



Annual Report 2010



EPV Energy Ltd

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

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

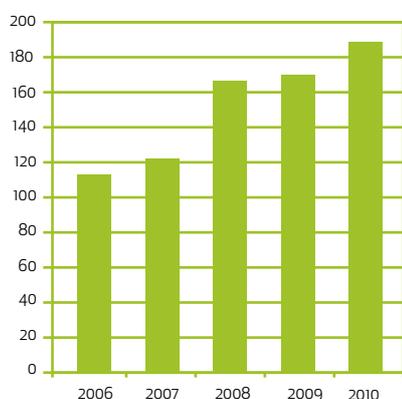
The company supplies approximately **4,400,000 MWh** of electricity and **1,400,000 MWh** of heat annually. EPV Energy Ltd supplies approximately five per cent of the total electricity consumed over the year in Finland.

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

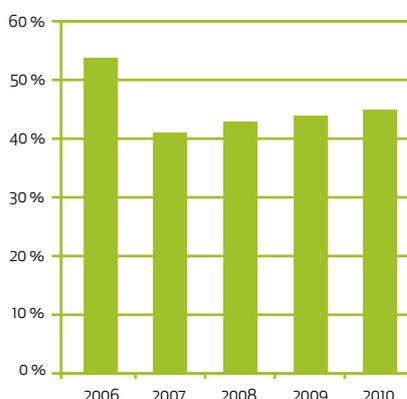
Table of contents

EPV Energy Ltd	2
The CEO's statement.....	5
Energy know-how for nearly 60 years	6
Group structure and business areas	7
EPV Power	8
EPV Heat	10
EPV Wind.....	12
EPV Infra	14
Management, Board of Directors and personnel	17
Board of Director's report	18
Financial statements.....	23
Consolidated income statement	24
Consolidated balance sheet	25
Consolidated cash flow statement.....	26
Parent company's income statement	27
Parent company's balance sheet	28
Parent company's cash flow statement.....	29
Accounting policies.....	30
Notes to the income statement	31
Notes to the balance sheet.....	33
Signatures for the report of the Board of Directors and financial statements	42
Auditor's report.....	43

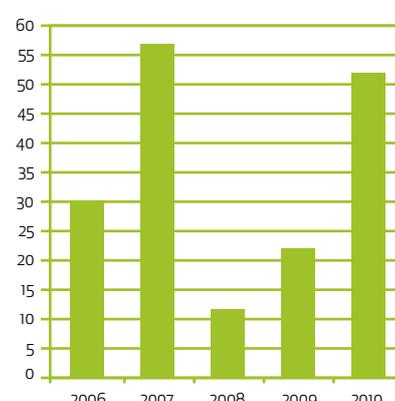
Turnover [M€]



Solvency ratio

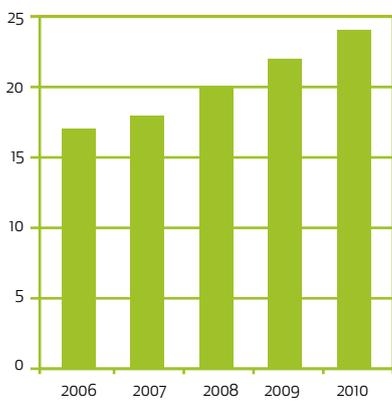


Investments [M€]





Personnel



Asset development [M€]
(balance, assets)



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





The CEO's statement

The record-breaking year is also an indication that we have succeeded in developing our resources.

Last year, EPV Energy Ltd produced more value to its owners than ever before. The company's turnover increased to 188 MEUR, the amount of energy supplied to the shareholders grew, and the company's self-sufficiency also improved.

The excellent result was partly accelerated by the favourable operating environment: the electricity consumption increased as society gradually recovered from the financial crisis. The difficulties with nuclear power generation in Sweden, and the shortage in Nordic water resources caused a situation where means of electricity generation normally at the break-even point were profitable.

The record-breaking year is also an indication that we have succeeded in de-

veloping our resources in order to compete with the market price. Our utilization rate is high, and we generate energy reliably and stably for our owners.

The information technological improvements in the company help us develop our operations and improve efficiency further. The new energy information system provides us with better tools for supporting the processes of our owners. More data is available to us and the predictability of the operations is improved.

EPV also plays a greater part regarding the electric system, since we now operate as the balance responsible party on the electricity market. This clarifies the operations and brings about changes in the operational business. We take on greater responsibility.

EPV invests in domestic, low-emission energy. We aim at becoming independent of imported energy. The increased use of domestic fuels and wind power brings employment and prosperity to all of Finland. Our bio, wind, and nuclear power programmes are also in coherence with the climate objectives of the European Union and the Finnish state authorities.



Rami Vuola

In order to decrease the environmental impact of energy generation, considerable investments are required. EPV's investments increased from last year's 22 MEUR to 52 MEUR. In spite of the enormous growth, the level of investment is still not high enough.

In addition to investments, governmental measures are required: a straightforward support system for renewable energy and a fast and simple licensing process for wind power and peat production.

March 2011
Rami Vuola

Energy know-how for nearly 60 years

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

The first task of EPV was to build a 110 kV electricity network in Ostrobothnia, by means of which the regional networks were linked.

The first power plant owned by EPV, Vaskiluoto 1, began its operations in Vaskiluoto, Vaasa in 1958. The 38 MW coal power plant, which has now been run down, was the largest condense plant in Finland by the time it was completed.

In the 1960s, EPV together with Pohjolan Voima Oy, founded Vaskiluodon

Voima Oy, and in 1972 a steam power plant running on heavy fuel oil was completed in Vaskiluoto. Its electric power was 160 MW and its thermal power 90 MW.

In the 1970s, a strategically significant step was taken when the company became a shareholder of Teollisuuden Voima Oyj, and thus ventured into the building of nuclear power.

In the early 1990s, the generation capacity was increased when the peat power plant in Seinäjoki was constructed.

In 2009, the company's name changed from Etelä-Pohjanmaan Voima and became EPV Energy.

A strategically significant step was taken in the 1970s: EPV ventured into the building of nuclear power.



Group structure and business areas

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



Pohjolan Voima Oy	7.2%
Rapid Power Oy	50%
Teollisuuden Voima Oyj	6.6%



EPV Bioturve Oy	100%
Tornion Voima Oy	100%
Vaskiluodon Voima Oy	50%



EPV Tuulivoima Oy	100%
Rajakiiri Oy	60%
Suomen Merituuli Oy	50%



EPV Alueverkko Oy	100%
Proma-Palvelut Oy	34%
Suomen Energiavarat Oy	>90%
Vaskiluodon Teollisuuskiinteistöt Oy	100%

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

EPV Power

The task of the EPV Power business area is to manage the electricity supply of EPV's owners by holding shares in Pohjolan Voima Oy, Teollisuuden Voima Oyj and Rapid Power Oy, which delivers Norwegian hydropower.

Generation and supply of electricity Pohjolan Voima Oy

In 2010, the total electricity acquisition of EPV was more than 4,400 GWh. This corresponded to about five percent of the total electricity consumed in Finland.

Pohjolan Voima Oy (PVO) generates and acquires electricity through its own and its cooperative power plants all over Finland. EPV is the fourth largest owner with an interest of 7.2%.

In 2010, EPV acquired 1,060 GWh of electricity through Pohjolan Voima Oy. EPV's share of PVO's hydropower electricity was 86 GWh. 708 GWh of coal condense power was generated for EPV.

The change in management strategy conducted at Pohjolan Voima Oy last year also enhances the position of EPV. EPV's representative in the company's board of directors is CEO Rami Vuola.

Teollisuuden Voima Oyj

Teollisuuden Voima Oyj (TVO) generates electricity by means of the company owned nuclear power plants in Olkiluoto, Eurajoki, and the Meri-Pori coal condense power plant in Tahkoluoto, Pori. In 2010, EPV acquired a total of 1,027 GWh of electricity through Teollisuuden Voima Oyj.

EPV is a shareholder in TVO with a direct interest of 6.6%, and additionally owns the company through Pohjolan Voima Oy. In 2010, the Olkiluoto power plants generated a total of 1,180 GWh of nuclear power for EPV Power.

More power through modernization

In 2010, the utilization rate for both units of the Olkiluoto power plant was excellent (realization nearly 95%), in spite of the longer than usual annual maintenance period.

At Olkiluoto 1, an extensive annual maintenance of 26 days' duration was performed, increasing the power plant's efficiency. Now, the plant's capacity is nearly 20 megawatt larger. A similar maintenance and modernization pro-



gramme will be conducted at Olkiluoto 2 during 2011.

The prolonged Olkiluoto 3 project proceeds, and the main components, such as the pressure vessel, have been installed. The electricity generation at Olkiluoto 3 will commence in 2013.

EPV has a 10% interest in the Olkiluoto 3 project, and aims at a significant interest in TVO's future nuclear power project. According to the Parliament's decision from last summer, two more nuclear power plants were licensed to be built in Finland, and the planning of Olkiluoto 4 is already in progress.

Rapid Power Oy

Rapid Power Oy, founded in 2004, acquires Norwegian hydropower for its shareholders. EPV has a 50% interest in the company.

Last year, the hydropower situation was, just like the previous year, below standard. 689 GWh of EPV's electricity acquisition came from Norwegian hydropower.



The environmental quality of electricity

In 2010, the average carbon dioxide emissions of the electricity supplied by EPV Power were 378 g CO₂/kWh.

The average of nitrogen dioxide emissions of the electric energy acquired through generation shares was 456 mg/kWh. The sulphur dioxide emissions were 269 and the particle emissions 14 mg/kWh.

The electricity acquisition of EPV is based mainly on emission-free methods of energy generation. The average use of nuclear fuels in the generation of the electricity supplied to EPV's shareholders was 0.8 mg/kWh.

The Norwegian water shortage increases emissions

The increase in carbon dioxide emissions is due to the decreased water reservoir, which began already in 2009. The long cold periods of the past two winters have also increased the cogeneration of electricity and heat. On a national scale, cogeneration grew by 15%, achieving an all time record. The growth also made itself known in increased carbon dioxide emissions.

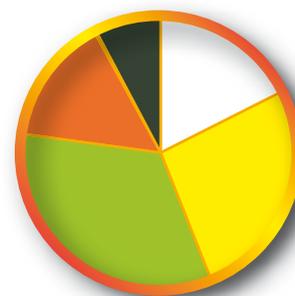
In spite of condense generation increasing emissions, its advantages are domesticity and delivery reliability: the Finnish people are no longer dependent on foreign energy.

Last year, 88% of the total electricity consumption in Finland was covered by the country's own generation. The share of electric and thermal cogeneration was nearly 33%, and of coal and other condense power more than 15%.

Source: Finnish energy industries, press release: Energy Year 2010 Electricity

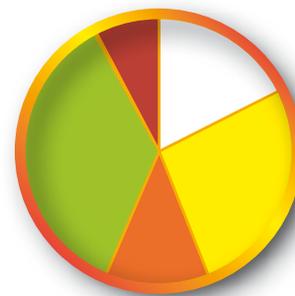
CO₂ emissions depend on fuel and efficiency

Carbon dioxide is always released into the atmosphere when electricity is generated with combustion. The amount of emissions depends on the fuel used and on the efficiency of the power plant. The efficiency of power plants generating only electricity is about 40%. At cogeneration plants, where the heat generated in the electricity generation is utilized as district heating or for industrial processes, the efficiency is up to 90% at best.



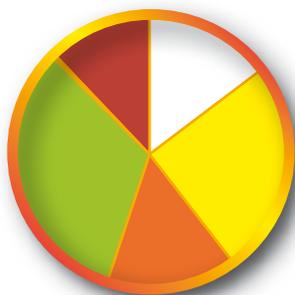
The distribution of EPV's electricity acquisition by type of fuel

Hydropower	17.5 %
Nuclear power	26.6 %
Coal	33.1 %
Peat, wood	14.9 %
Natural gas	0.0 %
Oil	0.0 %
Wind power	0.2 %
Market electricity	7.7 %
Total	100.0 %



Distribution of electricity acquisition: EPV

Hydropower	17.5 %
Nuclear power	26.6 %
Condensation	12.4 %
CHP production	35.7 %
Wind power	0.2 %
Market electricity	7.7 %
Total	100.0 %



Distribution of electricity acquisition: Finland

Hydropower	14.6 %
Nuclear power	25.0 %
Condensation	15.4 %
CHP production	32.6 %
Wind power	0.3 %
Net import	12.0 %
Total	100.0 %

EPV Heat

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



EPV generates electricity and heat efficiently at cogeneration plants in Vaasa, Seinäjoki and Tornio. The generation method is environmentally friendly, since it enables high power plant efficiency and minimizes emissions.

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

The decreased Nordic water reservoir and the cold winter contributed to the fact that the generation of district heating and condense power of

EPV Heat's generation companies was larger than the average.

At the Vaskiluoto power plant, 731 GWh of heat was generated, at the Seinäjoki plant 391 GWh, and at the Tornio plant 376 GWh. The total thermal generation amounted to 1,498 GWh, which is approximately 3 percent more than the previous year.

Last year, a total of 1,571 GWh of electricity was generated at the Vaskiluoto power plant, at the Seinäjoki plant 814 GWh, and at the Tornio plant 167 GWh. The total electricity generation was approximately 15 percent larger than the previous year.

All of the annual maintenance procedures of the power plants conducted in summertime went as planned.

Heat from the forests and fields of Finland

In the cogeneration of electricity and heat, EPV aims at increasing the utilization of domestic forest and field bioenergy. The use of local fuels has a significant, positive impact on regional economy and employment. Last year, the majority of the fuel used at the Seinäjoki and Tornio plants was peat, while at the Vaasa plant it was coal.

The aim of EPV Bioturve Oy, operating in the Seinäjoki and Vaasa regions, is to become a regionally significant producer of domestic fuel. The company specializes in producing and acquiring energy peat, and on acquiring wood-based fuels.



In 2010, the production of energy peat was relatively successful, especially in South Ostrobothnia. The price on emission rights, however, did not favour the use of forest energy.

Last year, preparations were made for the upcoming carburetor plant investment at the Vaasa power plant by agreeing on fuel acquisition with the forest energy producers and planning the set-up of a biofuel terminal network.

Changes in the operating environment 2010

Many public decisions affect the operating environment of power plants. The amendments of heat generation fuel taxes agreed on last year increase the price of district heating generated by means of

coal, which especially shows in the electric bills of residents in large cities. Since the power plant ash has been included in the range of the waste tax, the price of district heating threatens to soar, unless all of the ash can be utilized.

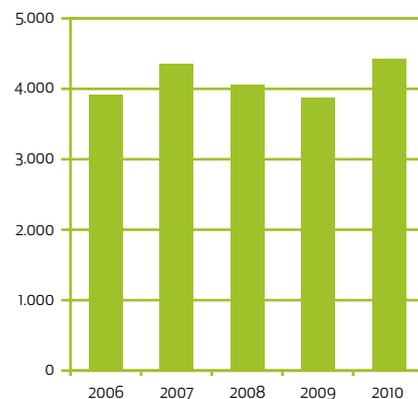
The Industrial Emission Directive passed by the EU has also set new emission limits for the already existing power plants, beginning 2016. This requires future investments in reducing nitrogen dioxide emissions from the Seinäjoki and Vaasa generation plants.

From coal to bio

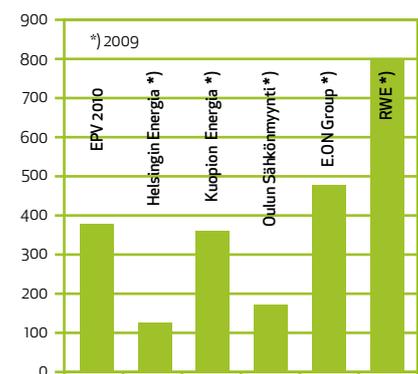
In 2010, the conversion of the Vaasa power plant into operation on domestic fuels was prepared. This will be achieved by attaching a carburetor plant for domestic fuels to the existing coal boiler, enabling combustion of gas deriving from bioenergy and peat in the boiler. The project was granted its environmental permit in August. In practice, the project can be initiated as soon as investment support is issued by the Ministry of Employment and the Economy, thereby making it profitable.

Over the past year, the investment decision has been prepared for by means of planning and negotiations. For example, the plant's domestic fuel availability has been secured.

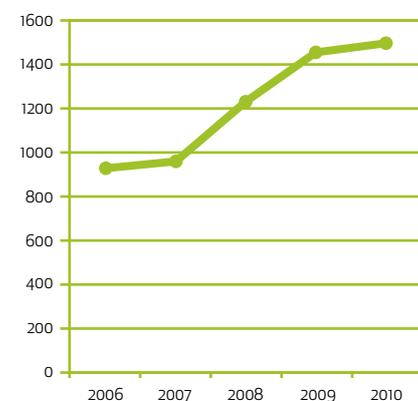
The carburetor plant construction work is planned to commence in autumn, 2011. The investment of 40 MEUR would be available in autumn 2012. Once completed, the new carburetor plant will have a great impact on the regional economy, since the means now used to purchase coal in future will be used to purchase domestic biofuel.



EPV's electricity acquisition 2006–2010 [GWh]



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



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



EPV Wind

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

EPV Wind generates wind power for its holding companies through EPV Tuulivoima Oy, Rajakiiri Oy and Suomen Merituuli Oy. In accordance with EPV's strategy, EPV Wind aims at increasing the share of emission-free energy generation in the group's energy generation.

EPV Tuulivoima Oy is EPV's subsidiary, entirely in the company's ownership. The subsidiary will mainly generate electricity by means of the wind power plants due to be built in Ostrobothnia. Rajakiiri Oy builds wind power in Tornio and Raahen. EPV's interest in the company is 60.2%. The aim of Suomen Merituuli Oy is to set up onshore wind farms along the shores of the Gulf of Finland and the Gulf of Bothnia. EPV's interest in the company is 50%.

The Puuska project was completed

The Puuska project conducted by Rajakiiri is the first wind power project actualized by EPV Windpower that has pro-

gressed as far as generation use. Puuska, which has been completed in Røyttä, Tornio, is the largest wind power project in Finland to have been built in one stage. The eight wind power plants of 3.6 MW each, together have a total capacity of 28.8 MW, and thus form the largest wind power farm in Finland measured in energy generation capacity.

The Puuska programme was initiated in 2007, and completed according to schedule by the end of 2010. The commercial use began in the beginning of 2011. The budget of the Puuska project was nearly 50 MEUR, and was also the single largest investment of EPV during last year.

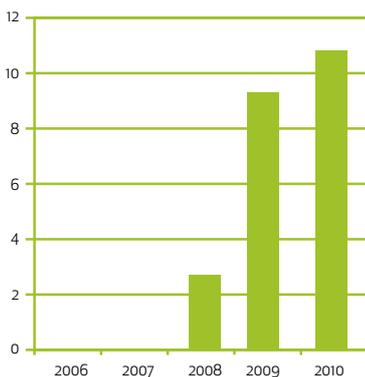
A portfolio of many projects

In order to actualize wind power projects, they have to be profitable, technically achievable and generally approved. In the set-up of a young energy source such as wind power, the emphasis lies on technology and approval.



Puuska – the largest wind power project in Finland

EPV Wind is prepared to fulfill the objectives for extensive additional set-up of wind power, to which the Finnish State has committed itself. Therefore, the companies belonging to EPV Wind are currently working on several wind power projects of different nature. Last year, the issues of the Act on Environmental Impact Assessment Procedure were charted for several projects. The licensing processes for setting up wind power often take time, since it is complicated to combine many different interests.



Wind power for EPV (GWh)

8 pcs of the largest and most efficient Siemens SWT-3.6-120 turbines in Finland | Nominal effect of the turbine 3.6 MW, nominal effect of the entire farm 28.8 MW | Turbine hub height 100 m, blade tip height 160 m, rotor diameter 120 m | Total project budget nearly 50 MEUR | Generates electricity for the annual consumption of approximately 7,000 medium-sized private houses | The employment effect of the construction and installation period was approximately 60 man-years



EPV Infra

EPV Regional Grid is prepared to connect the new generation capacity, especially from wind power, to the regional grid.

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

Vaskiluodon Teollisuuskiinteistöt Oy owns and is in charge of the office and industrial facilities in Vaskiluoto, Vaasa. EPV Alueverkko Oy handles the electricity transmission business operations, and Proma-Palvelut Oy is in charge of the power plant utilization and maintenance services of Vaskiluodon Voima Oy's power plants. The task of Suomen Energiavarat Oy is to develop the operations of Vapo Oy.

EPV Alueverkko Oy

EPV Alueverkko Oy (EPA) operates in Ostrobothnia, South Ostrobothnia, Tornio and Kokkola, transmitting electricity from power plants and the national grid to local distribution companies and the industry. The 110 kV transmission network managed by EPA is mainly rented from the parent company EPV Energy Ltd (EPV), Outokumpu Stainless Oy and Boliden Kokkola Oy.

The amount of energy transmitted via EPA's transmission network increased by 29% from the previous year, and thus was 6,916 GWh. The consumption peak of the

electricity transmission average hourly output remained on the same level as the previous year, 973 MWh/h.

The increased electricity transmission is in part explained by the fact that the line segments in the Tornio and Kokkola region were in use all year. In 2009, the lines were only used for 10 months. The cold winter and the revived economic situation also added to the electric consumption, in particular in the economic regions of Vaasa, Seinäjoki and Närpes.

The turnover was 26.8 MEUR, which is approximately 27% more than the turnover for the previous year (21.1 MEUR). The profit of the financial year was 2.9 MEUR. According to preliminary calculations, the profit from the network operations is reasonable as defined by the Energy Market Authority.

The network is built and expanded

In building and modernizing the regional grid, the largest investments are made where the consumption is growing. In EPA's area of operation, the consumption has grown steadily in spite of the recession.

The planning of the electrification of the railway connection between Vaasa and





Seinäjäjoki began in accordance with the agreement between EPV and the Finnish Rail Administration. The planning of the electrification of the railway connection was completed in December, and contract offers have been put out to tender. The electrification of the railway connection is a significant event for the entire region, even though the electricity transmission issues are not of great importance to the company.

Westenergy Oy is building a waste combustion plant in the Stormossen area. The Westenergy waste combustion power plant will be completed in 2012, and will be a significant, local producer of district heating and electricity. The electric generation capacity of the plant is approximately 13 MW, and the district heating capacity approximately 40 MW. A 110 kV connection line will be built for the power plant in co-operation with EPV Energy Ltd and Vaasan Sähkö Oy. The planning of the line is in progress.

The connection of the waste combustion plant to the network was prepared already last year, in that the 110 kV power station of Vaasan Sähköverkko Oy in Kiilapalsta, as well as the power transmission lines between Kiilapalsta

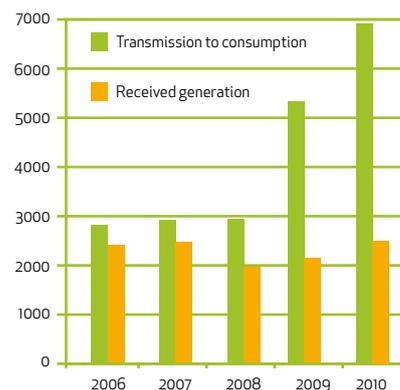
and Ristinummi, and between Kiilapalsta and Strömberg were purchased by EPV Energy and are being managed by EPA since the beginning of 2011.

The regional grid prepares for wind power

In the beginning of 2010, the consumption tariff on electricity transmission increased by 10%, and in the beginning of 2011 by 5%. The main reason for the increase are the significant network investments currently in progress, by means of which the availability and efficiency of electricity transmission is being enhanced in future. In addition, preparations are being made for the connection of new generation capacity, in particular wind power, to the regional grid.

Several parties are planning to set up wind power farms in EPA's area of operation. The majority of these are being planned in areas, where preparations have not been made for large consumption or generation. Because of this, EPA has made a plan for enhancing the regional grid and building connections for future wind power farms.

Electricity transmission in the network of EPA in 2010 [GWh]



BOARD OF DIRECTORS

CEO
Rami Vuola

ECONOMY AND
MANAGEMENT
Markku Källström

Budgeting
Financing
Accounting
Payment transactions
Financial statements
Risk management
Communications

NETWORK
OPERATIONS
Jukka Rajala

Utilization and maintenance
Network agreements
Customer relations
Network investments
Tariff planning
Reporting and invoicing
Network technology

THERMAL
POWER
Mauri Blomberg

Thermal power
Sustainment
Climate and environment issues
Fuels
Emissions trading
Electricity acquisition
Energy survey and invoicing

EMISSION-FREE
GENERATION
Frans Liski

Nuclear power
Wind power
Hydropower
Project planning
Projects
Technology

STRATEGIC
DEVELOPMENT
Tomi Mäkipelto

Operation transactions
Financial valuations
Company planning
Data administration
Shareholder relations
Supervision of interests
Communications strategies

Management, Board of Directors and personnel

General Shareholders' Meeting

The highest authority in EPV is vested in the General Shareholders' Meeting. Besides statutory issues, the authority of the Shareholders' Meeting extends to the election of the Board, and other issues defined in the Articles of Association. In 2010 the General Shareholders' Meeting was assembled once.

The Board of Directors

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

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

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

The Ordinary Members of the Board in 2010

Heikki Kouhi, City Counsellor, Chairman of the Board | **Ahti Källi** M. Econ. Sc., CEO of Hiirikosken Energia Oy | **Hannu Linna**, M. Sc., CEO of Vaasan Sähkö Oy | **Heikki Miilumäki**, Dr Tech. h.c. | **Jorma Rasinmäki**,

Doctor of Administrative Science, Mayor of Seinäjoki | **Seppo Ruuhonen**, M. Sc., CEO of Helsingin Energia | **Janne Savelainen**, M. Sc., Vice Chairman of the Board, CEO of Lahti Energia Oy | **Kaj Skåtar**, Master of Law | **Sakari Suontaka**, Eng., CEO of Kymppivoima Oy | **Markku Vartia**, M. Sc., MBA, CEO of Vantaan Energia Oy

Deputy Members of the Board

Olli Arola, M. Sc., Master of Economic Sciences, Director of Electricity Sales of Vaasan Sähkö Oy | **Martti Haapamäki**, M. Sc., CEO of Seinäjoen Energia Oy | **Markku Perna**, Eng., CEO of Jylhän Sähkösuuskunta | **Esa Kaunisto**, M. Ed., Chairman of Järvisseudun Sähkövoiman Kuntayhtymä | **Jorma Tapaninen**, M. Sc., CEO of Imatran Seudun Sähkö Oy

CEO and Management Team

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

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 Ryttilahti** and CA **Tatu Huhtala** as main responsible Auditors and CA **Ari Lehto** and CA **Kristian Berg** as Vice Auditors.

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

An expert organization

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

Due to the nature of the company's operations, the number of personnel is small, but it consists of prime experts within the trade; people who have the ability, motivation and skills to research and adopt new data, and apply it in practice. The group has 24 employees.

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

Board of Director's report 2010

EPV Energy Ltd (EPV) is a company specialized in energy acquisition which operates on an absorption principle. The aim is to supply the owners with competitive electricity and to ensure inexpensive electricity acquisition in a changing operating environment. The company's objective is to gradually refine its energy acquisition towards lower emissions. The energy acquisition is mainly transacted through the generation shares owned by the company. EPV's acquired amount of electricity in 2010 was 4,439 (3,887) GWh. This corresponds to 5.1 (4.8) percent of the electricity consumption in Finland.

EVENTS DURING THE FINANCIAL YEAR

Operating environment

In 2010, 398 (372) TWh of electricity was consumed in the Nordic countries. The consumption increased by approximately 7 percent compared to the previous year. The major reasons for the growth were the cold weather of the first and final quarters as well as the increased industrial consumption.

In Finland the electricity consumption was 87.5 (81.1) TWh. The electricity consumption in Finland increased by 7.6% compared to 2009. The industrial share of the consumed electricity was 47%. Last year, 12 percent of the energy consumption was covered with imports, and 88 percent with domestic generation. Combined generation of power and heat (CHP) covered 32.6% of the consumed electricity, nuclear power 25%, hydropower nearly 15%, and coal and other condense power over 15%. The share of wind power was 0.3 percent.

Due to the cold weather and the revived industrial demand, CHP generation grew by 15 percent.

The water reserves of the Nordic countries remained low for the second year in a row. Finland, Norway and Sweden imported a great deal of electricity, while Denmark exported its coal and gas energy. The Nordic countries also imported a lot of electricity from Russia, Estonia, Poland, Germany and the Netherlands. By the end of 2010, the hydropower reservoirs of the Nordic countries held approximately 42 percent less water than the long-term average. The shortage is equivalent to approximately 30 TWh of electric generation.

Last year the emissions from energy generated with coal, natural gas and peat was 16.9 million ton carbon dioxide, which is a third's increase from the previous year. The increase was due to the growth in condense and CHP electricity generation. The growing demand and the reduced electricity import were especially covered with coal and other fossil fuels. Last year, the electricity generated in Finland still was free from greenhouse gas emissions to 59 percent. The share of renewable energy sources was 31 percent of the electricity generated. The utilization of domestic wood-based and other biofuels grew by a fourth during the past year.

Generation

The electricity generation of last year at the power plants of the partnership company Vaskiluodon Voima Oy (50%) was 2,385 (2,149) GWh. A total of 1,122 (1,035) GWh district heating was gener-

ated. On the basis of its interest, EPV acquired a total of 1,151 (998) GWh of electrical energy. Vaskiluodon Voima has pending development projects, the aim of which is to increase the use of biofuels significantly at both the Vaasa and Seinäjoki power plants.

The total output of the Olkiluoto 1 and 2 power plants of the associated company Teollisuuden Voima Oyj in 2010 was 14,144 (14,452) GWh. EPV's interest in Teollisuuden Voima Oyj was 6.6% and 1,027 (1,007) GWh of energy was acquired in proportion to the share.

The construction work at the Olkiluoto 3 plant unit is chiefly completed, and the installation work at the reactor plant continues. The number of employees at the Olkiluoto 3 construction site was some 4,000 by the end of the year. The safety at the construction site remained high all year.

According to Teollisuuden Voima Oyj, the plant contractor has notified that the major part of the work on the plant unit will be completed in 2012. According to the contractor, the nuclear technological commissioning will last about 8 months, implying that the plant unit will commence operations in the latter half of 2013.

The associated company Pohjolan Voima Oy is an electricity acquisition company, which operates on an absorption principle, supplying electricity to its owners at cost price. EPV's interest in Pohjolan Voima Oy was 7.2% and a total of 1,060 (861) GWh electricity was acquired accordingly.

The electricity supplied by the Norwegian hydroelectric power plant of the



associated company (50%) Rapid Power Oy lived up to the established generation goals for 2010. The power plant had no significant generation stops during the accounting period. In 2010 the total electricity supply to EPV was 689 (592) GWh.

Tornion Voima Oy is a subsidiary of EPV (100%), which generates electricity and heat at the combined generation

power plant in Tornio. The power plant is located in the vicinity of the steel works of Outokumpu Oyj in Tornio. The plant delivers combined generation 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 167 (146) GWh.

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

The first wind power park of Rajakiiri Oy (60.2%) is located in the Røyttä area in Tornio. The construction of the Puuska project in Tornio commenced during 2009. In March 2010, Rajakiiri Oy reached an agreement with Siemens Wind Power AS on the delivery of eight SWT-3.6-120 wind turbines of 3.6 megawatt. A service and maintenance agreement for several years was also made with Siemens AS. The total effect of the Puuska project is 28.8 MW, which on the Finnish scale implies a significant wind power farm. The components were manufactured in Denmark during the summer of 2010, and the actual deliveries and installations in Tornio were timed to the end of the year.

Suomen Merituuli Oy is an associated company, whose objective 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 (34%) Proma-Palvelut Oy is a utilization and maintenance company for thermal power plants, and operates in five regions. The know-how of the company is based on the personnel's well-managed expertise on the utilization and maintenance of power plants.

Regional grid company

The subsidiary EPV Alueverkko Oy practices electricity transmission and network operations mainly in the power transmission network rented by its parent company. During the elapsed year, the restoration of the network was continued by replacing several power transmission lines.

The electricity transmissions of the regional grid were 6,916 (5,343) GWh.

In addition to previous operations, the Finnish Rail Administration decided to electrify the railway connection between Vaasa and Seinäjoki. The planning of the electrification began in accordance with the agreement between EPV and the Finnish Rail Administration, and was completed in December.

Other companies

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

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 188.4 (170.3) MEUR, which is an 11% increase from the previous year. The turnover share of the electricity sales was 143.3 (129.9) MEUR and of the remaining operations 45.1 (40.4) MEUR.

The business result of the group was profitable by 7.3 (9.2) MEUR. The net financing costs of the financial year were 2.6 (3.2) MEUR, and decreased somewhat compared to the previous year due to the reduced interest rate. According to the financial statement the profit was 3.3 (4.7) MEUR, which mainly consists of the conversion of depreciation exceeding plan presented in the separate income statements, to the result of the financial year and imputed tax liabilities in the con-

solidated income statement. The parent company profit of 0.9 (0.3) MEUR is equivalent to tax-free dividend yields.

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

FINANCING AND INVESTMENTS

The grand total of the group's balance increased to 364.6 (318.0) MEUR. By the end of the year the solvency ratio of the group was 44.9 (43.8)%, 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 28.1 (35.8) MEUR in liquid assets and investments. By the end of the year the unused stand-by credit and limit reservations amounted to approximately 20.0 MEUR.

The total investments of the group were 52.0 (22.1) MEUR. The investments in tangible and intangible assets were 45.8 MEUR, of which the greatest was 38.0 MEUR in the wind power farm of Rajakiiri Oy. The acquisitions of shares were 6.2 MEUR. The largest acquisition was the 5.1 MEUR subscription of share issue of Teollisuuden Voima Oyj.

THE SHAREHOLDERS. GENERAL SHAREHOLDERS' MEETING AND BOARD OF DIRECTORS

Shareholders

The number of shareholders and their interests at the end of 2010 were as follows:

	2010	2009
Alajärven Sähkö Oy	1.27%	1.28%
City of Helsinki/Helsingin Energia	7.19%	7.23%
Hiirikosken Energia Oy	0.27%	0.27%
Imatran Seudun Sähkö Oy	0.30%	0.30%
Jylhän Sähköosuuskunta	3.91%	3.91%
Järviseudun Sähkövoiman Kuntayhtymä	1.75%	1.75%
Kaakon Energia Oy	0.31%	0.32%
KSS Energia Oy	0.47%	0.48%
Kumera Oy	0.29%	0.30%
Kymppivoima Oy	8.82%	8.76%
Lahti Energia Oy	7.74%	7.76%
Lehtimäen Sähkö Oy	0.58%	0.58%
City of Oulu/Oulun Energia	0.81%	0.83%
Outokumpu Oyj	1.71%	1.77%
Oy Perhonjoki Ab	1.66%	1.66%
Rauman Energia Oy	0.61%	0.61%
Seinäjoen Energia Oy	10.47%	10.46%
Vaasan Sähkö Oy	40.70%	40.60%
Vantaan Energia Oy	8.45%	8.47%
Vimpelin Voima Oy	0.47%	0.47%
Municipality of Vähäkyrö	1.75%	1.75%
Ääneseudun Energia Oy	0.44%	0.45%
In total	100.00%	100.00%

General Shareholders' Meetings

The Ordinary General Shareholders' Meeting of 2010 was assembled 30 March 2010. In addition to the issues belonging to the Ordinary General Meeting, an amendment to the Articles of Association and three directed share issues were discussed at the meeting.

At the General Shareholders' Meeting it was decided that the holdings of the W series of shares be divided into three separate series as follows:

- W1 series: holding of shares in Rajakööri Oy and Pohjolan Voima Oy's I3 series
- W2 series: holding of shares in EPV Tuulivoima Oy
- W3 series: holding of shares in Suomen Merituuli Oy

The following was decided on the directed share issues:

- In the directed share issue of the A1 series, 150,000 pcs of new shares were subscribed to the subscription price of 15,000,000 Euros, of which half was

paid in association with the share subscription. The purpose of the share issue is to finance the share issues of Teollisuuden Voima Oyj.

- In the directed share issue of the D1 series, 30,000 pcs of new shares were subscribed to the subscription price of 3,000,000 Euros. By means of the issue, the increased share capital of the subsidiary EPV Bioturve Oy was financed.
- In the directed share issue of the W2 series, 30,000 pcs of new shares were subscribed to the subscription price of 3,000,000 Euros. By means of the issue, the increased share capital of the subsidiary EPV Tuulivoima Oy financed.

Board of Directors

In 2010 the Ordinary Members of the Board elected in the Ordinary General Meeting were Heikki Kouhi, Ahti Källi, Hannu Linna, Heikki Miihimäki, Jorma Rasinmäki, Seppo Ruohonen, Janne

Savelainen, Kaj Skåtar, Sakari Suontaka and Markku Vartia.

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

The Chairman of the Board was Heikki Kouhi and the Vice Chairman Janne Savelainen.

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 2011, with CA Mikko Ryttilahti and CA Tatu Huhtala as main responsible Auditors and CA Ari Lehto and CA Kristian Berg as Vice Auditors.

PERSONNEL

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

Over the year the average number of group employees was 24. EPV has outsourced a considerable part of its central operations. The financial administration of the company is handled contractually by the personnel at Powest Oy and the sustainment services related to the power plant assets are mainly purchased from Proma-Palvelut Oy.

CURRENT LEGAL PROCESSES

The company has no current legal processes.

EVENTS FOLLOWING THE FINANCIAL YEAR

The supply of electricity from the Puuska wind power farm to the shareholders began according to plan on 1 January 2011. The turbines are estimated to be delivered by the supplier during spring 2011. The company has no knowledge of any other essential events having taken place after the end of the financial year.

According to information from Pohjolan Voima Oy, the Pohjolan Voima Oy, the Finnish State and Ilmarinen Mutual Pension Insurance Company are negotiating on the sale of the Pohjolan Voima Oy's 25% interest in Fingrid. In order to seal the deal, a final bill of purchase, and the necessary approvals from the parties' decision-making bodies and the authorities are required. If actualized, the sale price is 325 MEUR, allowing the Pohjolan Voima Oy to enter a share sales profit of approximately 200 MEUR on behalf of the group. The deal is estimated to be sealed in the beginning of 2011. If the deal is actualized, it will be of great economic significance for EPV as an owner of the Pohjolan Voima Oy.

RISK ASSESSMENT

EPV's most significant risks relate to the schedule of the OL3 project. According to Teollisuuden Voima Oyj, the contractor has estimated that the majority of the construction work on the plant unit will be completed in 2012. According to the contractor, the nuclear technological commissioning will last about 8 months,

implying that the plant unit will commence operations in the latter half of 2013. The commercial electricity generation at the plant unit was initially meant to commence at the end of April 2009. The delay causes additional costs and losses, for which Teollisuuden Voima Oyj has demanded compensation from the turnkey plant contractor of Olkiluoto 3.

NEAR FUTURE PROSPECTS

One of the company's most crucial tasks 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 2011, the water reserves of the Nordic countries were approximately 35 TWh below the average and 5 TWh above the equivalent date in 2010. At the end of February, the market price of emission rights for 2011 was about 15 Euros per ton of carbon dioxide. At the same time, the average electricity price on the derivatives market for the rest of 2011 was approximately 53 Euros per megawatt hour, and for 2012 approximately 47 Euros per megawatt hour.

Due to the prevailing Nordic market situation and the cold weather, in the beginning of 2011 the generation of the generation resources owned by EPV has been better realized than the average generation year. It is also expected that the generation volumes will be greater than normally in the end of the year, par-

ticularly in back-pressure and condense generation.

The support system based on feed-in tariffs created to promote electricity generation by means of wind power, biogas, wood and small-scale hydropower, partly came into effect in the beginning of 2011. The support is not paid until the European Commission has approved the governmental supports included in the law. In the beginning of 2011, the previous support of renewable energy electricity generation withdrew, and the coming into effect of the new support was postponed. The use of forest energy is also supported with a new support for small-scale wood energy, which is granted to suppliers of small-scale wood energy. It is as yet partly unclear when the law will come into effect and what the transition period regulations will be.

On 1 July 2010, the Parliament remained in force the Finnish Government's decision in principle from 6 May 2010, to build OL4 in Olkiluoto. The drafting of invitations to tender, the project planning, the confirmation of licensing practices and the assessment of ways of implementation are in progress.

THE BOARD'S PROPOSITION FOR DISTRIBUTION OF PROFITS

The Board proposes to the General Shareholders' Meeting that the net profit of the parent company, 930,347.65 €, is assigned to the closing account of the previous accounting periods and that no dividends are to be paid.

Consolidated income statement €

	1.1–31.12.2010	1.1–31.12.2009	NOTES
TURNOVER	188 385 082,07	170 257 456,01	1
Share of the partnership companies' result	-840 079,44	1 034 232,36	
Other income	1 128 970,61	1 183 010,33	2
Materials and services	-110 460 596,46	-92 758 232,99	3
Personnel expenses	-2 270 213,61	-2 067 340,33	4
Depreciation and impairment charges	-4 824 371,66	-4 645 687,54	5
Other expenses	-63 867 718,68	-63 791 344,08	6
RESULT	7 251 072,83	9 212 093,76	
Financial income and expenses	-2 583 389,29	-3 240 177,56	7
RESULT BEFORE TAXES	4 667 683,54	5 971 916,20	
Direct taxes paid	-1 424 029,11	-1 317 816,49	8
Minority interest	29 874,95	72 208,48	
RESULT OF THE FINANCIAL YEAR	3 273 529,38	4 726 308,19	

Consolidated balance sheet €

	31.12.2010	31.12.2009	NOTES
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9 740 675,07	8 389 695,43	9
Tangible assets	125 354 828,99	95 474 219,81	10
Investments			12
Holdings in Group companies	263 570,01	263 570,01	
Holdings in associated companies	134 186 836,64	130 508 477,06	
Other holdings and interests	6 693 898,28	5 691 898,28	
NON-CURRENT ASSETS IN TOTAL	276 239 808,99	240 327 860,59	
CURRENT ASSETS			
Long-term receivables	13 285 885,84	13 283 625,19	13
Current receivables	46 966 126,71	28 584 433,06	14
Cash and cash equivalents	28 133 403,97	35 801 521,54	
CURRENT ASSETS IN TOTAL	88 385 416,52	77 669 579,79	
	364 625 225,51	317 997 440,38	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11 038 764,70	10 696 683,90	15
Share issue	127 493,20	112 574,00	
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	41 439 321,17	20 796 321,17	
Retained result	38 512 363,56	33 786 055,36	
Result of the financial year	3 273 529,38	4 726 308,19	
EQUITY IN TOTAL	158 758 716,80	134 485 187,41	
MINORITY INTEREST	4 871 005,16	4 900 880,11	
LIABILITIES			
Imputed tax liabilities	5 787 185,38	4 363 162,27	16
Non-current liabilities	158 165 804,70	141 610 216,57	17
Current liabilities	37 042 513,46	32 637 994,02	18
LIABILITIES IN TOTAL	200 995 503,54	178 611 372,86	
	364 625 225,51	317 997 440,38	

Consolidated cash flow statement €

	2010	2009
OPERATIONS		
Result	7 251 072,83	9 212 093,76
Adjustments to operating result ¹⁾	5 664 451,10	3 611 455,18
Change in working capital ²⁾	-3 830 684,86	-2 134 490,18
Interest paid	-2 010 013,57	-3 288 454,72
Dividends received	941 314,00	307 230,00
Interest received	651 377,31	824 637,95
Financial income and expenses	-1 487 767,03	-845 590,79
Taxes	-6,00	-3 846,68
CASH FLOW FROM OPERATIONS	7 179 743,78	7 683 034,52
INVESTMENTS		
Acquisition of shares	-6 198 739,00	-12 003 906,00
Investments in intangible and tangible assets	-45 777 760,48	-10 125 843,46
Investment support	4 883 400,00	0,00
CASH FLOW FROM INVESTMENTS	-47 093 099,48	-22 129 749,46
FINANCING		
Withdrawals of long-term loans	26 655 588,13	22 119 192,67
Repayment of long-term loans	-10 100 000,00	-2 603 000,00
Increase (-) or decrease(+) in interest-bearing receivables	0,00	-35 440,25
Increase (+) or decrease(-) in short-term interest-bearing liabilities	0,00	-1 729 819,51
Share issue	13 500 400,00	11 090 400,01
Minority investment / Share issue	2 189 250,00	2 189 250,00
CASH FLOW FROM FINANCING	32 245 238,13	31 030 582,92
CHANGE IN CASH AND CASH EQUIVALENTS	-7 668 117,57	16 583 867,98
Liquid assets 1 January	35 801 521,54	19 217 653,56
LIQUID ASSETS 31 DECEMBER	28 133 403,97	35 801 521,54
¹⁾ ADJUSTMENTS TO OPERATING RESULT		
Interest in partnership companies' result	840 079,44	-1 034 232,36
Depreciation and write-downs	4 824 371,66	4 645 687,54
	5 664 451,10	3 611 455,18
²⁾ CHANGE IN WORKING CAPITAL		
Increase (-) or decrease(+) in non-interest-bearing receivables	-8 235 204,30	-504 400,74
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	4 404 519,44	-1 630 089,44
	-3 830 684,86	-2 134 490,18

Parent company's income statement €

	1.1-31.12.2010	1.1-31.12.2009	NOTES
TURNOVER	148 105 068,91	135 923 564,40	1
Other income	1 710 606,73	1 315 161,11	2
Materials and services	-86 018 633,71	-71 972 076,34	3
Personnel expenses	-2 083 499,43	-1 937 624,20	4
Depreciation and impairment charges	-1 370 502,57	-1 244 378,91	5
Other expenses	-60 872 137,93	-60 648 561,49	6
RESULT	-529 098,00	1 436 084,57	
Financial income and expenses	-254 104,07	-1 007 674,22	7
RESULT BEFORE EXTRAORDINARY ITEMS	-783 202,07	428 410,35	
Extraordinary items			
Received group subventions	2 881 552,80	1 904 199,07	
RESULT BEFORE APPROPRIATIONS AND TAXES	2 098 350,73	2 332 609,42	
Appropriations			
Change in depreciation difference	-1 167 997,08	-2 022 339,93	
Direct taxes paid	-6,00	-3 832,32	8
RESULT OF THE FINANCIAL YEAR	930 347,65	306 437,17	

Parent company's balance sheet €

	31.12.2010	31.12.2009	NOTES
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3 484 721,08	1 582 890,88	9
Tangible assets	27 562 260,00	25 919 462,29	10
Investments			12
Holdings in Group companies	33 698 970,83	27 698 970,83	
Holdings in associated companies	121 867 287,58	116 670 548,58	
Other holdings and interests	6 693 898,28	5 691 898,28	
NON-CURRENT ASSETS IN TOTAL	193 307 137,77	177 563 770,86	
CURRENT ASSETS			
Long-term receivables	13 261 147,08	13 258 886,43	13
Current receivables	37 786 104,25	20 683 014,66	14
Cash and cash equivalents	16 928 031,37	22 524 870,61	
CURRENT ASSETS IN TOTAL	67 975 282,70	56 466 771,70	
	261 282 420,47	234 030 542,56	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11 038 764,70	10 696 683,90	15
Share issue	127 493,20	112 574,00	
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	41 439 321,17	20 796 321,17	
Retained result	12 370 162,98	12 063 725,81	
Result of the financial year	930 347,65	306 437,17	
EQUITY IN TOTAL	130 273 334,49	108 342 986,84	
APPROPRIATIONS			
Depreciation	12 968 604,85	11 800 607,77	
LIABILITIES			
Non-current liabilities	90 181 872,23	86 810 216,56	17
Current liabilities	27 858 608,90	27 076 731,39	18
LIABILITIES IN TOTAL	118 040 481,13	113 886 947,95	
	261 282 420,47	234 030 542,56	

Parent company's cash flow statement. €

	2010	2009
OPERATIONS		
Result	-529 098,00	1 436 084,57
Financial income and expenses	-493 552,16	-196 641,10
Adjustments to operating result ¹⁾	1 370 502,57	1 244 378,91
Change in working capital ²⁾	-5 233 149,35	224 584,07
Interest paid	-1 232 462,86	-1 904 698,93
Dividends received	941 314,00	307 230,00
Interest received	530 596,95	786 435,81
Taxes	-6,00	-3 832,32
CASH FLOW FROM OPERATIONS	-4 645 854,85	1 893 541,01
INVESTMENTS		
Acquisition of shares	-12 198 739,00	-21 873 156,00
Investments in intangible and tangible assets	-4 915 130,48	-4 526 458,96
Disposal proceeds from tangible and intangible assets	0,00	500,00
CASH FLOW FROM INVESTMENTS	-17 113 869,48	-26 399 114,96
FINANCING		
Withdrawals of long-term loans	3 371 655,67	14 619 192,67
Repayment of long-term loans	0,00	-3 000,00
Increase (-) or decrease(+) in interest-bearing receivables	-279 848,38	-401 995,41
Increase (+) or decrease (-) in short term non-interest-bearing liabilities concerning investments	-3 310 875,00	3 310 875,00
Received group subventions	2 881 552,80	1 904 199,07
Share issue	13 500 400,00	11 090 400,01
CASH FLOW FROM FINANCING	16 162 885,09	30 519 671,34
CHANGE IN CASH AND CASH EQUIVALENTS	-5 596 839,24	6 014 097,39
Liquid assets 1 January	22 524 870,61	16 510 773,22
Liquid assets 31 December	16 928 031,37	22 524 870,61
¹⁾ ADJUSTMENTS TO OPERATING RESULT		
Depreciation and write-downs	1 370 502,57	1 244 378,91
²⁾ CHANGE IN WORKING CAPITAL		
Increase (-) or decrease(+) in non-interest-bearing receivables	-9 325 901,86	1 928 924,54
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	4 092 752,51	-1 704 340,47
	-5 233 149,35	224 584,07

Accounting policies

The scope of the consolidated financial statement

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

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

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

The basis of preparation for the consolidated financial statement

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

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

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

The accumulated depreciation has been divided into unrestricted equity and imputed tax liabilities. The alteration in depreciation in the income statement has been divided into the result of the financial year and the change in imputed tax liabilities.

Partnership companies

The partnership companies 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 peat resources are depreciated by the use of substance depreciation.

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

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

Emission rights

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

Derivatives management

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

Pension benefits

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

	Group		Parent company	
	2010	2009	2010	2009
1. TURNOVER				
Sales of electricity	143 258	129 876	142 152	129 612 ¹⁾
Sales of heat	17 671	18 119	1 945	2 333
Other operations	27 456	22 263	4 008	3 978
	188 385	170 257	148 105	135 924
2. OTHER INCOME				
Rental income	561	533	559	533
Other income	568	650	1 151	782
	1 129	1 183	1 711	1 315
3. MATERIALS AND SERVICES				
Energy purchases and transfer payments	86 727	73 399	71 354	62 342
Fuels	8 947	9 621	0	0
Emission rights purchases	14 664	9 630	14 664	9 630 ¹⁾
Purchases during the financial year	110 339	92 650	86 019	71 972
External services	122	108	0	0
	110 461	92 758	86 019	71 972
4. PERSONNEL EXPENSES				
Wages and salaries	1 855	1 666	1 706	1 558
Pension expenses	351	294	318	276
Other personnel expenses	64	107	59	103
	2 270	2 067	2 083	1 938
Salaries and fees paid to the CEO and the Board of Directors	308	301	308	301
Average number of personnel	24	22	22	20
5. DEPRECIATION AND IMPAIRMENT CHARGES				
Depreciation according to plan				
Intangible assets	400	400	0	0
Other capitalised long-term expenses	298	260	75	43
Buildings and construction	312	284	68	40
Machinery and equipment	2 801	2 750	214	210
Transmission and distribution network	1 013	952	1 013	952
	4 824	4 646	1 371	1 244

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

	Group		Parent company	
	2010	2009	2010	2009
6. OTHER EXPENSES				
Fixed energy purchases	56 241	55 742	58 361	57 761
External services	4 719	5 161	1 491	1 893
Administrative expenses	780	641	315	416
Other personnel expenses	392	338	356	308
Commitment expenses and public payments	231	196	109	94
Other expenses	1 505	1 714	239	175
	63 868	63 791	60 872	60 649
Auditor's fees				
Auditing fees	38	40	25	30
Certificates and opinions	3	3	2	3
Tax services	4	6	4	6
Other fees	5	10	5	10
7. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From associated companies	-	-	678	238
From others	263	69	263	69
	263	69	941	307
Other interest and financial income				
From group companies	-	-	1 010	666
From others	651	1 463	512	759
	651	1 463	1 522	1 424
Interest expenses and other financial expenses				
To Group companies	-	-	0	0
To others	-3 498	-4 772	-2 717	-2 739
	-3 498	-4 772	-2 717	-2 739
Total financial income and expenses	-2 583	-3 240	-254	-1 008
8. DIRECT TAXES PAID				
Income taxes on extraordinary items	-	-	749	495
Income taxes on the actual operations	0	4	-749	-491
Change in deferred tax liabilities	1 424	1 314	-	-
	1 424	1 318	0	4

	Group		Parent company	
	2010	2009	2010	2009
9. INTANGIBLE ASSETS				
Intangible rights				
Acquisition cost 1 January	38	36	38	36
Increase	0	2	0	2
Acquisition cost 31 December	38	38	38	38
Book value 31 December	38	38	38	38
Goodwill				
Acquisition cost 1 January	6 000	6 000	0	0
Increase	0	0	0	0
Acquisition cost 31 December	6 000	6 000	0	0
Depreciation of the financial year	-400	-400	0	0
Book value 31 December	5 200	5 600	0	0
Emission rights				
Acquisition cost 1 January	1 178	423	1 178	423
Increase	1 222	755	1 222	755
Acquisition cost 31 December	2 400	1 178	2 400	1 178
Book value 31 December	2 400	1 178	2 400	1 178
Other capitalised long-term expenses				
Acquisition cost 1 January	3 152	3 120	1 644	1 611
Increase	755	32	755	32
Acquisition cost 31 December	3 907	3 152	2 398	1 644
Accumulated depreciation and impairment charges 1 January	-1 578	-1 385	-1 277	-1 234
Depreciation of the financial year	-225	-193	-75	-43
Acquisition cost 31 December	2 103	1 574	1 047	367
Intangible assets in total				
Acquisition cost 1 January	10 368	9 578	2 859	2 070
Increase	1 976	790	1 976	790
Acquisition cost 31 December	12 344	10 368	4 836	2 859
Accumulated depreciation and impairment charges 1 January	-1 978	-1 385	-1 277	-1 234
Depreciation of the financial year	-625	-593	-75	-43
Book value 31 December	9 741	8 390	3 485	1 583

	Group		Parent company	
	2010	2009	2010	2009
10. TANGIBLE ASSETS				
Land and water areas				
Acquisition cost 1 January	3 291	2 709	2 210	2 210
Increase	425	582	0	0
Acquisition cost 31 December	3 716	3 291	2 210	2 210
Book value 31 December	3 716	3 291	2 210	2 210
Revaluation included in the acquisition cost of land areas				
Revaluation 1 January	1 682	1 682	1 682	1 682
Revaluation 31 December	1 682	1 682	1 682	1 682
The revaluation is based on the presumable transfer price.				
Deferred tax share of the revaluation	437	437	437	437
Peat reserves				
Acquisition cost 1 January	2 053	977	0	0
Increase	782	1 076	0	0
Acquisition cost 31 December	2 835	2 053	0	0
Book value 31 December	2 835	2 053	0	0
Buildings and construction				
Acquisition cost 1 January	10 803	9 960	4 916	4 075
Increase	30	843	30	841
Acquisition cost 31 December	10 833	10 803	4 946	4 916
Accumulated depreciation and impairment charges 1 January	-4 320	-4 036	-3 853	-3 812
Depreciation of the financial year	-312	-284	-68	-40
Book value 31 December	6 200	6 482	1 025	1 064
Machinery and equipment				
Acquisition cost 1 January	73 203	71 636	11 075	10 903
Increase	280	1 568	162	172
Decrease	-45	0	0	0
Acquisition cost 31 December	73 438	73 203	11 237	11 075
Accumulated depreciation and impairment charges 1 January	-12 702	-9 953	-7 700	-7 491
Depreciation of the financial year	-2 801	-2 750	-214	-210
Book value 31 December	57 935	60 501	3 322	3 375
Book value share of machinery and equipment 31 December	56 439	60 501	3 182	3 238
Transmission network				
Acquisition cost 1 January	28 474	24 524	28 253	24 302
Increase	115	3 950	115	3 950
Acquisition cost 31 December	28 589	28 474	28 368	28 253
Accumulated depreciation and impairment charges 1 January	-10 122	-9 170	-9 900	-8 948
Depreciation of the financial year	-1 013	-952	-1 013	-952
Book value 31 December	17 454	18 352	17 454	18 352

	Group		Parent company	
	2010	2009	2010	2009
Other tangible assets				
Acquisition cost 1 January	1 081	0	0	0
Increase	0	1 081	0	0
Acquisition cost 31 December	1 081	1 081	0	0
Depreciation of the financial year	-72	-66	0	0
Book value 31 December	942	1 015	0	0
Advance payments and acquisitions in progress				
Acquisition cost 1 January	3 780	3 544	919	2 146
Increase	42 329	2 745	2 776	775
Investment support	-9 677	0	0	0
Decrease	-160	-2 509	-144	-2 002
Acquisition cost 31 December	36 273	3 780	3 551	919
Book value 31 December	36 273	3 780	3 551	919
Tangible assets in total				
Acquisition cost 1 January	122 685	113 349	47 373	43 636
Increase	43 961	11 845	3 083	5 738
Received investment support	-9 677	0	0	0
Decrease	-205	-2 509	-144	-2 002
Acquisition cost 31 December	156 765	122 685	50 311	47 373
Accumulated depreciation and impairment charges 1 January	-27 211	-23 159	-21 453	-20 251
Depreciation of the financial year	-4 199	-4 052	-1 296	-1 202
Book value 31 December	125 355	95 474	27 562	25 919
11. CAPITALISED INTEREST COSTS				
Machinery and equipment				
Including capital interest costs	1 537	1 385	0	0
12. INVESTMENTS				
Interest in group companies				
Acquisition cost 1 January	264	264	27 699	17 830
Increase	0	0	6 000	9 869
Acquisition cost 31 December	264	264	33 699	27 699
Book value 31 December	264	264	33 699	27 699
Interest in associated companies				
Acquisition cost 1 January	130 508	123 159	116 671	110 117
Increase	3 678	7 349	5 197	6 553
Acquisition cost 31 December	134 187	130 508	121 867	116 671
Book value 31 December	134 187	130 508	121 867	116 671

Continues on page 37

INVESTMENTS

Company name	Domicile	Group interest %	Group voting share %	Parent company interest %	Holdings of parent company	
					Pcs.	Book value
HOLDINGS IN GROUP COMPANIES						
EPA	Vaasa	100,0	100,0	100,0	150	3
EPV-B	Vaasa	100,0	100,0	100,0	1 000	6 150
EPV-T	Vaasa	100,0	100,0	100,0	1 000	4 750
RK (A)	Tornio	60,2	60,2	60,2	602	452
RK (A1)	Tornio	60,2	60,2	60,2	8 829	6 622
RK (B)	Tornio	60,2	60,2	60,2	602	452
TOVO	Tornio	100,0	100,0	100,0	7 500	15 008
VTK	Vaasa	100,0	100,0	100,0	4 000	264
HOLDINGS IN ASSOCIATED COMPANIES						
VV	Vaasa	50,0	50,0	50,0	300	505
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	500	500
PVO (A)					692 549	
PVO (B)					230 558	
PVO (B2)					77 508	
PVO (C2)					11 624	
PVO (C)					1 016 188	
PVO (E1)					3 422	
PVO (H)					302 142	
PVO (N)					49 376	
PVO (V)					224 735	
PVO (I3)					21 328	
				7,2	2 629 430	39 120
TVO (A)					44 562 213	
TVO (B)					40 511 258	
TVO (C)					2 246 704	
				6,6	87 320 175	54 701
OTHER SHARES AND HOLDINGS OWNED BY THE PARENT COMPANY						
SEV(A)	Vaasa			100,0	4 400	3
SEV(B)	Vaasa			3,9	1 176	4 998
Mervento Oy (B)				6,5	300	1 450
Powest Oy (E)				1,0	13 206	89
Others						154
						162 260

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

	Group		Parent company	
	2010	2009	2010	2009
Other holdings and interests				
Acquisition cost 1 January	5 692	241	5 692	241
Increase	1 002	5 451	1 002	5 451
Acquisition cost 31 December	6 694	5 692	6 694	5 692
Book value 31 December	6 694	5 692	6 694	5 692
Investments in total				
Acquisition cost 1 January	136 464	123 664	150 061	128 188
Increase	4 680	12 800	12 199	21 873
Acquisition cost 31 December	141 144	136 464	162 260	150 061
Book value 31 December	141 144	136 464	162 260	150 061
13. NON-CURRENT RECEIVABLES				
Loan receivables	11 752	11 752	11 752	11 752
Other long-term receivables	1 534	1 531	1 509	1 506
	13 286	13 284	13 261	13 259
Receivables from associated companies				
Loan receivables	11 750	11 750	11 750	11 750
14. CURRENT RECEIVABLES				
Trade receivables	30 636	21 249	23 567	14 313
Loan receivables	0	0	2 882	2 604
Unpaid equity capital	7 500	0	7 500	0
Prepayments and accrued income *)	8 553	4 495	3 040	3 379
Other receivables	278	2 841	797	387
	46 966	28 584	37 786	20 683
Receivables from Group companies				
Trade receivables	-	-	391	378
Loan receivables	-	-	2 882	2 604
Prepayments and accrued income	-	-	0	0
Other receivables	-	-	257	90
	-	-	3 529	3 072
Receivables from associated companies				
Trade receivables	83	0	53	1
Prepayments and accrued income	2 936	3 334	2 936	3 334
Other receivables	49	46	49	46
	3 069	3 380	3 038	3 380
*) Constituents included in the short-term prepayments and accrued income				
Accrued electricity purchases	2 914	3 353	2 914	3 353
Accrued electricity sales	62	0	62	0
Accrued interest income	23	21	23	21
Accrued VAT	38	0	38	0
Accrued investment subventions	4 838	920	0	0
Others	678	202	4	5
	8 553	4 495	3 040	3 379

	Group		Parent company	
	2010	2009	2010	2009
15. SHAREHOLDERS' EQUITY				
Equity capital 1 January	10 697	10 547	10 697	10 547
Increase in equity capital	342	149	342	149
Equity capital 31 December	11 039	10 697	11 039	10 697
Share issue 1 January	113	86	113	0
Unregistered unpaid equity capital	127	113	127	113
Transfer to equity capital	-113	-86	-113	0
Share issue 31 December	127	113	127	113
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	20 796	9 881	20 796	9 881
Investment in the invested unrestricted equity reserve	20 643	10 915	20 643	10 915
Invested unrestricted equity reserve 31 December	41 439	20 796	41 439	20 796
Retained result 1 January	38 512	33 786	12 370	12 064
Retained result 31 December	38 512	33 786	12 370	12 064
Result of the financial year	3 274	4 726	930	306
TOTAL SHAREHOLDER'S EQUITY	158 759	134 485	130 273	108 343
Depreciation difference				
Depreciation difference share entered under equity capital	16 471	12 418	-	-

Estimation of distributable funds 31 December

Retained result	-	-	12 370	12 064
Result of the financial year	-	-	930	306
Invested unrestricted equity reserve	-	-	41 439	20 796
	-	-	54 740	33 166

EQUITY C A P I T A L A C C O R D I N G T O S E R I E S O F S H A R E S		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 produced by means of nuclear power at the Olkiluoto 1, Olkiluoto 2 and Olkiluoto 3 nuclear power plant units.	3 359 304	5 711
A2 series	The shares in the B series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity produced 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 produced by means of nuclear power at the Olkiluoto 3 nuclear power plant unit of Teollisuuden Voima Oyj.	466 950	794
A4 series	The shares in the company Teollisuuden Voima Oyj entitle the holder to electricity produced by means of nuclear power at the Olkiluoto 4 nuclear power plant unit.	10 000	17
A5 series	The shares in the company Pohjolan Voima Oy entitle the holder to electricity produced by means of nuclear power at the Olkiluoto 4 nuclear power plant unit.	3 783	6
B series	The shares in the C series of the company Teollisuuden Voima Oyj and the shares in the C2 series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity produced at the Meri-Pori coal power plant.	64 653	110
C series	The shares in the E1 and N series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity acquired from Mussalon Kaukolämpö Oy and Nokian Lämpövoima Oy.	20 517	35
D1 series	The shares in the company Vaskiluodon Voima Oy or other shares replacing these entitle the holder to electricity produced by means of thermal power at the power plants 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 produced 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 produced 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, produced 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 produced 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 produced 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 production resources in the G series.	302 400	514
P 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 P series, as well as for the variable costs in relation to the received rights.	74 000	126
T series	The shares in the company Tornion Voima Oy or other shares replacing these entitle the holder to electricity produced by means of thermal power at the power plant in Tornio.	120 000	204
W1 series	The shares in the I3 series of the company Pohjolan Voima Oy and the shares in Rajakiiri Oy or other shares replacing these entitle the holder to electricity produced 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 produced 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 produced by means of wind power.	4 987	8
		6 493 391	11 039

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.

*)	DIRECTED SHARE ISSUE	SERIES OF	SUBSCRIPTION PRICE
	DATE OF GENERAL SHAREHOLDERS' MEETING	SHARES	TOTAL 1 000 €
	30.3.2010	A1	74 996
			7 500

	Group		Parent company	
	2010	2009	2010	2009
16. ACCUMULATED APPROPRIATIONS				
Depreciation difference of deferred tax liabilities	5 787	4 363	-	-
17. NON-CURRENT LIABILITIES				
Bank loans	105 373	92 189	37 389	37 389
Other non-current liabilities	52 793	49 422	52 793	49 422
	158 166	141 610	90 182	86 810
Liabilities to associated companies				
Other non-current liabilities	52 793	49 422	52 793	49 422
Liabilities which are due later than after five years				
Bank loans	51 538	36 900	0	0
Other non-current liabilities	52 793	49 422	52 793	49 422
	104 332	86 322	52 793	49 422
18. CURRENT LIABILITIES				
Bank loans	2 600	2 600	0	0
Trade payables	24 514	18 725	19 836	14 667
Accruals and deferred income *)	5 315	6 173	4 457	5 655
Other current liabilities	4 613	5 140	3 566	6 755
	37 043	32 638	27 859	27 077
Liabilities to group companies				
Trade payables	-	-	690	668
Accruals and deferred income	-	-	0	0
Other current liabilities	-	-	545	3 311
	-	-	1 235	3 979
Liabilities to associated companies				
Trade payables	16 930	13 530	16 929	13 530
Accruals and deferred income	3 423	0	3 423	0
Other current liabilities	2 677	3 351	2 677	3 351
	23 030	16 881	23 029	16 881
*) Constituents included in the short-term prepayments and accrued income				
Accrued sales of electricity	3 423	3 942	3 423	3 942
Accrued purchases of electricity	0	937	0	866
Accrued interest income	1 172	975	790	592
Accrued emission rights	355	0	4	0
Accrued personnel expenses	263	263	235	248
Others	103	56	5	7
	5 315	6 173	4 457	5 655

	Group		Parent company	
	2010	2009	2010	2009
19. PLEDGED COLLATERALS ON THE BEHALF OF OTHERS				
Pledge of bank account	823	822	823	822
20. COMMITMENTS				
Leasing contract payments				
Payments during the following financial year	3	4	0	0
Payments during later financial years	6	9	0	0
	9	14	0	0
Guarantees				
From the group company's liabilities	3 357	0	3 357	0
From associated companies' liabilities	18 500	21 004	18 500	21 004
	21 857	21 004	21 857	21 004
Other commitments				
Other own commitments	2 150	2 350	2 150	2 350
21. DERIVATIVE AGREEMENTS				
Interest rate derivatives				
Option agreements				
Purchased (nominal value)	11 750	18 750	11 750	18 750
Fair value	0	0	0	0
Sold (nominal value)	11 750	14 950	11 750	14 950
Fair value	-76	-245	-76	-245
Interest rate swaps (nominal value)	93 000	65 000	74 000	65 000
Fair value	-1 514	-1 340	-1 746	-1 340
22. EMISSION RIGHTS				
Emissions trading period	2010-2012	2009-2012		
	tn CO ₂	tn CO ₂		
Granted emission rights	796 860	1 062 480		
Annual level allocation	265 620	265 620		
Emission rights utilization	2010	2009		
	tn CO ₂	tn CO ₂		
Emissions	236 067	203 927		
Gratuitous emission rights 1 January	-265 620	-265 620		
Emission rights sales	30 000	67 000		
Deficit (+)/ surplus (-)	447	5 307		
Gratuitous granted emission rights available on 31 December	566 116	832 211		

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

THE BOARD'S PROPOSITION FOR DISTRIBUTION OF PROFITS

The distributable funds of the parent company are 54,739,831.80 Euros, of which the result of the financial year is 93,347.65 Euros.

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

Vaasa, 15 March 2011

Heikki Kouhi

Chairman

Ahti Källi

Hannu Linna

Heikki Mäilumäki

Jorma Rasinmäki

Seppo Ruuhonen

Janne Savelainen

Kaj Skätär

Sakari Suontaka

Markku Vartia

Rami Vuola

CEO

Auditor's report

To the General Shareholders' Meeting of EPV Energy Ltd

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of EPV Energy Ltd for the year ended on 31 December, 2010. The financial statements comprise the Group's and parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the CEO

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

Auditor's responsibility

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

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

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

Opinion

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

Vaasa, 18 March 2011

ERNST & YOUNG OY
Community of chartered accountants

Mikko Ryttilahti

CA

Tatu Huhtala

CA

EPV Energy Ltd

Firilundintie 7
FI-65170 Vaasa

Tel. +358 (0)6 337 5300
Fax +358 (0)6 337 5319
www.epv.fi

