



Annual report 2005



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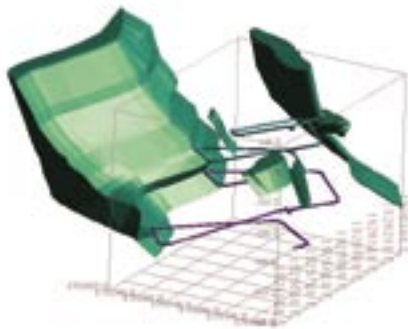
Highlights of 2005

Posiva organisation modified

The organisation of Posiva was developed to meet the requirements of the ONKALO implementation project. The key objective was to increase the expertise of the organisation in underground construction.

The Operational System aims at high quality

The purpose of the the Operational System introduced in 2005 is to ensure that Posiva's activities meet the requirements in terms of safety, on-time implementation and cost effectiveness.



Geological model of Olkiluoto finalised

The geological model of Olkiluoto serves the implementation of ONKALO and the overall development of the final disposal solution, including assessment of long-term safety, and engineering.



ONKALO tunnel reaches a depth of one hundred metres

The excavation of the ONKALO tunnel reached a length of almost 990 metres at a depth of a hundred metres. The investigation results acquired from ONKALO support the previous views about the surface structures of the bedrock in Olkiluoto.



New office facilities in Vuojoki Mansion

The renovation project in Vuojoki Mansion was completed in the autumn. In the project, office facilities were built for Posiva on the third floor of the Mansion.

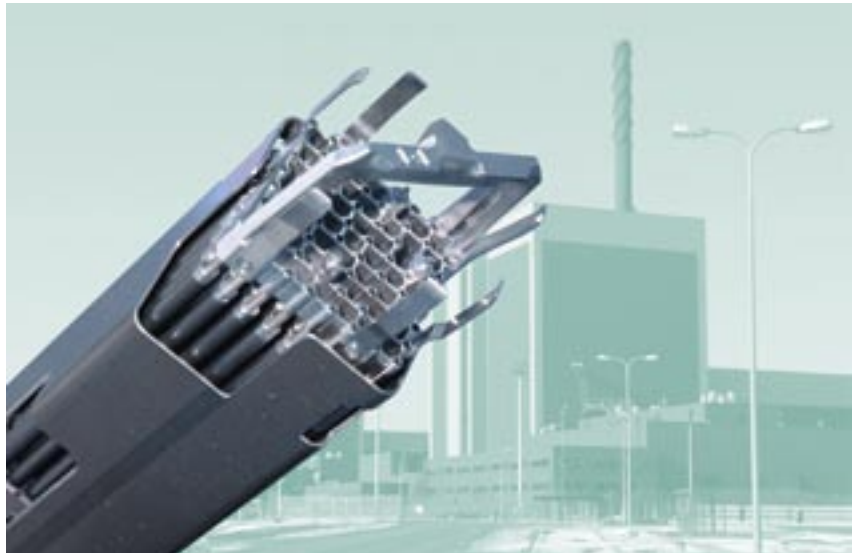
Posiva in brief

Main task

The main task of Posiva Oy is to implement the final disposal of spent nuclear fuel from the nuclear power plants of Loviisa and Olkiluoto. The owners of Posiva, Teollisuuden Voima Oy (TVO) and Fortum Power and Heat Oy, have focused the associated research and development efforts as well as the required expertise in Posiva. The owners are also the main customers of Posiva.

Strategic objectives

Posiva has prepared a strategic plan to ensure that the final disposal of spent fuel can be started in 2020. In order to achieve this, the application for the construction license of the final disposal facility shall be submitted to the Government by the end of 2012. This schedule is the framework within which all the investigations, the development of the final disposal technology, the detailed design of the final disposal facility and the construction of the underground characterisation facility ONKALO are implemented.

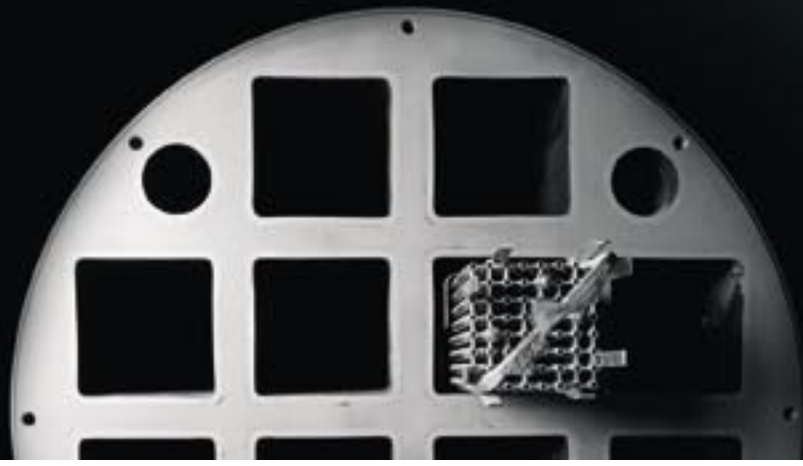


Until final disposal starts, the spent fuel is stored in water pools built in the power plant areas in Loviisa and Olkiluoto. At the end of 2005, the total amount of spent fuel in the interim storages at the power plants was about 1,600 uranium tons.

Operating policy

The objective of Posiva's operation is to ensure safe, on-time and cost effective final disposal in compliance with the requirements of the shareholders and other interest groups. Posiva is committed to continuous improvement of operation to ensure that the requirements of environmental protection and the society are met in conformity with laws and regulations. The management of the safety of the operations is based on a comprehensive and planned approach.

Posiva's operating policy covers all the significant objectives in terms of quality, the environment and nuclear safety, as well as objectives related to corporate security and occupational safety. The purposefulness and the achievement of the objectives are constantly monitored and the function and task-specific goals are defined on the basis of these framework objectives.



Nuclear waste management in Finland

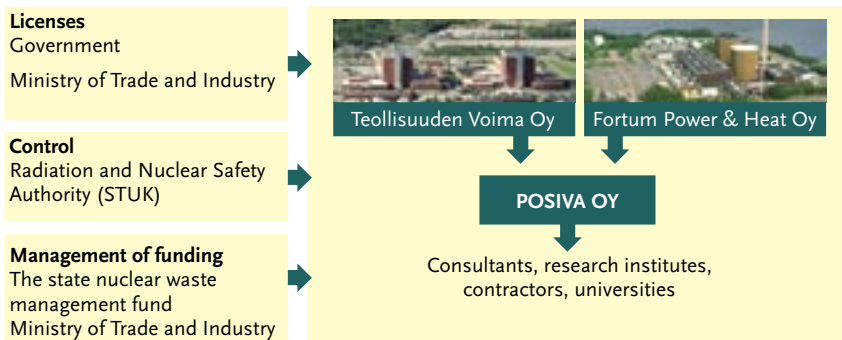
Pursuant to the Nuclear Energy Act, nuclear waste generated in Finland shall be processed, stored and disposed of in Finland. The responsibility for waste management rests with the power companies that generate the waste, TVO and Fortum Power and Heat Oy. Their responsibility covers all the operations up to permanent final disposal of nuclear waste. Posiva Oy, owned by the power companies, is in charge of the practical implementation of final disposal, as well as for all the required preparations and research.

The Finnish authorities are responsible for the principles of nuclear waste management, for the safety requirements as well as for the control of regulatory compliance. The licensing and legislative authority is the Ministry of the Trade and Industry, and the responsibility for the control of safety rests with the Radiation and Nuclear Safety Authority (STUK).

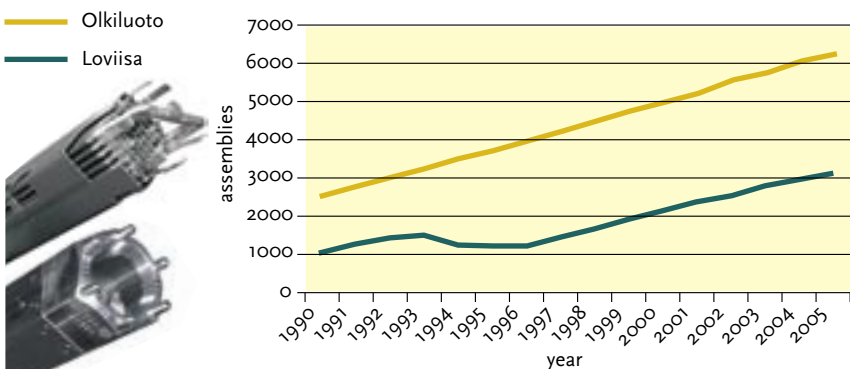
Preparations for the final disposal of spent nuclear fuel have been in progress in Finland for some 25 years. In 2001, the Parliament ratified the policy decision of the Government concerning the construction of the final repository for spent nuclear fuel in Olkiluoto. After that, Posiva concentrated operation in Eurajoki, and the construction of the underground characterisation facility ONKALO started in Olkiluoto in the summer of 2004. According to plans, the application for the construction licence of the final disposal facility will be submitted to the Government by the end of 2012, making it possible to start final disposal in 2020.

The policy decisions of the Government are based on the final disposal in Olkiluoto of the spent nuclear fuel generated by the existing nuclear power plant units and the new unit. The maximum amount of the spent fuel to be disposed of in the repository is ca. 6,500 uranium tons.

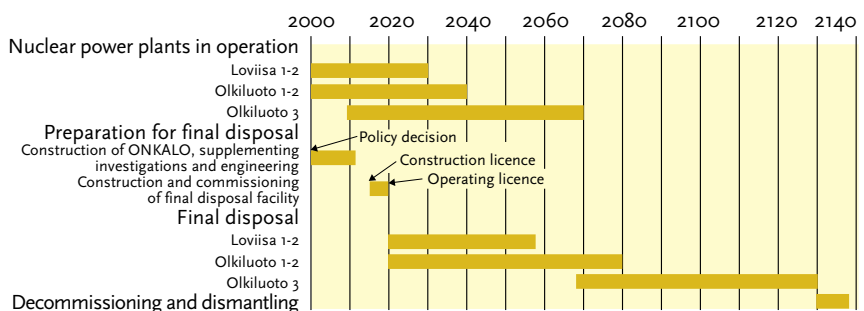
Organisation of nuclear waste management



Amount of spent nuclear fuel



Total schedule of final disposal







President's review

Nuclear waste management in progress

The turn of the year marked the 10th anniversary of the operation of Posiva Oy. Despite Posiva's relatively short history as an independent company, Finland has for decades been active in issues connected with the management of spent nuclear fuel – and nuclear waste management in general. The significance of nuclear waste management was recognised already when the first nuclear power plants were purchased in the 1960s. The management of spent nuclear fuel was considered to be part of the nuclear fuel cycle. As late as at the beginning of the 1970s, it was still believed that uranium resources would soon be depleted and the only sensible solution for spent fuel management would be reprocessing.

An agreement was concluded on spent nuclear fuel from the Loviisa power plant to be sent to the Soviet Union, without an obligation to receive the reprocessing waste. For Olkiluoto, the objective was to negotiate a reprocessing agreement, with return of the solidified reprocessing waste stipulated in the terms of the agreement as normal. However, after several years of research a solution based on interim storage and subsequent direct final disposal of the spent fuel in the Finnish bedrock was chosen. In this situation, the solutions opted for by the two power companies for their spent nuclear fuel were completely opposite. The possibility of national cooperation was also investigated at this stage, however. For example, a working committee set up by the Finnish Atomic Energy Commission presented in 1975 for consideration the establishment of a government agency or alternatively a company jointly owned by the Government and the power companies, which would specialise in the management of spent nuclear fuel. The proposal never resulted in any concrete action.

In the 1980s, the decision-makers, the media and the public still were in favour of a solution, where spent fuel would be sent from Olkiluoto abroad, like the spent fuel from Loviisa. This was also reflected in the operating licences of the power plant units TVO I and TVO II, which were only granted for a relatively short term because the question of spent nuclear fuel management had not been resolved. At this stage, the Government made in 1983 a very far-sighted policy decision, and defined the export of spent nuclear fuel as the primary goal. If this would prove impossible, the concept of direct final disposal was to be developed, including the selection of the final disposal site in Finland in 2000, and the commencement of final disposal in 2020.

This policy decision of the Government has since 1983 guided the research and development efforts on final disposal of spent nuclear fuel in Finland. Initially only fuel from Olkiluoto was concerned, but with the export of spent fuel prohibited by the Amendment of the Nuclear Energy Act in 1994, Teollisuuden Voima Oy and Imatran Voima Oy agreed in 1995 on the establishment of a jointly owned company – Posiva Oy. Posiva continued the R&D efforts started by TVO utilising the combined resources of TVO and IVO.

The ten years of Posiva

Posiva's decade of operation can be divided into two stages. Until the turn of the millennium, Posiva had to focus on obtaining the consent of the society for final disposal. The mission was accomplished with great success: the decision in principle called for by the Nuclear Energy Act was ratified by the Parliament in 2001. Our work has now proceeded to the next stage, where we mainly face technical challenges. Posiva must be able to prove that we can realise the final disposal concept in compliance with the plans that we have presented.

I started as the President of Posiva Oy a year ago. The year has been characterised by continued, long-term research, development and design activities in the field of final disposal in accordance with the objectives defined earlier. The next significant milestone is the RTD-2006 programme, which will be published toward the end of the year, together with the updated facility description. One of the cornerstones of our RTD activities is cooperation with Finnish expert organisations. A functioning network of expertise has been created in the field of nuclear waste management, consisting of both national and international experts.

The construction of the underground characterisation facility ONKALO is a new challenge for Posiva. The excavations were started in 2004, and by the end of 2005 the tunnel had reached a length of about one kilometre, at a depth of ca. a hundred metres. ONKALO has from the very start been used for research purposes, and already at this stage more information about local properties of the bedrock has been gained. With the operation of the company proceeding to the implementation stage, the organisation of Posiva has also been modified to better meet the requirements of the new operating strategy. Another objective of the reorganisation has been to ensure the core competence required in the future when the final disposal of spent nuclear fuel starts.

Many external parties have assessed the implementation of nuclear waste management in Finland as a success story. In our field, success can only be achieved through long-term plans carried out by skilled personnel with the support of cooperation partners. I express my sincere gratitude to all that have contributed to our operation in 2005.

Eero Patrakka



Board of Directors' report

In 2005, Posiva's activities focused on the construction of the underground characterisation facility ONKALO in the bedrock of Olkiluoto, on bedrock investigations carried out both above-ground and from ONKALO, as well as on the research, development and design of the final disposal technology. In the coming years, the objective of the Company is to acquire the information needed for the construction licence application of the final disposal facility, so that the application can be submitted to the Government in 2012.

ONKALO

By the end of the year under review, the excavation of the underground characterisation facility ONKALO had proceeded 990 metres to a level of -90 m. The excavated tunnel meets the specified quality requirements, the management of leakage waters being one of the most significant requirements. Due to the fractured nature of the surface rock, quite extensive grouting of the rock has been necessary. The excavation fell

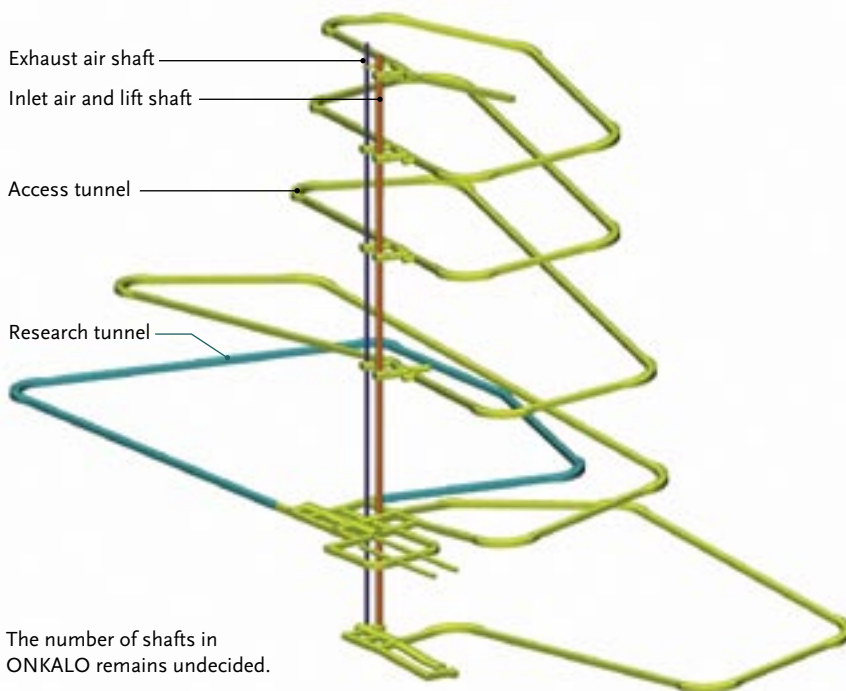
about 6 months behind the schedule, mainly due to the higher grouting need than anticipated. It also resulted in a postponement of the planned investigation programme.

The engineering design for the concrete walls at the entrance of ONKALO was updated, and the southern and northern concrete walls were completed at the tunnel access. The second washing hall, the fuel distribution station and the asphaltting of the machine field were also brought to completion. The construction site perimeter was fenced and site surveillance was organised.

A separate tunnel technique building was constructed for the technology to be utilised in ONKALO. The required control units for electrical, tele-technology, alarm and communication systems will be installed in this building.

At the beginning of November, a construction licence was obtained for the site office and the foundation works for the office building were started near ONKALO in December.

The long-term tunnel excavation contract for ONKALO with Kalliorakennus Oy was terminated. In the new approach, Posiva will assume greater total responsibility for the project.



The number of shafts in ONKALO remains undecided.



Research

Seven deep boreholes were drilled in the Olkiluoto characterisation area in 2005. In addition, two research boreholes were drilled in ONKALO for the prediction of the excavation conditions at later stages. The total number of deep boreholes in the area is now 40. Most of all the boreholes produced additional information to support the design of ONKALO, but at the same time they also produced material used as a basis for the new geological model of Olkiluoto. The geological model serves as one starting point in the efforts that aim at creating a consistent total picture about the properties of bedrock and groundwater in Olkiluoto for use in the design of the final repository. The base-line conditions in Olkiluoto are described in the extensive Site 2004 report, which was published during the early months of 2005.

In addition to Posiva's own

geologists, experts from the Geological Survey of Finland (GTK), the Technical Research Centre of Finland (VTT), and Kivitieto Oy have been involved in the preparation of the geological model. A special modelling group, "Olkiluoto Modelling Task Force", has been set up to combine the interpretations of the various branches of geosciences. The Task Force includes representatives of rock mechanics, geohydrology and geochemistry, in addition to experts in basic geology. The modelling group also prepares on a regular basis forecasts of the rock properties that will be encountered in ONKALO. These forecasts serve the further design of ONKALO, on one hand, and on the other hand, they can be used to develop methods for general application of individual rock-related interpretations to wider rock volumes.

The description of Olkiluoto becoming more explicit is also a significant part of the scientific dialogue

between the researchers and the international expert group appointed by STUK. In order to maintain the orderliness of this dialogue, a specific agenda has been agreed on. The agenda contains the issues to which STUK's experts want Posiva to provide answers and clarifications; a joint follow-up meeting on these issues is organised twice a year.

Posiva has also developed in-house quality assurance. In addition to the international INAGO Group (the International Advisory Group for Olkiluoto Investigations) set up in 2004, Posiva has appointed a safety group consisting of international members to assess the research and development activities of Posiva from the point of view of long-term safety.

The safety of final disposal is based on the isolation of harmful radioactive material from the organic nature. The knowledge of the bedrock conditions is not enough to demonstrate safety, the long-term behaviour of the final disposal canister and other materials used for isolation purposes must also be known. The frame of research on the behaviour of the final disposal system still builds up of international research projects. Part of the projects are implemented within the 6th Framework Programme of the EU, others are based on bilateral or multilateral agreements with other organisations in the field of nuclear waste management.

Posiva has launched a separate project to ensure on-time production of actual safety evidence (Safety Case). The purpose of the project is to ensure that an adequate Safety Case is available by the end of 2012 for use as grounds in the application for the construction licence. A progress plan has been prepared to this effect, published as a Posiva Report.



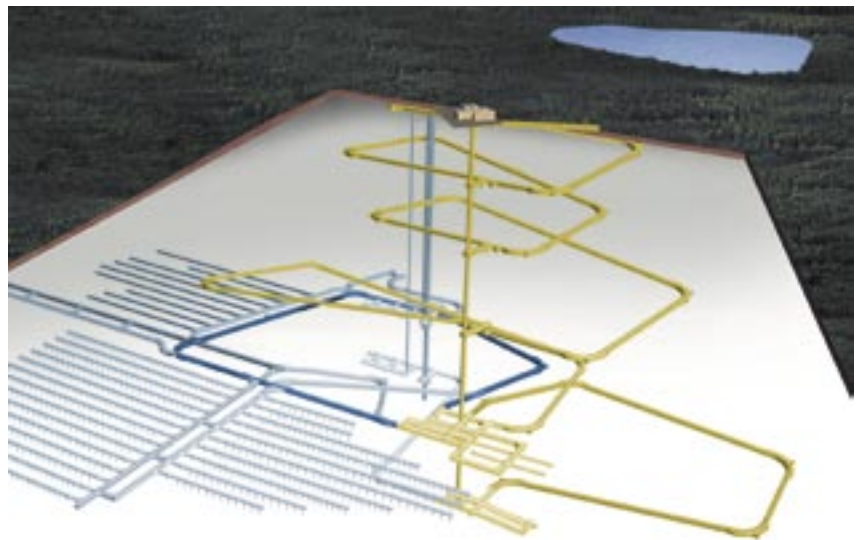


Engineering

The goal of the preliminary design of the final repository is to publish by the end of 2006 a plan revised on the basis of the 2003 facility description. The influence of Olkiluoto 3 on the final disposal facility and its use is also taken into consideration in the design work. The plan addresses the extension of the repository for a larger amount of fuel than presumed originally, and the application of a multi-layer solution to the Olkiluoto bedrock.

Horizontal disposal is investigated as an alternative to vertical emplacement of the final disposal canisters. In the horizontal disposal concept, the extent of bedrock excavation would be significantly smaller than in the vertical emplacement solution currently used as a reference. The objective of the development programme carried out for several years is to bring the horizontal alternative to the same technical level as the vertical emplacement solution, and to demonstrate the drilling of the deposition drifts as well as the installation of the canisters and the bentonite blocks in horizontal drifts. The horizontal disposal project focuses on the development of drilling technology for the deposition drifts. In 2005, a 95 metres long drift with a diameter of 1.8 m was blind-drilled in the Äspö Rock Laboratory. Tests showed that the horizontal drift was good and in conformity with the dimensional requirements specified for the deposition drift. The development project is carried out in cooperation with the Swedish nuclear waste management company Svensk Kärnbränslehantering AB (SKB).

The long-term programme for the design of the backfilling of the final



repository, implemented in cooperation with SKB, will continue until 2006. After the backfilling alternatives have been described and the most promising concepts have been selected for further development, more in-depth information will be acquired about the various concepts. The solutions under review include crushed bentonite, natural swelling clay compacted in place, and pre-compressed blocks of clay.

Previous final disposal canister designs were updated. Strength, radiation level and subcriticality calculations for the OL3 fuel were completed. The strength of the internal canister was evaluated by means of a pressure test, and the canister was subjected to a thermal analysis to determine the maximum temperature of the fuel in final disposal conditions.

Research on the manufacture of the canister focused on improving the quality of the copper casting,

and on a preliminary survey of defect types. Various methods were tested for the manufacture of the external copper canister, including pierce and draw, forging and extrusion. During the year under review, studies of the internal canister cast in 2004 were also continued, and plans were made for a new casting test to be implemented at the beginning of 2006. All the research efforts that focused on the manufacture of the canister were implemented in cooperation with SKB.

Dozens of plate welding tests were conducted using the electron beam welding method, and seven lid welding tests focused on the development of the canister sealing technique.

Posiva entered into a cooperation agreement with VTT concerning the development and qualification of methods for the inspection of the sealing of the canister and the canister components.



With respect to the development of bentonite, attention was mainly focused on two studies. Thermo-hydro modelling (THM) was utilised to investigate the behaviour of bentonite in varying conditions, with temperature, moisture degree and mechanical forces used as the variables. The main responsibility for the research rested with the Swedish Äspö Hard Rock Laboratory, but the investigations were implemented as an international project. Another focal area of research was the study of copper corrosion in bentonite, in which parameters significant to copper corrosion were investigated.

Social responsibility

The monitoring and management of significant environmental aspects is based on an environmental programme, which is updated every year. The environmental programme for 2005 included, among others, supplementing of environmental procedures and an assessment of the environmental impact of water pumped from ONKALO.

The Operational System has been developed on the basis of quality and environmental management standards as well as occupational health and occupational safety management standards. The publication of the revised Operations Manual in April 2005 was an important milestone. The descriptions of the most important processes were also completed during the first months of 2005.

Dialogue with Finnish authorities, primarily STUK, assumed an established and consistent form. The investigations carried out by Posiva were reviewed on a regular basis both by STUK's own experts and by international experts assigned by STUK.



The cooperation group that consists of representatives of the Municipality of Eurajoki and Posiva convened three times to discuss, for example, current communication issues of both parties, the progress of the final disposal project and matters connected with Vuojoki Mansion.

The renovation of Vuojoki Mansion, realised together with the Municipality of Eurajoki as an EU joint project, was completed in October 2005. Part of Posiva's personnel also moved into the refurbished facilities.

In Posiva's communication, the main focus was on information about the construction of ONKALO. The progress of the construction project and the investigations carried out were described in local media. Olkiluoto attracted a large number of visitors, and Posiva's activities in Olkiluoto were introduced to 68 groups, or a total of more than 900 visitors, most of them

foreigners. The residents of Olkiluoto were offered a special opportunity to visit the ONKALO construction site and to learn about the investigations carried out in the area.

The exhibition in the new visitors' centre in Olkiluoto proceeded from planning stage to implementation toward the end of the year. The exhibition demonstrates the final disposal solution, and displays the various components, such as a true-scale final disposal canister.

Risks

Risk management in ONKALO was a focal area in 2005. As a result of the efforts, the risks involved in the project are identified and assessed, and the risk management activities are planned and implemented, and their implementation is monitored systematically.

The ONKALO tunnel excavation schedule as well as the schedule of the associated research programme was adjusted on the basis of the experience gained so far. The starting point is that the application for the construction licence of the final disposal facility is submitted in 2012.

Administrative bodies

BOARD OF DIRECTORS

Teollisuuden Voima Oy
Pertti Simola, Chairman
Veijo Ryhänen (as of 19.4.2005)
Mauno Paavola (until 19.4.2005)
Fortum Power and Heat Oy
Pekka Leskelä
Heikki Raumolin

Jyrki Javanainen (secretary, not a member of Board)

The President of Posiva Oy, Mr. Eero Patrakka has been present in Board meetings.

The Board of Directors convened 11 times.

COMMITTEES APPOINTED BY THE BOARD OF DIRECTORS

Technical Committee

Teollisuuden Voima Oy
Juho Hakala, Chairman
Jari Tuunanen
Fortum Power and Heat Oy
Ilpo Kallonen
Jyrki Kohopää
Posiva Oy
Timo Äikäs
Juhani Vira
Jussi Palmu, secretary

The Committee convened 7 times.

Financial Committee

Teollisuuden Voima Oy
Klaus Luotonen, Chairman
Veijo Ryhänen
Fortum Power and Heat Oy
Heikki Raumolin
Tiina Tuomela (as of 2.9.2005)
Päivi Lehtinen (until 2.9.2005)
Posiva
Eero Patrakka
Markku Kettunen
Jussi Palmu, secretary

The Committee convened 8 times.

Construction Committee

Teollisuuden Voima Oy
Rauno Mokka
Juha Riihimäki
Fortum Power and Heat Oy
Gustav Wallén, Chairman
Kauko Silventoinen
Posiva
Pertti Huovinen (as of 2.9.2005)
Timo Äikäs (until 2.9.2005)
Hannu Tuulasvaara, secretary
(as of 1.3.2005)

The Committee convened 10 times.

Communication Committee

Teollisuuden Voima Oy
Anneli Nikula
Fortum Power and Heat Oy
Christian Leisio, Chairman
Posiva
Eero Patrakka
Timo Seppälä, secretary

The Committee convened 3 times.

PRESIDENT

Eero Patrakka

MANAGEMENT GROUP

Chairman

Eero Patrakka

Members

Pertti Huovinen
Vice President, Project
(as of 2.9.2005)
Markku Kettunen
Vice President, Administration

Jussi Palmu
Senior Manager, Business Planning
(until 2.9.2005)

Juhani Vira
Vice President, Research

Timo Äikäs
Vice President, Engineering

Secretary

Timo Seppälä
Senior Manager, Communication

The Management Group convened 16 times.

Auditors

Eero Suomela, CPA, appointed by PricewaterhouseCoopers Oy
Juha Tuomala, CPA

Shareholders and Group

Posiva Oy is part of the TVO sub-Group of the PVO Group. The parent company of the PVO Group is Pohjolan Voima Oy, domicile Helsinki. The parent company of the TVO Group is Teollisuuden Voima Oy (TVO), domicile Helsinki.

The shareholders of Posiva Oy include Teollisuuden Voima Oy (parent company) 60% and Fortum Power and Heat Oy 40%.

Posiva Oy has a subsidiary, Posivia Oy, which is a dormant company and has no impact on Posiva Oy's result or unrestricted equity.



The Management Group, from left to right: Markku Kettunen, Timo Seppälä, Eero Patrakka, Timo Äikäs, Pertti Huovinen and Juhani Vira.



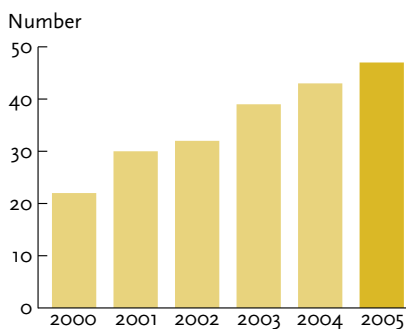
Personnel

In 2005, the Company employed an average of 47 people on a permanent contract and 10 people on a fixed-term contract. During the year, 9 new permanent employment contracts were concluded, mainly for expert tasks in the field of nuclear waste management. Preparations were also started for recruitment of additional employees to the ONKALO project, in conformity with the new steering principles of the project.

Finnish Institute of Occupational Health conducted the third personnel barometer survey. The programme that mainly focused on the development of managerial and leadership skills was completed during the year. The training of the personnel, and particularly the development of basic training in nuclear waste management, was intensified in cooperation with VTT and by participating in the training investigation projects conducted within the EU framework programme. A survey of the qualifications of the personnel was started for use as a basis for training and recruiting plans.

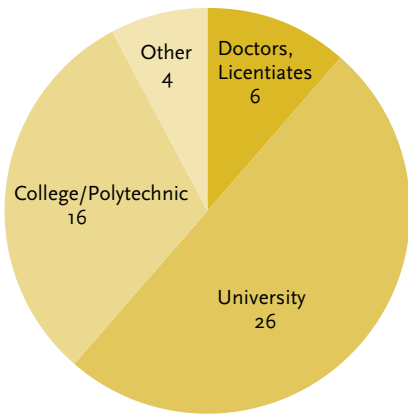
Posiva's employees have been members of the Personnel Fund of TVO since the beginning of 2005.

Development of personnel numbers





Training
(number of persons)



Facilities

Posiva has facilities in two locations in the Municipality of Eurajoki; in Olkiluoto and in Vuojoki Mansion. In Olkiluoto Posiva is located both in TVO's central office and on the ONKALO site. The domicile of the Company is Eurajoki.

Financial year 2006

All in all, the activities of the Company are expected to continue in 2006 as in the previous years. The turnover is expected to increase over 2005, mainly due to the construction of the underground characterisation facility ONKALO. The construction of ONKALO will continue according to a new implementation concept, with Posiva assuming a greater total responsibility for the project.

Result and financing

Posiva Oy's main line of business is the management of spent nuclear fuel generated by the Olkiluoto and Loviisa nuclear power plants, after interim storage that takes place within the power plant areas, as well as research and development work in the field of spent fuel management. Financing for the Company's activities in its main line of business is received from the shareholders. In addition, the Company also provides other expert services related to nuclear waste management on assignment to its shareholders and other customers.

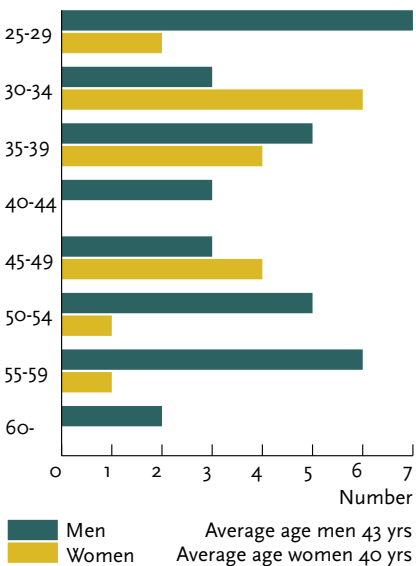
The Company's turnover was 29.7 MEUR, with the main line of business accounting for 29.4 MEUR. The total depreciation charged was 435,000 EUR, corresponding to maximum depreciation on fixed assets under the Business Tax Act. Fixed assets connected with nuclear waste management were recorded in annual expenses in compliance with Section 45a of the Business Tax Act.

Investments on research and development totalled ca. 23.3 MEUR in 2005, or 78% of the turnover.

The Company's financing situation has been good throughout the year. Net financing income totalled 79,000 EUR.

The Income Statement shows neither a profit nor a loss. The Board of Directors proposes to the General Meeting that no dividend is distributed.

Age structure at Posiva



Financial statements

INCOME STATEMENT

	1.1.–31.12.2005		1.1.–31.12.2004	
Turnover		29,711,474.75		23,235,654.13
Other operating income	131,756.16		124,458.42	
Personnel expenses				
Salaries and fees	2,644,183.27		2,331,451.03	
Indirect employee costs				
Pension costs	476,063.63		428,531.70	
Other indirect employee costs	151,006.89	-3,271,253.79	125,458.11	-2,885,440.84
Planned depreciation		-435,159.83		-35,420.53
Other expenses		-26,197,065.64		-20,524,508.45
Operating profit (-loss)		-60,248.35		-85,257.27
Financial income and expenses				
Other financial and interest income				
From other	225,569.24		234,431.39	
Interest and other financial expenses	-146,639.94	78,929.30	-146,521.30	87,910.09
Operating profit (loss) before appropriations and taxes		18,680.95		2,652.82
Income taxes		-18,680.95		-2,652.82
Profit (Loss) for the Financial Year		<u>0.00</u>		<u>0.00</u>

BALANCE SHEET

		31.12.2005		31.12.2004
ASSETS				
Fixed assets				
Intangible assets				
Intangible rights	4,718.37		7,684.23	
Other long-term expenditure	2,216,881.11		57,350.11	
Advances	0.00	2,221,599.48	674,125.37	739,159.71
Tangible assets				
Buildings	108,337.32		112,851.37	
Machinery and equipment	499,986.52	608,323.84	28,057.65	140,909.02
Investments				
Shares in other Group companies	2,236.90		2,236.90	
Other shares and holdings	9,216.70		9,216.70	
Other loan receivables	6,065,440.59	6,076,894.19	6,348,795.18	6,360,248.78
Current assets				
Receivables				
Current				
Sales receivable	360,594.64		153,524.14	
Receivables from other Group companies	106,259.60		126,445.02	
Loans receivable	283,620.96		276,996.06	
Prepaid expenses and accrued income	941,140.20	1,691,615.40	428,699.70	985,664.92
Cash in hand and at bank		6,878,007.07		5,241,396.15
		<u>17,476,439.98</u>		<u>13,467,378.58</u>
LIABILITIES				
Shareholders equity				
Share capital	1,682,000.00		1,682,000.00	
Profit (loss) brought forward	0.00		0.00	
Profit (loss) for the financial year	0.00	1,682,000.00	0.00	1,682,000.00
Liabilities				
Long-term				
Loans from other Group companies	4,766,920.45		3,437,790.82	
Other long-term liabilities	2,882,071.66	7,648,992.11	1,982,149.74	5,419,940.56
Current				
Advances received	475,276.35		311,112.33	
Trade payables	3,456,245.75		2,668,658.00	
Loans from other Group companies	1,569,797.88		1,255,043.94	
Other current liabilities	372,913.16		274,546.26	
Accrued liabilities and deferred income	2,271,214.73	8,145,447.87	1,856,077.49	6,365,438.02
		<u>17,476,439.98</u>		<u>13,467,378.58</u>

FUNDS STATEMENT (EUR 1,000)

	2005	2004
Business operations		
Operating profit	-60	-85
Adjustments of operating profit 1)	435	35
Change in working capital 2)	818	-402
Interest income	226	234
Interest expenses	-147	-146
Taxes paid	-19	-3
Cash flow from business operations	1,253	-367
Investments		
Investments in fixed assets	-2,403	-538
Divestments of fixed assets	19	
Loans granted	283	270
Cash flow from investments	-2,101	-268
Financing		
Increase in long-term liabilities	2,721	0
Decrease in long-term liabilities	-492	-231
Increase (-) or decrease (+) in interest-bearing receivables	0	0
Increase (+) or decrease (-) in short-term interest-bearing liabilities	256	
Cash flow from financing	2,485	-231
Change in liquid assets	1,637	-866
Liquid assets 1.1.	5,241	6,107
Liquid assets 31.12.	6,878	5,241
1) Adjustments of operating profit		
Depreciation and value adjustment	435	35
	435	35
2) Change in working capital		
Increase (-) or decrease (+) in non-interest bearing receivables	-706	213
Increase (-) or decrease (+) in short-term non-interest bearing liabilities	1,524	-615
	818	-402

ACCOUNTING PRINCIPLES

Valuation principles and methods, and accruals

Valuation of fixed assets

Intangible rights, other long-term expenditure, and machinery and equipment are capitalised at their direct acquisition cost, less planned depreciation. Planned depreciation is the maximum depreciation under Business Tax Act. Acquisition costs of fixed assets used for nuclear waste management as stipulated in the Nuclear Energy Act are booked as annual expenses.

Depreciation periods are as follows:	Intangible rights	straight-line depreciation over 10 years
	Other long-term expenditure	straight-line depreciation over 10 years
	Software	straight-line depreciation over 5 years
	Machinery and equipment	25% reducing balance rate

Research and product development expenses

R & D expenses are booked as expenses during the financial year in which they occur.

Consolidated financial statements

No consolidated financial statements have been prepared because Posivia Oy is a dormant company and has no impact on the Company's result or non-restricted shareholders equity.

Parent company

Posiva Oy is a subsidiary of the TVO Group, which is a subgroup of the PVO Group. The parent company in the PVO Group is Pohjolan Voima Oy, domicile Helsinki. The parent company in the TVO Group is Teollisuuden Voima Oy, domicile Helsinki.

A copy of the consolidated financial statements of the PVO Group can be obtained from the Main Office of the Group, at Töölönkatu 4, 00100 Helsinki. A copy of the consolidated financial statements of the TVO Group can be obtained from the Office of the Group, at Töölönkatu 4, 00100 Helsinki.

NOTES TO THE FINANCIAL STATEMENTS 31.12.2005

NOTES TO THE INCOME STATEMENT

	2005	2004
1. Turnover		
Income, main line of business	29,417,603.04	22,533,534.68
Income, auxiliary line of business, shareholders	95,609.69	114,168.26
Income, auxiliary line of business, other companies	198,262.02	587,951.19
	29,711,474.75	23,235,654.13
2. Other operating income		
Rental income	11,257.80	0.00
Damages	4,778.62	0.00
Subsidies received	114,819.74	124,458.42
Other income	900.00	0.00
	131,756.16	124,458.42
3. Personnel		
Average number of personnel		
Salaried employees	53	46
Workers	4	3
Total	57	49
Number of personnel 31.12.		
Salaried employees	56	46
Workers	4	3
Total	60	49
4. Depreciation		
Depreciation plan		
Planned depreciation is the maximum depreciation under Business Tax Act. Acquisition costs of fixed assets used for nuclear waste management are booked as annual expenses (EVL 45 a))		
Planned depreciation		
On intangible rights	2,965.74	2,965.74
On other long-term expenditure	261,298.16	18,680.45
On buildings	4,514.05	4,702.14
On machinery and equipment	166,381.76	9,072.20
	435,159.71	35,420.53
5. Financial income and expenses		
Interest income from long-term investments		
From other	165,643.94	171,434.42
Interest income from long-term investments, total	165,643.94	171,434.42
Other interest and financial income	59,925.30	62,996.97
Interest income from long-term investments and other interest income, total	225,569.24	234,431.39
Interest expenses and other financial expenses		
To other Group companies	91,247.39	92,825.73
To other	55,392.55	53,695.57
Other interest and financial expenses	146,639.94	146,521.30
Financial income and expenses, total	78,929.30	87,910.09

NOTES TO THE FINANCIAL STATEMENTS 31.12.2005

NOTES TO THE BALANCE SHEET

6. Fixed assets

Intangible	Intangible rights	Other long-term expenditure	Advances	Intangible total
Acquisition cost 1.1.2005	29,657.91	189,453.68	674,125.37	893,236.96
Increase	0.00	374,495.26	1,498,273.26	1,872,768.52
Transferred between items	0.00	2,046,333.90	-2,172,398.63	-126,064.73
Acquisition cost 31.12.2005	29,657.91	2,610,282.84	0.00	2,639,940.75
Accumulated planned depreciation 1.1.	21,973.68	132,103.57	0.00	154,077.25
Planned depreciation 1.1. – 31.12.	2,965.86	261,298.16	0.00	264,264.02
Book value 31.12.2005	4,718.37	2,216,881.11	0.00	2,221,599.48

Tangible	Buildings	Machinery and equipment	Tangible total
Acquisition cost 1.1.2005	138,183.20	70,404.85	208,588.05
Increase	0.00	529,764.96	529,764.96
Decrease	0.00	-31,145.00	-31,145.00
Transferred between items	0.00	126,064.73	126,064.73
Acquisition cost 31.12.2005	138,183.20	695,089.54	833,272.74
Accumulated planned depreciation 1.1.	25,331.83	42,347.20	67,679.03
Accumulated depreciation on decrease	0.00	-13,625.94	-13,625.94
Planned depreciation 1.1. – 31.12.	4,514.05	166,381.76	170,895.81
Book value 31.12.2005	108,337.32	499,986.52	608,323.84

Investments

	2005	2004
Shares in other Group companies		
Shares in subsidiaries		
Posivia Oy, Helsinki no. of shares 120 / ownership 100% / share capital 2522.82, dormant company (no consolidated financial statements prepared)	2,236.90	2,236.90
Other shares and holdings	9,216.70	9,216.70
Other loan receivables	6,065,440.59	6,348,795.18
	6,076,894.19	6,360,248.78

7. Receivables from other Group companies

Sales receivable	106,259.60	126,445.02
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8. Adjusting entries for assets

Accrued interest income	428.13	0.00
Pre-paid rent	442,340.00	221,170.00
Other accrued income	336,540.16	87,000.00
Pre-paid expenses	161,831.91	120,529.70
	941,140.20	428,699.70

9. Liabilities to other Group companies

Long-term liabilities	4,766,920.45	3,437,790.82
Current liabilities		
Advances received	969,197.96	418,962.36
Trade payables	256,893.37	686,263.98
Loan receivables	303,570.37	149,817.60
Accrued liabilities and deferred income	40,136.18	0.00
	1,569,797.88	1,255,043.94
Total	6,336,718.33	4,692,834.76

10. Adjusting entries for liabilities

Interest liabilities	1,038.13	0.00
Salary accruals and indirect employee costs	794,734.00	604,435.00
Estimate of expenses not yet charged	1,475,442.60	1,251,642.49
	2,271,214.73	1,856,077.49

11. Creditors due in 5 years or longer

	5,919,304.71	4,147,036.12
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11. Share capital

Share capital 1.1.	1,682,000.00	1,682,000.00
Change in share capital	0.00	0.00
Share capital 31.12.	1,682,000.00	1,682,000.00

12. Contingent liabilities

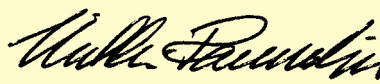
Other rent liabilities	7,962,016.32	8,404,350.56
Rent liabilities due in under one year	442,334.24	442,334.24
Rent liabilities due later	7,519,682.08	7,962,016.32

DATE AND SIGNATURES

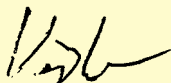
In Helsinki on 21 February 2006



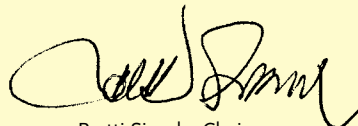
Pekka Leskelä



Heikki Raumolin



Veijo Ryhänen



Pertti Simola, Chairman



Eero Patrakka, President

AUDITORS' REPORT

To the shareholders of Posiva Oy

We have audited the accounts, the financial statements, the annual report and the management of Posiva Oy for the financial year 1 January –31 December 2005. The financial statements drawn up by the Board of Directors and the President include the annual report as well as the income statement, the balance sheet and the notes to the financial statements. On the basis of the audit we have performed, we make this statement on the financial statements and the management of the Company.

The audit has been performed in compliance with good auditing practice. The accounts as well as the principles followed in drawing up the financial statements, the content and the presentation have been examined to a sufficient extent to state that the financial statements are free of material defects and deficiencies. In the examination of the management, we have examined the legality of the activities of the Board of Directors and the President as set out in the Companies' Act.

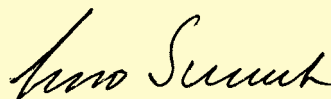
We therefore state that the financial statements have been prepared in accordance with the Accounting Act and other legislation governing the preparation of financial statements. The financial statements present true and sufficient information about the result of the Company's activities and its financial standing, as stipulated in the Accounting Act. The financial statements can be adopted and the members of the Board of Directors and the President discharged from liability for the financial year audited by us. The proposal of the Board of Directors concerning distribution of dividend is in compliance with the Companies' Act.

In Helsinki on 14 March 2006



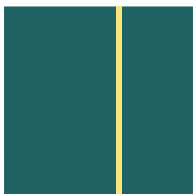
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