost 31 December

Accumulated depreciation and impairment charges 1 January

Depreciation of the financial year

Acquisition cost 31 December

## Intangible assets in total

Acquisition cost 1 January

Increase

Investment support

Decrease

Acquisition cost 31 December

Accumulated depreciation and impairment charges 1 January

Depreciation of the financial year

Book value 31 December

Group		Parent company	
2012	2011	2012	2011
38	38	38	38
2	0	2	0
40	38	40	38
<b>40</b>	<b>38</b>	<b>40</b>	<b>38</b>
6 000	6 000	0	0
6 000	6 000	0	0
-1 200	-800	0	0
-400	-400	0	0
<b>4 400</b>	<b>4 800</b>	<b>0</b>	<b>0</b>
4 044	2 400	4 044	2 400
1 524	1 644	1 524	1 644
-587	0	-587	0
4 981	4 044	4 981	4 044
<b>4 981</b>	<b>4 044</b>	<b>4 981</b>	<b>4 044</b>
6 674	3 907	2 418	2 398
130	3 817	118	20
1 051	-1 051	0	0
7 854	6 674	2 536	2 418
-2 253	-1 804	-1 552	-1 351
-505	-449	-210	-200
<b>5 096</b>	<b>4 421</b>	<b>774</b>	<b>866</b>
16 756	12 344	6 500	4 836
1 656	5 461	1 644	1 664
1 051	-1 051	0	0
-587	0	-587	0
18 876	16 756	7 557	6 500
-3 453	-2 604	-1 551	-1 351
-905	-849	-210	-200
<b>14 518</b>	<b>13 303</b>	<b>5 796</b>	<b>4 949</b>

# 10. TANGIBLE ASSETS

## Land and water areas

	Group		Parent company	
	2012	2011	2012	2011
Acquisition cost 1 January	4 099	3 716	2 210	2 210
Increase	233	629	0	0
Decrease	0	-249	0	0
Transfer between categories	0	3	0	0
Acquisition cost 31 December	4 332	4 099	2 210	2 210
<b>Book value 31 December</b>	<b>4 332</b>	<b>4 099</b>	<b>2 210</b>	<b>2 210</b>

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	412	412	412
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## Buildings and construction

Acquisition cost 1 January	15 638	10 833	4 989	4 946
Increase	760	6 735	60	132
Investment support	1 752	-1 841	0	0
Decrease	0	-89	0	-89
Acquisition cost 31 December	18 150	15 638	5 049	4 989
Accumulated depreciation and impairment charges 1 January	-5 046	-4 632	-3 906	-3 921
Accumulated depreciation from deduction	0	88	0	89
Depreciation of the financial year	-584	-502	-85	-74
<b>Book value 31 December</b>	<b>12 520</b>	<b>10 592</b>	<b>1 058</b>	<b>1 083</b>

## Machinery and equipment

Acquisition cost 1 January	98 119	73 438	11 658	11 236
Increase	2 244	33 885	38	422
Investment support	9 000	-9 204	0	0
Decrease	-897	0	-895	0
Acquisition cost 31 December	108 466	98 119	10 801	11 658
Accumulated depreciation and impairment charges 1 January	-19 462	-15 504	-8 146	-7 915
Accumulated depreciation from deduction	864	0	862	0
Depreciation of the financial year	-4 875	-3 958	-644	-231
<b>Book value 31 December</b>	<b>84 993</b>	<b>78 657</b>	<b>2 873</b>	<b>3 512</b>

Book value share of machinery and equipment 31 December	83 624	77 225	2 750	3 371
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	<b>Group</b>		<b>Parent company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
<b>Transmission network</b>				
Acquisition cost 1 January	35 277	28 589	35 055	28 368
Increase	884	6 687	884	6 687
Decrease	-3 429	0	-3 429	0
Acquisition cost 31 December	32 732	35 277	32 510	35 055
Accumulated depreciation and impairment charges 1 January	-12 189	-11 135	-11 966	-10 913
Accumulated depreciation from deduction	3 109	0	3 109	0
Depreciation of the financial year	-1 300	-1 054	-1 300	-1 054
<b>Book value 31 December</b>	<b>22 352</b>	<b>23 088</b>	<b>22 353</b>	<b>23 088</b>
<b>Other tangible assets</b>				
Acquisition cost 1 January	1 081	1 081	0	0
Acquisition cost 31 December	1 081	1 081	0	0
Accumulated depreciation and impairment charges 1 January	-212	-139	0	0
Depreciation of the financial year	-72	-72	0	0
<b>Book value 31 December</b>	<b>797</b>	<b>870</b>	<b>0</b>	<b>0</b>
<b>Pending peat acquisitions</b>				
Acquisition cost 1 January	3 373	2 835	0	0
Increase	456	542	0	0
Transfer between categories	0	-3	0	0
Acquisition cost 31 December	3 829	3 373	0	0
<b>Book value 31 December</b>	<b>3 829</b>	<b>3 373</b>	<b>0</b>	<b>0</b>
<b>Advance payments and acquisitions in progress</b>				
Acquisition cost 1 January	6 522	36 273	72	3 551
Increase	8 267	6 308	496	3 651
Decrease	-1 384	-36 059	-182	-7 130
Acquisition cost 31 December	13 405	6 522	386	72
<b>Book value 31 December</b>	<b>13 405</b>	<b>6 522</b>	<b>386</b>	<b>72</b>
<b>Tangible assets in total</b>				
Acquisition cost 1 January	164 109	156 765	53 984	50 311
Increase	12 843	54 785	1 477	10 892
Investment support	10 752	-11 045	0	0
Decrease	-5 710	-36 397	-4 506	-7 219
Acquisition cost 31 December	181 994	164 109	50 956	53 984
Accumulated depreciation and impairment charges 1 January	-36 908	-31 410	-24 020	-22 749
Accumulated depreciation from deduction	3 973	88	3 972	88
Depreciation of the financial year	-6 831	-5 586	-2 030	-1 359
<b>Book value 31 December</b>	<b>142 228</b>	<b>127 201</b>	<b>28 878</b>	<b>29 964</b>

	<b>Group</b>		<b>Parent company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
<b>11. CAPITALISED INTEREST COSTS</b>				
Machinery and equipment				
Capitalised during the financial year	71	212	0	0
Including capital interest costs	1 464	1 466	0	0
<b>12. INVESTMENTS</b>				
<b>Interest in group companies</b>				
Acquisition cost 1 January	264	264	33 699	33 699
Acquisition cost 31 December	264	264	33 699	33 699
<b>Book value 31 December</b>	<b>264</b>	<b>264</b>	<b>33 699</b>	<b>33 699</b>
<b>Interest in associated companies</b>				
Acquisition cost 1 January	136 983	134 187	125 606	121 867
Increase	0	4 058	0	5 000
Decrease	-370	-1 261	0	-1 261
Acquisition cost 31 December	136 613	136 983	125 606	125 606
<b>Book value 31 December</b>	<b>136 613</b>	<b>136 983</b>	<b>125 606</b>	<b>125 606</b>
<b>Other holdings and interests</b>				
Acquisition cost 1 January	8 924	6 694	8 924	6 694
Increase	1 266	2 230	1 266	2 230
Acquisition cost 31 December	10 190	8 924	10 190	8 924
<b>Book value 31 December</b>	<b>10 190</b>	<b>8 924</b>	<b>10 190</b>	<b>8 924</b>
<b>Investments in total</b>				
Acquisition cost 1 January	146 171	141 144	168 229	162 260
Increase	895	6 288	1 265	7 230
Decrease	0	-1 261	0	-1 261
Acquisition cost 31 December	147 066	146 171	169 494	168 229
<b>Book value 31 December</b>	<b>147 066</b>	<b>146 171</b>	<b>169 494</b>	<b>168 229</b>
<b>13. INVENTORIES</b>				
Power plant fuels	<b>1 026</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>14. NON-CURRENT RECEIVABLES</b>				
Loan receivables	16 268	11 752	16 268	11 752
Unpaid equity capital	21 678	19 872	21 678	19 872
Other long-term receivables	1 128	2 750	1 098	2 725
	<b>39 074</b>	<b>34 374</b>	<b>39 044</b>	<b>34 349</b>
Receivables from associated companies				
Loan receivables	16 266	11 750	16 266	11 750

## INVESTMENTS

Company name	Domicile	Group interest %	Group voting share %	Parent company interest %	Holdings of parent company	
					Pcs.	Book value
<b>HOLDINGS IN GROUP COMPANIES</b>						
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
<b>HOLDINGS IN ASSOCIATED COMPANIES</b>						
VV	Vaasa	50,0	50,0	50,0	300	505
EPM	Vaasa	40,0	40,0	40,0	160 000	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	1 000
PVO (A)					692 549	
PVO (B)					230 558	
PVO (B2)					77 508	
PVO (C2)					11 624	
PVO (C)					1 016 188	
PVO (H)					302 142	
PVO (M)					52 798	
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
<b>OTHER SHARES AND HOLDINGS OWNED BY THE PARENT COMPANY</b>						
SEV(A)	Vaasa			100,0	4 400	3
SEV(B)	Vaasa			3,9	1 176	4 998
Mervento Oy (B, D)				9,9	674	3 666
Innopower Oy (A,C)				9,8	12 580	1 280
Powest Oy (E)				1,0	13 206	89
Others						154
						169 494

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

	Group		Parent company	
	2012	2011	2012	2011
<b>15. CURRENT RECEIVABLES</b>				
Trade receivables	29 424	19 227	19 042	12 127
Loan receivables	0	10 000	16 894	12 592
Unpaid equity capital	903	7 226	903	7 226
Prepayments and accrued income <sup>*)</sup>	7 251	7 105	3 576	3 207
Other receivables	2 298	723	327	388
	<b>39 876</b>	<b>44 281</b>	<b>40 742</b>	<b>35 540</b>
Receivables from group companies				
Trade receivables	-	-	-42	461
Loan receivables	-	-	16 894	2 592
Prepayments and accrued income	-	-	51	0
Other receivables	-	-	167	196
	-	-	17 070	3 249
Receivables from associated companies				
Trade receivables	237	89	48	49
Loan receivables	0	10 000	0	10 000
Prepayments and accrued income	3 076	2 949	3 075	2 949
Other receivables	22	26	16	24
	3 335	13 064	3 139	13 022
<sup>*)</sup> Constituents included in the short-term prepayments and accrued income				
Accrued electricity purchases	3 242	2 979	3 242	2 979
Accrued electricity sales	66	174	66	174
Accrued energy support	3 127	686	0	0
Accrued peat tax	104	48	0	0
Peat reservation fee	0	370	0	0
Accrued interest income	16	47	65	47
Accrued VAT	13	0	0	0
Accrued investment subventions	293	2 419	0	0
Others	390	382	203	6
	7 251	7 105	3 576	3 207

	Group		Parent company	
	2012	2011	2012	2011
<b>16. SHAREHOLDERS' EQUITY</b>				
Equity capital 1 January	11 113	11 039	11 113	11 039
Increase in equity capital	204	74	204	74
Equity capital 31 December	11 317	11 113	11 317	11 113
Share issue 1 January	588	127	588	127
Unregistered unpaid equity capital	0	461	0	461
Transfer to equity capital	-204	0	-204	0
Share issue 31 December	384	588	384	588
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
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	72 382	41 439	72 382	41 439
Investment in the invested unrestricted equity reserve	0	30 943	0	30 943
Invested unrestricted equity reserve 31 December	72 382	72 382	72 382	72 382
Retained result 1 January	46 179	41 786	15 319	13 301
Retained result 31 December	46 179	41 786	15 319	13 301
Result of the financial year	22 335	4 393	19 775	2 019
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>216 964</b>	<b>194 629</b>	<b>183 544</b>	<b>163 770</b>
Depreciation difference				
Depreciation difference share entered under equity capital	23 799	20 344	-	-

<b>Estimation of distributable funds 31 December</b>				
Retained result	-	-	15 318	13 300
Result of the financial year	-	-	19 775	2 019
Invested unrestricted equity reserve	-	-	72 382	72 382
	<b>-</b>	<b>-</b>	<b>107 475</b>	<b>87 701</b>

	Group		Parent company	
	2012	2011	2012	2011
<b>17. ACCUMULATED APPROPRIATIONS</b>				
Depreciation difference of deferred tax liabilities	<b>7 723</b>	<b>6 602</b>	<b>3 711</b>	<b>3 419</b>
<b>18. NON-CURRENT LIABILITIES</b>				
Bank loans	72 957	62 096	13 727	0
Other non-current liabilities	58 165	55 428	58 165	55 428
	<b>131 122</b>	<b>117 524</b>	<b>71 892</b>	<b>55 428</b>
Liabilities to associated companies				
Other non-current liabilities	58 165	55 428	58 165	55 428
<b>Liabilities which are due later than after five years</b>				
Bank loans	40 867	44 441	0	0
Other non-current liabilities	58 165	55 428	58 165	55 428
	<b>99 032</b>	<b>99 869</b>	<b>58 165</b>	<b>55 428</b>
<b>19. CURRENT LIABILITIES</b>				
Bank loans	24 504	39 989	20 574	37 389
Trade payables	22 352	16 092	15 690	11 619
Accruals and deferred income <sup>*)</sup>	5 849	5 333	5 178	4 416
Other current liabilities	4 763	6 172	2 044	2 934
	<b>57 468</b>	<b>67 586</b>	<b>43 486</b>	<b>56 358</b>
Liabilities to group companies				
Trade payables	-	-	599	494
Other current liabilities	-	-	0	121
	-	-	599	615
Liabilities to associated companies				
Trade payables	14 003	7 703	13 494	7 703
Accruals and deferred income	3 574	3 479	3 574	3 479
Other current liabilities	910	2 739	910	2 738
	18 487	13 921	17 978	13 920
<b>*) Constituents included in the short-term prepayments and accrued income</b>				
Accrued indirect taxes	102	48	0	0
Accrued electricity sales	3 577	3 543	3 577	3 543
Accrued electricity purchases	663	0	663	0
Accrued interest income	863	1 089	593	587
Accrued emission rights	66	166	0	0
Accrued fuel acquisition	394	305	343	282
Accrued personnel expenses	184	181	2	4
Others	5 849	5 333	5 178	4 416

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	3 434 300	5 838
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 <sup>*)</sup>	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	42 766	73
A5 series <sup>*)</sup>	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	16 180	28
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 mainly 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
		6 657 350	11 317

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

<sup>\*)</sup> Unpaid and unregistered share issues

Date of general shareholders' meeting	Series of shares	Directed share issue		Share capital 1000 €	Invested unrestricted equity reserve 1000 €
		Number pcs	Total subscription price 1 000 €		
29.11.2011	A4	163 832	16 383	279	16 105
29.11.2011	A5	61 982	6 198	105	6 093

	<b>Group</b>		<b>Parent company</b>	
	<b>2012</b>	2011	<b>2012</b>	2011
<b>20. PLEDGED COLLATERALS ON THE BEHALF OF OTHERS</b>				
Pledge of bank account	203	829	203	829
<b>21. COMMITMENTS</b>				
Overall responsibility of accounts with overdraft facility according to account agreements	28 500	24 500	19 000	16 000
Leasing contract payments				
Payments during the following financial year	4	6	0	0
Guarantees				
For associated companies' liabilities	9 673	10 822	9 673	10 822
For other companies' liabilities	1 638	0	1 638	0
Other commitments				
Other own commitments	4 310	1 850	4 310	1 850
<b>22. DERIVATIVE AGREEMENTS</b>				
Interest rate swaps (nominal value)	122 000	88 000	96 000	69 000
Fair value	-6 177	-3 514	-4 915	-2 921
Electricity derivatives				
Amount GWh	219,1	0,0	0,0	0,0
Fair value EUR 1000	-353	0	0	0
<b>23. EMISSION RIGHTS</b>				
<b>Emissions trading period</b>	<b>2012</b>	<b>2011-2012</b>		
	<b>tn CO<sub>2</sub></b>	<b>tn CO<sub>2</sub></b>		
Granted emission rights	265 620	531 240		
Annual level allocation	265 620	265 620		
<b>Emission rights utilization</b>	<b>2012</b>	<b>2011</b>		
	<b>tn CO<sub>2</sub></b>	<b>tn CO<sub>2</sub></b>		
Emissions	197 535	178 346		
Gratuitous emission rights 1 January	-265 620	-265 620		
Purchased emission right reductions (CER)	-88 855	0		
Deficit (+) / surplus (-)	-156 940	-87 274		
Gratuitous granted emission rights available on 31 December	190 236	387 770		

# 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 107,475,866.96, of which the result of the financial year is EUR 19,774,504.88.

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, 8 March 2013

**Heikki Kouhi**

Chairman

**Esa Kaunisto**

**Hannu Linna**

**Pekka Manninen**

**Heikki Miilumäki**

**Jorma Rasinmäki**

**Anders Renvall**

**Janne Savelainen**

**Kaj Skåtar**

**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, 2012. 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.

### Opinions based on the decisions of the General Shareholders' Meeting

We support that the financial statements should be adopted. The proposal by the Board of Directors for the disposal of the profit for the period, as well as for the distribution of other unrestricted equity as stated in the balance sheet, is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the CEO should be discharged from liability for the financial period audited by us..

Vaasa, 18 March 2013

ERNST & YOUNG OY

Community of chartered accountants

**Mikko Ryttilähti**

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](http://www.epv.fi)** and at the website of EPV Alueverkko Oy: **[www.epa.fi](http://www.epa.fi)**

# Income statement. €

EPV ALUEVERKKO OY

	1.1.-31.12.2012	1.1.-31.12.2011
<b>TURNOVER</b>	<b>33 717 524,98</b>	<b>25 795 667,08</b>
Other income	17 140,70	32 748,80
Materials and services	-23 974 138,11	-17 286 576,08
Personnel expenses	-303 444,87	-178 705,34
Other expenses	-6 235 293,26	-5 880 868,66
<b>RESULT</b>	<b>3 221 789,44</b>	<b>2 482 265,80</b>
Financial income and expenses	-26 694,41	12 197,12
<b>RESULT BEFORE EXTRAORDINARY ITEMS</b>	<b>3 195 095,03</b>	<b>2 494 462,92</b>
Extraordinary items		
Given group subventions	-3 193 437,35	-2 492 238,93
<b>RESULT BEFORE APPROPRIATIONS AND TAXES</b>	<b>1 657,68</b>	<b>2 223,99</b>
Appropriations and taxes	-1 657,68	-2 223,99
<b>RESULT OF THE FINANCIAL YEAR</b>	<b>0,00</b>	<b>0,00</b>

# Balance sheet €

EPV ALUEVERKKO OY

	31.12.2012	31.12.2011
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Tangible assets	5 891 690,33	680 656,37
<b>NON-CURRENT ASSETS IN TOTAL</b>	<b>5 891 690,33</b>	<b>680 656,37</b>
<b>CURRENT ASSETS</b>		
Current receivables	7 695 421,04	5 737 843,94
Cash and cash equivalents	0,00	2 124 869,16
<b>CURRENT ASSETS IN TOTAL</b>	<b>7 695 421,04</b>	<b>7 862 713,10</b>
	<b>13 587 111,37</b>	<b>8 543 369,47</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
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
<b>EQUITY IN TOTAL</b>	<b>92 893,45</b>	<b>92 893,45</b>
<b>LIABILITIES</b>		
Non-current liabilities	1 313 350,78	0,00
Current liabilities	12 180 867,14	8 450 476,02
<b>LIABILITIES IN TOTAL</b>	<b>13 494 217,92</b>	<b>8 450 476,02</b>
	<b>13 587 111,37</b>	<b>8 543 369,47</b>

# Cash flow statement €

EPV ALUEVERKKO OY

	2012	2011
<b>OPERATIONS</b>		
Result	3 221 789,44	2 482 265,80
Adjustments to operating result <sup>1)</sup>	-1 128 384,40	417 020,99
Interest paid	-30 051,12	-14 424,58
Interest received	3 356,71	26 621,70
Taxes paid	-1 657,68	-2 223,99
<b>CASH FLOW FROM OPERATIONS</b>	<b>2 065 052,95</b>	<b>2 909 259,92</b>
<b>INVESTMENTS</b>		
Network construction	-5 211 033,96	-680 656,37
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-5 211 033,96</b>	<b>-680 656,37</b>
<b>FINANCING</b>		
Withdrawals of long-term loans	1 313 350,78	0,00
Increase (+) or decrease (-) in short-term interest-bearing liabilities	2 959 745,94	-389 313,87
Given group subventions	-3 251 984,87	-2 492 238,93
<b>CASH FLOW FROM FINANCING</b>	<b>1 021 111,85</b>	<b>-2 881 552,80</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-2 124 869,16</b>	<b>-652 949,25</b>
Liquid assets 1 January	2 124 869,16	2 777 818,41
<b>LIQUID ASSETS 31 DECEMBER</b>	<b>0,00</b>	<b>2 124 869,16</b>
<sup>1)</sup> <b>CHANGE IN WORKING CAPITAL</b>		
Increase (-) or decrease (+) in non-interest-bearing receivables	-1 957 577,10	-1 022 943,69
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	829 192,70	1 439 964,68
	-1 128 384,40	417 020,99



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EPV Energy Ltd

