Annual report 2007

POSIVA

Content

Highlights of 2007 4

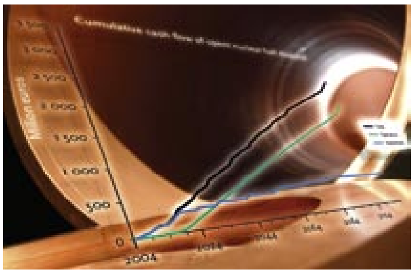
Posiva and nuclear waste management 6

President's review 8

Board of Director's report 10

Financial statements 18

Highlights of 2007



Construction of ONKALO progressed on schedule

The excavation of the ONKALO tunnel progressed by about 900 metres in 2006. At the end of December, the total length of the tunnel was almost 2.6 kilometres and it reached to a depth of more than 240 metres. The building for tunnel technology as well as the equipment and storage building that serves the construction project were completed. An electronic information board that shows the current work stage and status of the excavation project to the tunnel users was erected at the entrance of ONKALO.

Cost estimate for final disposal project updated

A new estimate of the total costs of the final disposal of spent nuclear fuel to be generated during the 50–60 years of operation of the existing nuclear power plant units and Olkiluoto 3 was finalised. According to the estimate that also covers the closure of the final disposal facility in the 2120s the total costs of the project amount to ca. 3 billion euros.

Posiva and Fortum Nuclear Services (FNS) concluded a general agreement

Posiva and FNS signed a general agreement that ensures the continuity of nuclear expertise in the field of final disposal and the suffiency of resources as the project approaches the implementation stage. The general agreement facilitates smooth execution of design and expert assignments.

Updating of environmental impact assessment report started

The updating of the report on the environmental impact assessment of final disposal prepared in late 1990s was started. The environmental impact assessment (EIA) procedure carried out by Posiva in 1997–1999 encompasses the final disposal of spent nuclear fuel from six nuclear power plant units, or a total of 9,000 uranium tons.

Refurbishment of Vuojoki mansion completed

Posiva was in charge of the refurbishment of the west annex of Vuojoki Mansion into a guesthouse, which was opened for accommodation in May. The Mansion refurbishment project was concluded in October when the conversion of the orangery into a meeting venue with sauna facilities was completed. The refurbishment of the orangery was funded by Posiva, the municipality of Eurajoki and the European Fund for Regional Development.

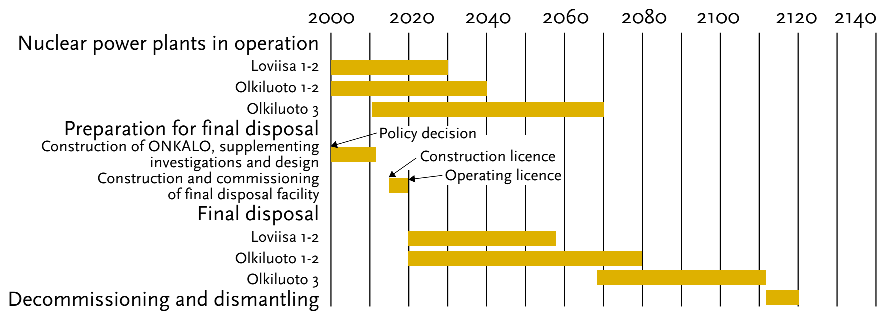
Posiva and nuclear waste management

By virtue of the Nuclear Energy Act, responsibility for nuclear waste management lies with the power companies that generate the waste, Teollisuuden Voima Oyj (TVO) and Fortum Power and Heat Oy (Fortum). Their responsibility covers all the operations up to permanent final disposal of nuclear waste. TVO and Fortum have delegated the tasks related to the disposal of spent nuclear fuel to jointly owned Posiva Oy, which was established in 1995 by a mutual agreement of the two power companies to assume responsibility for the construction and operation of the final disposal facility. Posiva is also responsible for the preceding stages, i.e. for the design of the final disposal facility and for the research and development efforts that are needed prior to the application of the required licences to ensure the safety of final disposal.

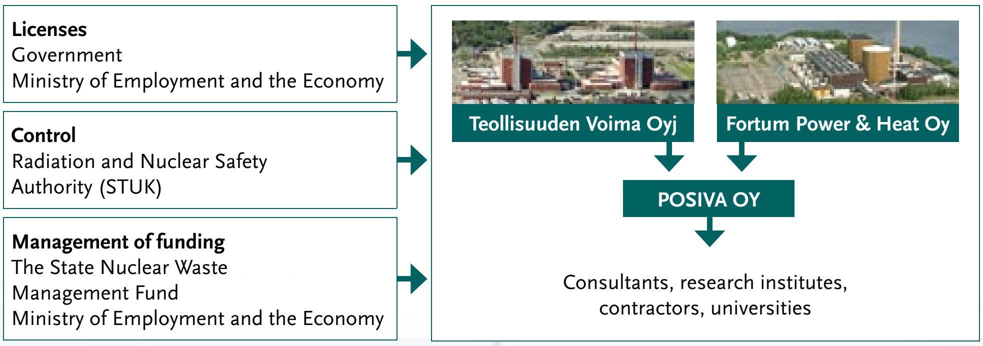
According to the Decision in Principle ratified by the Finnish Parliament in 2001, the final disposal of the spent nuclear fuel generated by the existing four plant units of TVO and Fortum will take place in Olkiluoto in the municipality of Eurajoki. Another Decision in Principle made in 2002 specified that the spent nuclear fuel disposal facility were to be expanded to allow also the spent fuel generated at the new plant unit under construction (Olkiluoto 3) to be disposed of in the host rock of Olkiluoto.

In practice, the preparations for final disposal will proceed so that the preliminary reporting and plans related to the preparedness to submit the construction licence of the final disposal facility shall be presented by the end of 2009. The final reporting and plans should be available by the end of 2012 when the application for the construction licence is to be filed. Final disposal is scheduled to start in 2020. Until then, the spent fuel is stored in interim storages within the power plant sites. At the end of 2007, 1,371 uranium tons of spent nuclear fuel had been placed in interim storage at the nuclear power plant in Olkiluoto, and 505 uranium tons at the nuclear power plant in Loviisa.

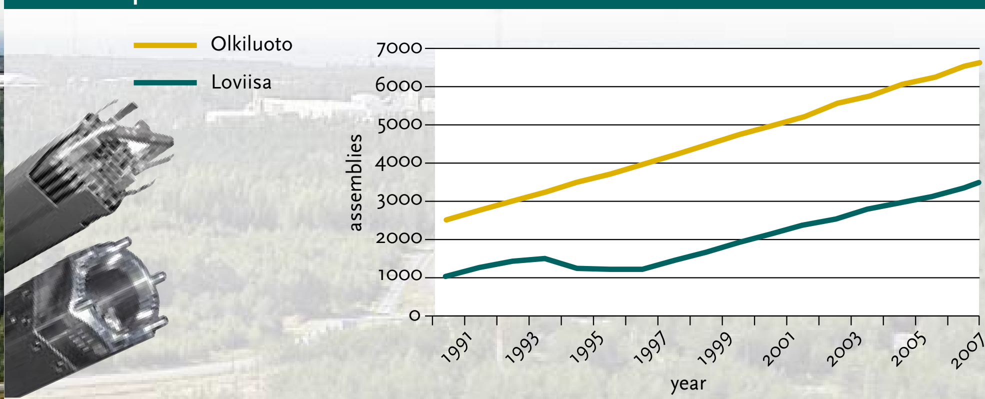
Total schedule of final disposal



Nuclear waste management organisation



Amount of spent nuclear fuel



President's review

One of the key topics in 2007 was climate change and how to fight it. In the Climate Change Conference in Bali in December, all the participating countries committed to seeking alternatives in order to reduce greenhouse gas emissions. The construction of new nuclear power plants has become a worthwhile solution. The change has been quite remarkable in this respect, as just a few years back nuclear power was considered an obsolete means of electricity generation.

In the European Union, in particular, nuclear power has experienced a renaissance. Documents published in 2007 acknowledge nuclear power as a key solution to producing carbon dioxide free energy. The significance of nuclear power and enhancement of nuclear power capacity is also in Finland endorsed by a broad consensus of citizens.

Well-organised nuclear waste management is an absolute necessity to gaining approval for nuclear power. In Finland, the owners of the Olkiluoto and Loviisa power plants have already since the 1970s focused efforts at their own cost on long-term development and implementation of nuclear waste management. These efforts have been internationally acknowledged and we are referred to as examples to other nuclear power industry operators in the European Union. This creates a good basis for the future.

Posiva's own activities for the development and implementation of the final disposal of spent nuclear fuel have progressed according to long-term plans. The next milestone in research, development and design work is the end of 2009, when an intermediate evaluation of the progress of final disposal is to be submitted to the authorities. Work on the ONKALO construction site has proceeded on schedule, and it is expected that the final disposal depth will be reached at the end of 2009 as planned.

The corner stone for the management of the Company is the management system that meets the current certification requirements. All the sub-areas of the management system were updated in 2007 with considerable work inputs focused on this project. The management system together with competent personnel guarantees that research, development and design activities as well as the implementation of the ONKALO project are carried out and documented according to plans and in a controlled manner.

The multidisciplinary nature of Posiva's activities makes cooperation with numerous expert and implementation organisations necessary. Established forms of collaboration with both Finnish and foreign companies and institutes have been created in line with the requirements of Posiva's long-term operation.

The orangery that was completed in October was the last stage in the renovation project of Vuojoki mansion. The mansion milieu has now been restored to its original splendour and meets all the strict requirements in terms of cultural history that were specified for the project. The Vuojoki project serves as an excellent example of cooperation between public government and a private company at local level.

I wish to thank the personnel, the owners and other cooperation partners for their valuable contribution in 2007 to ensuring that final disposal will be implemented in the next decade as planned.

February 2008

Eero Patrakka

Board of Directors' report

Major activities

Preparations for the final disposal of spent nuclear fuel progressed in compliance with the research, development and design programme (TKS-2006) published in 2006. The review process of the programme by the Radiation and Nuclear Safety Authority (STUK) was completed in 2007 and the focal areas defined in the programme met with STUK's expectations.

The ONKALO project progressed as planned in terms of both tunnel excavation and above ground construction. The solution based on three shafts was adopted in ONKALO design.

In the design of the final disposal technology, the horizontal deposition concept has been developed alongside vertical deposition in cooperation with the Swedish nuclear waste company SKB. The safety analysis of horizontal deposition specifically performed for Olkiluoto was completed during the year under review. The method defined for the backfilling of the tunnel in the vertical deposition solution, which is the reference concept, is to use pre-compacted blocks of clay. This has been taken into account in the updating of the total cost estimate of final disposal.

The renovation project of Vuojoki Mansion was concluded with the refurbishment of the west annex into a guesthouse opened for accommodation in May, and the conversion of the orangery into a meeting venue with sauna facilities completed in October.

ONKALO

The excavation of the underground research facility ONKALO progressed by ca. 900 metres. At the end of the year, the total length of the tunnel was 2,581 metres, which meets the objectives specified for 2007. The depth of the tunnel was a little more than 240 metres. The excavated bedrock and the type of rock proved to be unfractured as expected, and no unforeseen need for sealing or reinforcement was encountered. An exhaust air shaft with a diameter of 3.5 m and a personnel shaft with a diameter of 4.5 m were raise drilled to the -180 m level. Electrical engineering works proceeded by about 900 metres, and HVAC works by an average of 1000 metres. Both electrical and HVAC installations reached a depth of an average of 2000 metres at the end of the year.

The changes made in the project model in 2006 proved extremely effective and made possible the achievement of the specified objectives. The same applies to the procurement of equipment.

Above ground, construction continued with e.g. building of lighting systems and sewerage systems. The building for tunnel technology and the storage and equipment building were completed early on in the year. An electronic information board that shows the current excavation stage was also erected at the entrance of ONKALO. This system is particularly designed to improve communication of information related to occupational safety in the tunnel.

In addition to the design of ONKALO's implementation, efforts were also focused on the design of the shaft solution. The selected concept is based on three shafts. The inlet air shaft will be implemented using raise boring as a 3.5-metre diameter shaft like the exhaust air shaft.

Research and Investigations

The characterisation of the Olkiluoto site continued according to the three-year TKS-2006 programme published toward the end of 2006. The objective is to resolve the key uncertainties and interpretation problems presented in the research programme through new field investigations and modelling activities.

According to the statement issued by the Radiation and Nuclear Safety Authority in the summer of 2007, the programme is consistent with the opinions of the authorities and their international experts on the focal areas of research.

Although new information obtained from the underground research facility ONKALO is at present the major source of interest, drillings are also continued from surface to acquire new information. The 48th deep borehole on the island of Olkiluoto was completed during the year under review. One of the boreholes runs to under the sea area north of the island, and is expected to confirm the conception of the past geochemical evolution of groundwater in Olkiluoto, particularly after the last ice age. Apart from this borehole, the emphasis in new drillings is shifting to the east part of the island, on which only a little underground observation and measurement data has been acquired so far.

The site characterisation information creates a basis for both the safety case and the detailed layout of the final disposal repository on the island of Olkiluoto. A separate programme has been started to analyse the requirements established for the rock and how these are met in Olkiluoto bedrock. The objective is to prove by the end of 2012 how suitable volumes of host rock can be identified by means of currently deployed investigation methods. In 2007, the focus has been on the safety requirements that pertain to the bedrock.

Extensive efforts have also in other respects been dedicated on the investigation of the requirements specified for the final disposal system in terms of safety and performance. Posiva is about to adopt a systematic requirements management system, and it is expected that the first version of the system will be in use at the beginning of 2008.

The preparation of a preliminary safety case for the horizontal deposition alternative of KBS-3 that Posiva has developed together with SKB has also required significant investment of efforts. The safety case is based on site specific data for Olkiluoto. The safety case has been prepared according to the same portfolio principle that is to be used in the actual licensing process of the final disposal facility, and the project has in this respect provided a good opportunity to test this principle.

Disposal technology

The design of the disposal facility progresses in three-year periods. The degree of detail of the designs increases during each period on the basis of the results of research and development efforts in various areas of the disposal solution. The outline planning stage commenced in 2007, with the aim to complete more detailed facility design documentation in 2009. This documentation will be enclosed to the intermediate evaluation documentation submitted to the authorities. The design of the disposal operation and the repository is based on a total amount of 5,500 tU of spent nuclear fuel. The spent fuel generated by the Olkiluoto 3 unit currently under construction is accounted for in this estimate, in addition to the fuel generated by the existing four plant units. In the future, however, the possible increase in the amount of the spent nuclear fuel to be disposed of as a result of the new nuclear power plant plans of the owners will also be taken into account in the design.

The total cost estimate of final disposal was prepared in 2007 on the basis of the plans produced during the preceding three-year period. The estimated total costs for the planned disposal period amount to 3.0 billion euros, with the costs of the operating stage accounting for 2.1 billion euros. The decision to adopt a design based on using precom-

pacted blocks of clay in the backfilling of the repository tunnels, in particular, represented a design change that has a increasing effect on the cost estimate, while the shortening of the total disposal period owing to more accurate methods available for calculation of the residual heat of spent fuel has a decreasing effect on the cost estimate.

As excavation of ONKALO is approaching the disposal depth, the integration of the ONKALO tunnel and the shafts with the overall repository design became the focal area of design in 2007. This has comprised an analysis on the three shafts planned for ONKALO, especially their location and the total number of shafts that will be required later for the connections between the repository and ground surface. This analysis has been used as the basis in the layout design for all the above ground facility buildings and structures as well as for planning of site.

Activities for the development of the disposal canister, including manufacturing, sealing and inspection technologies have continued in close cooperation with SKB. In addition to the fabrication and testing of canisters, efforts have especially been focused on the development of the sealing technology. A demonstration project was planned and started in 2007 with the aim of proving by means of serial production the effectiveness of the canister fabrication, sealing and inspection technologies. Efforts were taken to ensure that the expertise required in the manufacturing of the bentonite buffer is available in Finland.

The development of the horizontal deposition concept has been continued alongside the reference final deposition solution (vertical deposition) in cooperation with SKB. The project was completed and the report of the results published in 2007. The results show that technical solutions are available for the horizontal deposition alternative. On the basis of the safety case that was performed on horizontal deposition, the solution also meets the safety requirements. However, certain issues related to the horizontal deposition alternative require further studies. The most significant of these concern the selection of material for the required installation shell and the behaviour of the bentonite buffer. A cost estimate for comparison with the vertical deposition solution was prepared on the basis of the results. It proved the horizontal deposition alternative slightly less expensive than the vertical deposition solution.

International cooperation

Pursuant to the cooperation agreement concluded with SKB, Posiva continued to participate in research and development activities carried out in the Äspö Hard Rock Laboratory and in the Oskarshamn Canister Laboratory. New action programmes related to the disposal canister, the bentonite buffer and the backfilling technology were agreed on in 2007. The activities defined in the programmes are carried out as joint projects. Exchange of information with SKB is active in all areas of interest.

Practical-level research and development cooperation within the Sixth Framework Programme of EU continued in 2007. Posiva participated together with SKB and some other organisations in 2007 in the application round for the Seventh Framework Programme. Negotiations concerning new projects are still under way.

Posiva takes also actively part in the operation of international organisations, such as OECD/NEA and IAEA. Posiva is also a member in the International Association for Environmentally Safe Disposal of Radioactive Materials (EDRAM).

Social responsibility and communication

The group that coordinates cooperation between the municipality of Eurajoki and Posiva convened twice to discuss, for example, current communication issues of both parties, the progress of the final disposal project and matters connected with Vuojoki Mansion. Matters related to Posiva's operation have been regularly discussed also in the liaison group of Teollisuuden Voima Oyj and the nearby municipalities.

The renovation project of Vuojoki Mansion was concluded when the refurbishment of the west annex into a guest house and the conversion of the orangery into a meeting venue with sauna facilities were completed. The Mansion received wide coverage in the media, and

attracted 24000 visitors during the year.

Posiva's external communication in 2007 covered e.g. the progress made in the construction of ONKALO and in investigation activities, and how Posiva is preparing for the increase in the amount of spent nuclear fuel as a result of the new nuclear power plant projects of the owners. In Satakunta region the major communication channel has been the "Posiva investigates" bulletin distributed as an insert in newspapers Uusi Rauma and Satakunnan Viikko.

Posiva has continued cooperation with the 7th and 8th grades of the Eurajoki Comprehensive School. During visits to Olkiluoto, the students were e.g. given an opportunity to analyse water samples in the research building on the ONKALO site. The traditional geo day was organised in the autumn for the second and third grade students of the Eurajoki Senior Secondary School.

At the end of March, Posiva and TVO organised an open day in Olkiluoto, offering visitors also an opportunity to visit the ONKALO construction site. Posiva's activities were also presented to local residents in the market square happenings arranged in Eurajoki.

A total of 72 groups, or 750 persons visited Posiva in Olkiluoto in 2007. The Olkiluoto visitor centre attracted some 18,000 visitors during the year. The centre displays an exhibition complex about final disposal of spent fuel.

Environmental impact management

Environmental issues are managed in compliance with Posiva's management system and the annual environmental programme. The management system addresses the requirements established in the international standard that applies to environmental systems. Environmental aspects are assessed at Posiva on a yearly basis, and in 2007 these were mainly related to the construction of ONKALO and to field work.

The rock volume excavated from ONKALO in 2007 totalled ca. 48,000 m^3, and almost half of it was utilised for site construction purposes. A total of 18,000 m^3 of water was used in the excavation of the tunnel. Total seepage water in ONKALO averaged about 22 l/min. The water pumped up from the tunnel was led through sedimentation basins and oil separators into an open ditch that runs to the sea. Regular analyses were made to monitor the quality of the water.

The objective of the environmental programme is to reduce the harmful impact of the major environmental aspects. In 2007, the programme included e.g. training of personnel on the ONKALO construction site in the handling of chemicals. Fire protection was also addressed by improving initial attack capabilities. The area excavated in the summer of 2006 for research purposes was landscaped using plantations, and new drilling sites were planned and implemented so as to minimise environmental impact.

Management system

The management system of Posiva is described in manuals that provide an overview of Posiva's operation, as well as in descriptions, ordinances and procedures that complement these manuals. The purpose of the management system is to ensure that Posiva's operation meets already at this stage the requirements established for the future nuclear facility, and the operation is implemented in a timely and cost-efficient manner. The documents that constitute the management system were reformed in 2007 in compliance with the principle of continuous improvement. The procedures included in the management system conform to the principles of regulatory control agreed on with the Radiation and Nuclear Safety Authority and correspond to the requirements based on potential ISO 9001 certification. Special attention has been paid to the incorporation of quality assurance related to the construction of ONKALO in the management system entity.

Risks

General risk management at Posiva was based on the guidelines defined in the management system. Pursuant to the process of risk management the identification and management procedures of risks were ensured. The ONKALO project was responsible for the risk management of ONKALO as part of the project management.

Administrative bodies

BOARD OF DIRECTORS
Teollisuuden Voima Oyj
Pertti Simola, Chairman
Veijo Ryhänen
Fortum Power and Heat Oy
Pekka Leskelä
Heikki Raumolin

Jyrki Javanainen, Secretary

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

The Board of Directors convened 7 times.

Heikki Raumolin resigned from the Board on 31.12.2007. He was replaced by Arvo Vuorenmaa as of 1.1.2008.

PRESIDENT
Eero Patrakka

MANAGEMENT GROUP
Chairman
Eero Patrakka

Members
Pertti Huovinen, Vice President, Project
Markku Kettunen, Vice President, Administration
Juhani Vira, Vice President, Research
Timo Äikäs, Vice President, Engineering
Secretary
Timo Seppälä, Senior Manager, Communication

The Management Group convened 15 times.

WORKING COMMITTEES APPOINTED BY THE BOARD OF DIRECTORS

Technical Committee
Teollisuuden Voima Oyj
Erkki Muttilainen
Jari Tuunanen
Fortum Power and Heat Oy
Ilpo Kallonen, Chairman
Jyrki Kohopää
Posiva
Timo Äikäs
Juhani Vira
Jussi Palmu, secretary
(until 5.9.2007)
Kimmo Lehto, secretary
(as of 6.9.2007)

The Committee convened 6 times.

Financial Committee
Teollisuuden Voima Oyj
Klaus Luotonen
Veijo Ryhänen
Timo Palomäki, expert member
Fortum Power and Heat Oy
Heikki Raumolin, Chairman
Tiina Tuomela
Irja Vekkilä, expert member
Posiva
Eero Patrakka
Markku Kettunen
Jussi Palmu, secretary

The Committee convened 7 times.

Construction Committee
Teollisuuden Voima Oyj
Rauno Mokka, Chairman
Juha Riihimäki
Fortum Power and Heat Oy
Gustav Wallén
Kauko Silventoinen
Posiva
Pertti Huovinen
Hannu Tuulasvaara, secretary

The Committee convened 4 times.

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

The Committee convened 6 times.

Auditors

Eero Suomela, CPA, appointed by PricewaterhouseCoopers Oy
Robert Kajander, CPA, appointed by Deloitte & Touche Oy

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 Oyj (TVO), domicile Helsinki.

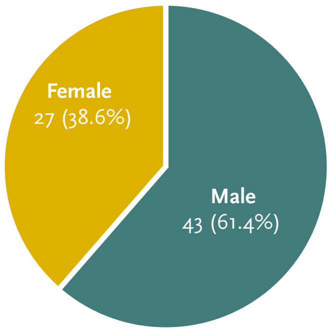
The shareholders of Posiva Oy include Teollisuuden Voima Oyj 60% and Fortum Power and Heat Oy 40%. The total number of shares is 10,000.

Posiva Oy has had a subsidiary, Posivia Oy, which has been a dormant company and has had no impact on Posiva Oy's result or unrestricted equity. Posivia Oy has been placed in liquidation and has been dissolved on 5.7.2007.

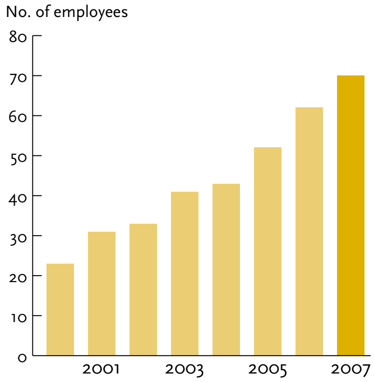
The Board of Directors, from left to right: Veijo Ryhänen, Heikki Raumolin, Pekka Leskelä, Eero Patrakka, Pertti Simola, Jyrki Javanainen.

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

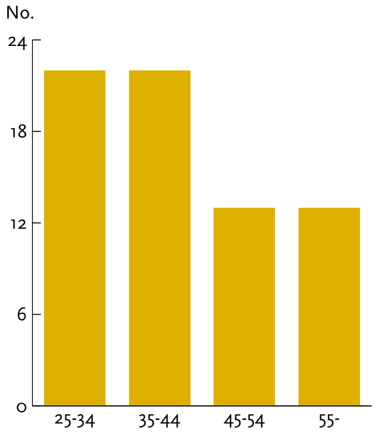
Personnel by gender



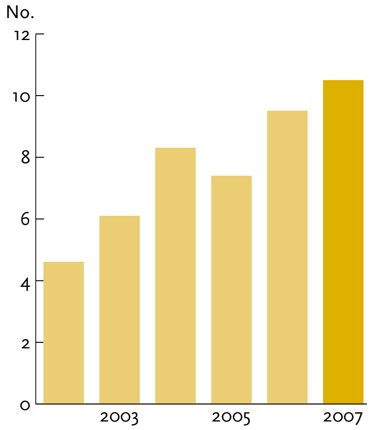
Development of personnel numbers



Age structure at Posiva



Number of training days/per person



Personnel and business locations

At the end of 2007, the total number of personnel was 81 (2006: 69). During the year the Company employed 81 (71) people on average, some on fixed-term contracts and some were summer employees. During the year, 12 (13) new permanent employment contracts were concluded, mainly for expert tasks in the field of nuclear waste management. Four (3) employees resigned in 2007. The personnel report of Posiva was published in 2007 for the second time.

According to the fifth personnel barometer survey conducted with the Finnish Institute of Occupational Health, positive development has taken place in e.g. managerial work and in the atmosphere of work groups. The training of the personnel was developed in compliance with the annual training plan by organising more courses tailored to the needs of Posiva.

The new collective agreements in the energy industry were enforced in October 2007. At Posiva, performance-related pay applies to the entire personnel. The performance bonus can be credited to the personnel fund of the Group.

Posiva has business locations in Olkiluoto and in the Vuojoki Mansion, both in the municipality of Eurajoki.

Land use planning for the ONKALO site has started. A decision has been made to expand the office building on the ONKALO site. The expansion will be implemented in the early part of 2008.

Result and financing

The costs related to the Company's activities in its main line of business – management of spent nuclear fuel generated by the Olkiluoto and Loviisa nuclear power plants, and associated research and development activities – are covered by the shareholders, and the turnover of the Company consists primarily of charges for these costs. In addition, Posiva also provides to a minor extent other services on assignment to its shareholders and other customers.

The Company's turnover was 46.6 MEUR (42.9), with the main line of business accounting for 46.1 MEUR (41.4). The increase in the turnover is due to the expansion of the main line of business.

Posiva is in charge of the activities stipulated in the Nuclear Energy Act for the companies responsible for nuclear waste management, i.e. for the shareholders of Posiva. Accordingly, Posiva charges the annual costs related to these activities, including acquisition costs of fixed assets. As nuclear waste management costs will not bring in revenues to Posiva or to the nuclear power companies in the future, Posiva's acquisition costs of fixed assets used for nuclear waste management are also booked in full as annual expenses. The companies responsible for waste management provide for nuclear waste management costs by paying annual nuclear waste management fees to the nuclear waste management fund set up by the Government.

Extent of research and development activities

At present, Posiva's activities focus primarily on comprehensive R&D to establish the preconditions for final disposal. Investments in R&D totalled ca. 36.8 million euros (33.4) in 2007, or 79% (78%) of the turnover. In addition to the ONKALO construction project, R&D encompass above ground investigations, development of the encapsulation technology and design of the final disposal facility.

Key figures

Due to the operating policy of the Company, presentation of key figures does not serve to understand business activities, financial standing or the result. The financial statements show neither profit nor loss.

Events so far in 2008

No events have occurred that would essentially influence the development of business activities.

Future prospects

The activities of the Company are expected in the main to continue in 2008 as in the previous year. Turnover is expected to increase somewhat over 2007, mainly due to the construction costs of ONKALO.

Distribution of profit

The Company has no non-restricted shareholders' equity, so no dividend can be distributed.

Financial statements

INCOME STATEMENT

		1.1.-31.12.2007		1.1.-31.12.2006
Turnover		**46,613,465.57**		42,870,056.03
Other operating income		**275,273.88**		241,440.14
Personnel expenses				
Salaries and fees	**3,912,369.18**		3,350,593.92	
Compulsory personnel expenses				
Pension expenses	**655,911.56**		565,435.77	
Other compulsory personnel expenses	**230,136.90**	**-4,798,417.64**	197,366.44	-4,113,396.13
Depreciation		**-450,959.21**		-396,499.40
Other expenses		**-41,660,389.70**		-38,574,396.96
Profit/Loss from operations		**-21,027.10**		27,203.68
Financial income and expenses				
Other financial and interest income				
From others	297,300.55		237,712.94	
Interest and other financial expenses	-266,960.60	**30,339.95**	-241,590.57	-3,877.63
Profit/Loss before extraordinary items		**9,312.85**		23,326.05
Extraordinary items				
Other expenses		**-1,407.14**		0.00
Profit/Loss before appropriations and taxes		**7,905.71**		23,326.05
Income taxes		**-7,905.71**		-23,326.05
Profit/Loss for the financial period		**0.00**		0.00

BALANCE SHEET

ASSETS

	31.12.2007		31.12.2006	
Non-current assets				
Intangible assets				
Intangible rights	5,995.37		2,491.14	
Other long-term expenditure	2,283,837.55	2,289,832.92	1,908,684.15	1,911,175.29
Tangible assets				
Buildings	99,843.67		104,003.83	
Machinery and equipment	363,664.25	463,507.92	404,476.02	508,479.85
Investments				
Other shares and holdings	153,031.50		26,903.60	
Other loan receivables	5,476,772.90	5,629,804.40	5,774,729.10	5,801,632.70
Total non-current assets		8,383,145.24		8,221,287.84
Current assets				
Receivables				
Short-term receivables				
Sales receivables	268,285.03		383,219.98	
Loan receivables	297,971.39		290,718.99	
Prepayments and accrued income	1,280,116.84	1,846,373.26	1,290,492.94	1,964,431.91
Cash and cash equivalents		8,511,907.95		8,561,129.37
Total current assets		10,358,281.21		10,525,561.28
Total assets		18,741,426.45		18,746,849.12

EQUITY AND LIABILITIES

	31.12.2007		31.12.2006	
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 liabilities				
Liabilities to Group companies	4,413,574.80		4,592,210.81	
Other long-term liabilities	2,679,757.00	7,093,331.80	2,779,779.95	7,371,990.76
Short-term liabilities				
Advances received	47,987.00		344,364.20	
Accounts payable	5,665,981.64		4,200,778.79	
Liabilities to Group companies	332,991.70		1,136,206.79	
Other liabilities	517,868.76		965,889.96	
Accruals and deferred income	3,401,265.55	9,966,094.65	3,045,618.62	9,692,858.36
Total equity and liabilities		18,741,426.45		18,746,849.12

FUNDS STATEMENT (1,000 €)

	2007	2006
Operations		
Profit/Loss from operations	-21	27
Adjustments to profit/loss from operations 1)	451	397
Change in working capital 2)	401	1,456
Interest received	299	236
Interest paid	-269	-241
Taxes paid	-12	-23
Cash flow from operations	849	1,852
Investments		
Acquisition of intangible and tangible assets	-785	-166
Divestment of shares	1	0
Acquisition of shares	-128	-15
Withdrawals of loans granted	291	283
Cash flow from investments	-622	102
Financing		
Withdrawals of long-term loans	221	221
Repayment of long-term loans	-498	-492
Cash flow from financing	-277	-271
Change in financial assets	-50	1,683
Liquid assets January 1	8,561	6,878
Liquid assets December 31	8,512	8,561
1) Adjustments to profit/loss from operations		
Depreciation and write-downs	451	397
	451	397
2) Change in working capital		
Increase (-) or decrease (+) in non-interest-bearing receivables	128	-265
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	273	1,721
	401	1,456

ACCOUNTING PRINCIPLES

Valuation principles and methods, and accruals

Valuation of non-current 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 in full as annual expenses, as nuclear waste management costs will not bring in revenues to the companies responsible for waste management or to Posiva in the future.

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.

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

A copy of the consolidated financial statements of the Pohjolan Voima 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 31.12.2007

NOTES TO INCOME STATEMENT

	2007	2006
1. Turnover		
Income, main line of business	46,100,000.00	41,428,249.16
Income, auxiliary line of business, shareholders	24,258.59	42,236.48
Income, main line of business, other companies	0.00	196,962.89
Income, auxiliary line of business, other companies	489,206.98	1,202,607.50
Total	46,613,465.57	42,870,056.03
2. Other operating income		
Rental income	68,638.36	71,309.60
Delay penalties	0.00	113,760.55
Subsidies received	200,390.73	55,688.03
Other income	6,244.79	681.96
Total	275,273.88	241,440.14
3. Notes concerning of personnel		
Average number of personnel	81	71
Number of personnel December 31	81	69
4. Fixed assets used for nuclear waste management		
Acquisition costs of fixed assets used for nuclear waste management are booked as annual expenses under Section 5:1 of the Accounting Law	13,590,371.98	13,964,888.05

NOTES TO INCOME STATEMENT

	2007	2006
5. Depreciation		
Depreciation plan		
Planned depreciation is the maximum depreciation under Business Tax Act.		
Planned depreciation		
On intangible rights	1,732.77	2,227.23
On other long-term expenditure	324,125.34	255,393.70
On buildings	4,160.16	4,333.49
On machinery and equipment	120,940.94	134,544.98
Total	450,959.21	396,499.40
6. Financial income and expenses		
Interest income from long-term investments		
From others	151,636.20	158,298.41
Interest income from long-term investments, total	151,636.20	158,298.41
Other financial and interest income	145,664.35	79,414.53
Interest income from long-term investments and other interest income, total	297,300.55	**237,712.94**
Interest and other financial expenses		
To Group companies	165,119.81	149,543.52
To others	101,840.79	92,047.05
Other interest and financial expenses, total	266,960.60	241,590.57
Total financial income and expenses	30,339.95	-3,877.63

NOTES TO THE FINANCIAL STATEMENTS 31.12.2007

NOTES TO BALANCE SHEET

7. Non-current assets

Intangible assets	Intangible rights	Other long-term expenditure	Intangible assets total
Acquisition cost 1.1.2007	29,657.91	2,557,479.58	2,587,137.49
Increase	5,237.00	699,278.74	704,515.74
Decrease	0.00	0.00	0.00
Transfer between items	0.00	0.00	0.00
Acquisition cost 31.12.2007	34,894.91	3,256,758.32	3,291,653.23
Accumulated planned depreciation 1.1.	27,166.77	648,795.43	675,962.20
Planned depreciation 1.1.–31.12.	1,732.77	324,125.34	325,858.11
Book value 31.12.2007	**5,995.37**	**2,283,837.55**	**2,289,832.92**

Tangible assets	Buildings	Machinery and equipment	Tangible assets, total
Acquisition cost 1.1.2007	138,183.20	734,124.02	872,307.22
Increase	0.00	80,129.17	80,129.17
Decrease	0.00	0.00	0.00
Transfer between items	0.00	0.00	0.00
Acquisition cost 31.12.2007	138,183.20	814,253.19	952,436.39
Accumulated planned depreciation 1.1.	34,179.37	329,648.00	363,827.37
Vähennysten kertyneet poistot	4,160.16	0.00	4,160.16
Planned depreciation 1.1.–31.12.	4,160.16	120,940.94	125,101.10
Book value 31.12.2007	**99,843.67**	**363,664.25**	**459,347.76**

Investments	2007	2006
Shares in other Group companies		
Shares in subsidiaries		
Posivia Oy, Helsinki no. of shares 120/ ownership 100 % / share capital 2,522.82 Company dissolved and removed from the Trade Register.	**0.00**	2,236.90
Other shares and holdings	**153,031.50**	24,666.70
Other loan receivables	**5,476,772.90**	5,774,729.10
	5,629,804.40	**5,801,632.70**

NOTES TO BALANCE SHEET

	2007	2006
8. Prepayments and accrued income		
Deferred income	0.00	1,691.00
Pre-paid rent	884,680.00	663,510.00
Other deferred income	57,750.55	583,062.60
Other prepaid expenses	337,686.29	42,229.34
Total	1,280,116.84	1,290,492.94
9. Liabilities to Group companies		
Long-term liabilities	4,413,574.80	4,592,210.81
Short-term liabilities		
Advances received	0.00	693,158.82
Accounts payable	976.00	10,671.89
Other liabilities	311,340.39	307,409.64
Accruals and deferred income	20,675.31	124,966.44
	332,991.70	1,136,206.79
Total	4,746,566.50	5,728,417.60
10. Accruals and deferred income		
Accrued interests	683.87	1,338.36
Accrued wages and salaries	1,148,668.42	912,052.01
Estimate of expenses not yet charged	2,251,913.26	2,132,228.25
Total	3,401,265.55	3,045,618.62
11. Depts falling due in more than five years	6,111,967.69	6,424,273.71
12. Share capital		
Share capital 1.1.	1 682 000.00	1 682 000.00
Changes in share capital	0.00	0.00
Share capital 31.12.	1 682 000.00	1 682 000.00
13. Liabilities		
Rent liabilities, total	7 077 347.84	7 519 682.08
Rent liabilities falling due in less than a year	442 334.24	442 334.24
Rent liabilities falling due in later	6 635 013.60	7 077 347.84

Posiva has rented from Teollisuuden Voima Oyj a land area for the final disposal of spent nuclear fuel. The rental period is from 1 July 2003 to 30 June 2103. The rental agreement is subject to notice in case the land area is not suitable for the final disposal of spent nuclear fuel. The rent is checked every two years according to cost-of-living index. The rent was 307,447.09 € in 2007.

DATE AND SIGNATURES

In Helsinki on 13 February 2008

Pertti Simola, Chairman

Pekka Leskelä

Veijo Ryhänen

Arvo Vuorenmaa

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 2007. 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 and the annual report. The financial statements and the annual report present true and sufficient information about the result of the Company's activities and its financial standing, as stipulated in the Accounting Act. The annual report is consistent with the financial statements. 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 12 March 2008

PricewaterhouseCoopers Oy

Eero Suomela
CPA

Deloitte & Touche Oy

Robert Kajander
CPA

Posiva Oy
Olkiluoto
FI-27160 EURAJOKI
Tel. +358 2 837 231
Fax +358 2 8372 3709
www.posiva.fi