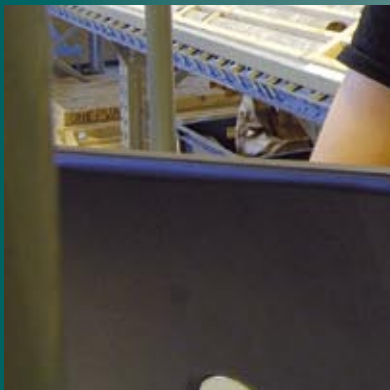
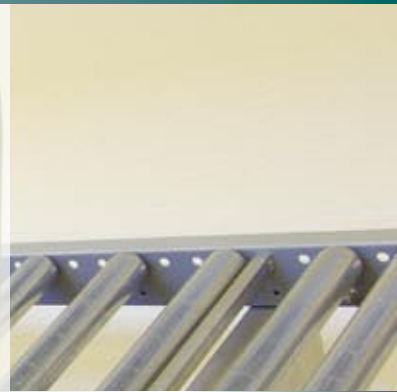
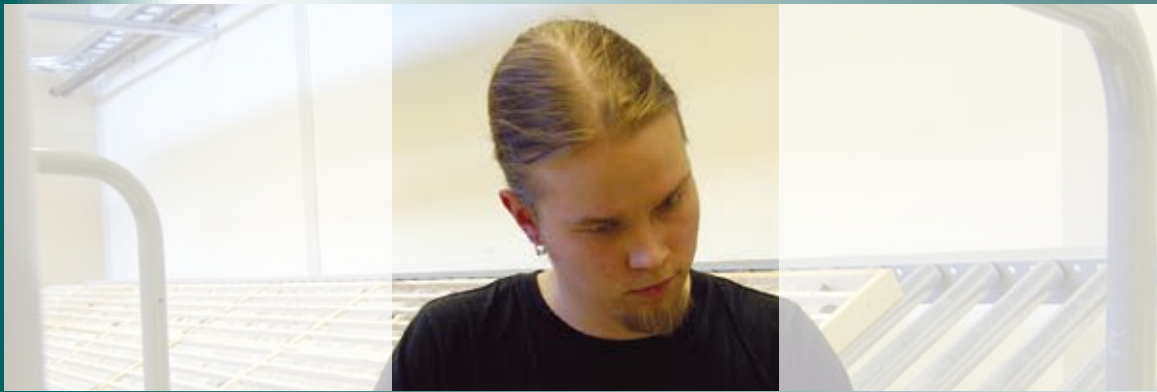




Annual Report 2008



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Main events during 2008

APPLICATION FOR A DECISION-IN-PRINCIPLE BY THE GOVERNMENT

Posiva submitted its application for a decision-in-principle regarding the expansion of the disposal facility to the Government on 25 April. The application covers the final disposal of spent fuel from the Olkiluoto 4 unit, planned by Teollisuuden Voima Oyj, at the Olkiluoto disposal facility. The expansion would increase the maximum

quantity of fuel to be disposed of to 9,000 tons of uranium. In December, the Eurajoki municipal council gave the Government its unanimous statement in favour of Posiva's application for a decision-in-principle.

THE ENVIRONMENTAL IMPACTS OF THE EXPANSION OF DISPOSAL FACILITY WERE ASSESSED

Posiva started the Environmental Impact Assessment procedure (EIA procedure) regarding the expansion of the final disposal facility to accommodate a total of 12,000 uranium tons of spent nuclear fuel. The expansion is related to the spent fuel from the Loviisa 3 unit planned by Fortum Power and Heat Oy. The results of the environmental impact assessment were compiled into

an EIA report that Posiva submitted to the Ministry of Employment and the Economy in October. The conclusion of the EIA procedure is that the expansion of disposal facility will not produce any significant environmental impacts. The EIA procedure is expected to be completed in March 2009 when the Ministry of Employment and the Economy has issued its statement regarding it.

POSIVA'S QUALITY SYSTEM WAS CERTIFIED

In December, Posiva's quality system was granted a certificate according to ISO 9001:2000. The certifying body was Det Norske Veritas AS (DNV). Posiva's operations management system has been based on the ISO 9001 standard since 1998. The certificate granted by DNV

shows that Posiva's quality management system meets all requirements imposed by the standard. It also reflects the standard of operations at Posiva. The certification also ensures that the standard of quality management will remain high.

POSIVA CONCLUDES A PARTNERSHIP AGREEMENT FOR DEVELOPMENT WORK ON BENTONITE

In November, Posiva concluded a partnership agreement with B+Tech for R&D work on bentonite. The partnership agreement forms the basis for long-term development

work on the clay materials to be used as filling material in the disposal facility. It also ensures the availability of sufficient resources for the development work.

CHARACTERISATION FACILITY ONKALO PROGRESSED TO A DEPTH OF 300 METRES

By the end of the year, the tunnel of ONKALO had been quarried some 3,300 metres, to a depth of 312 metres. The structural plan of the research facility was modified so that the fourth loop of the tunnel below level -300 m will be longer than previously planned. The modification helps the design and planning process of the disposal

facility and allows the accommodation of underground facilities in a manner that saves rock resources. The bed-rock research and tests on final disposal techniques will be concentrated on the main research level at the depth of about 400 metres.

Posiva and nuclear waste management



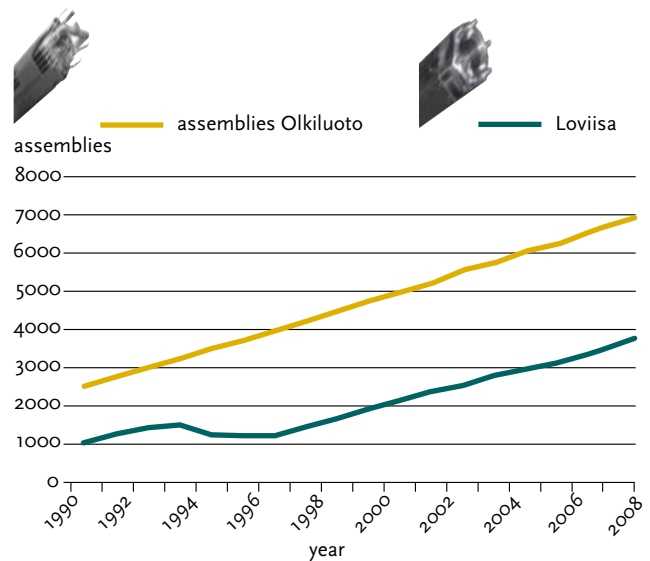
According to the Nuclear Power Act, the responsibility for nuclear waste management lies with the parties producing the waste, that is, the power generating companies. The responsibility of Teollisuuden Voima Oyj:n (TVO) and Fortum Power and Heat Oy (Fortum), the companies with the obligation of nuclear waste management, covers all related operations until the nuclear waste has been finally disposed of in a permanent manner. These companies have, through a mutual agreement, transferred all duties regarding the final disposal of spent nuclear fuel to Posiva Oy, a company they established in 1995. Posiva is responsible for the final disposal of its owners' spent fuel, as well as for the preceding research, development and planning work and the construction and decommissioning of the final disposal facility. According to the decision-in-principle ratified by Parliament in 2001, the spent nuclear fuel produced in the four current plant units of TVO and Fortum will be finally disposed of in Olkiluoto, Eurajoki. A further decision-in-principle was made in 2002 regarding the construction of the final disposal facility in expanded form so that it would also accommodate the spent fuel from the new plant unit currently under construction (Olkiluoto 3). The currently valid decisions-in-principle allow the final disposal of a maximum of 6,500 uranium tons of spent nuclear fuel.

During the year, Posiva submitted an application for a decision-in-principle to the Government regarding the expansion of the final disposal facility to accommodate the spent fuel from the possible Olkiluoto 4 unit, a total of 9,000 uranium tons. In addition, Posiva has in its EIA procedure prepared for the eventuality of further accommodating the spent fuel from the possible Loviisa 3 unit. In such a case, the total capacity of the final disposal facility would be 12,000 uranium tons.

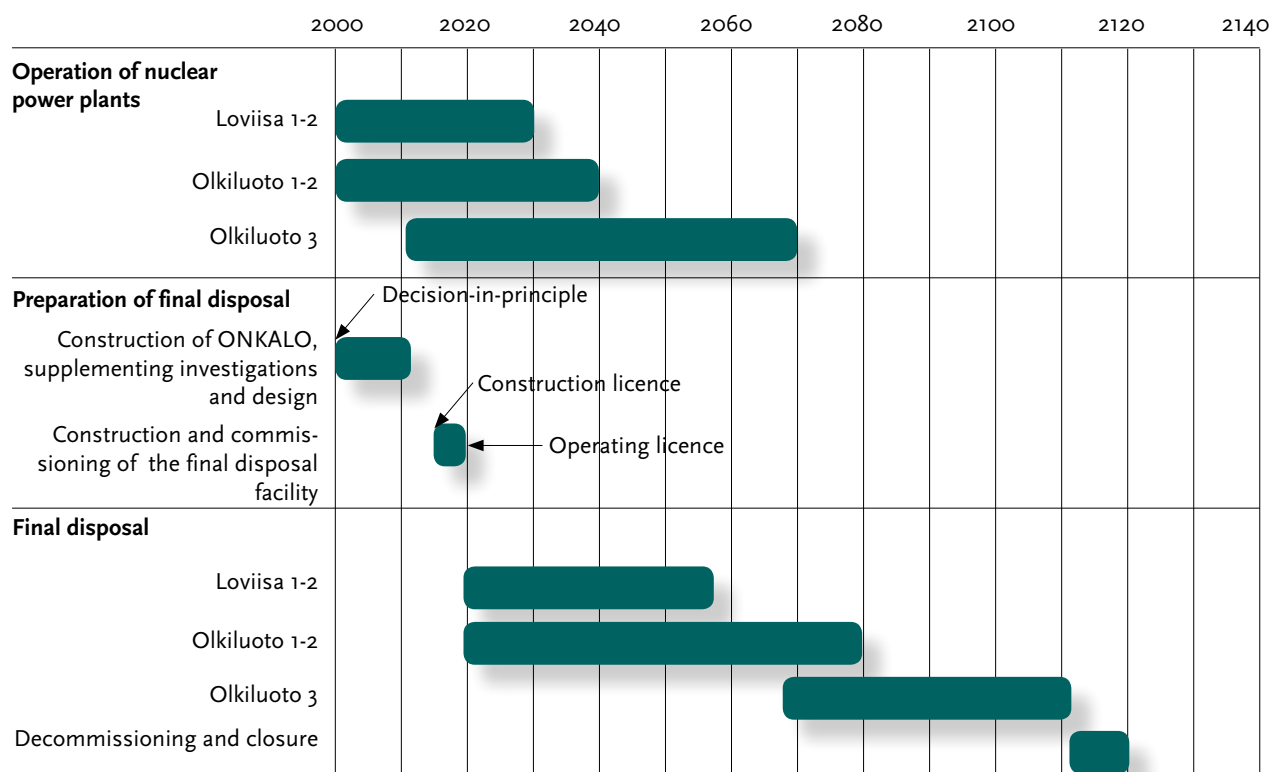
In practice, the preparations for the final disposal facility progress so that the preliminary reports and plans required for the construction licence of the final disposal facility must be submitted during 2009. The final reports and plans must be available at the time the of submitting the application for the construction licence by the end

of 2012. The final disposal operations are scheduled to commence in 2020. Before that, the temporary storage of spent fuel takes place on the power plant sites. At the end of 2008, 1,220 uranium tons of spent nuclear fuel had been placed in interim storage at the nuclear power plant in Olkiluoto, and 452 uranium tons at the nuclear power plant in Loviisa.

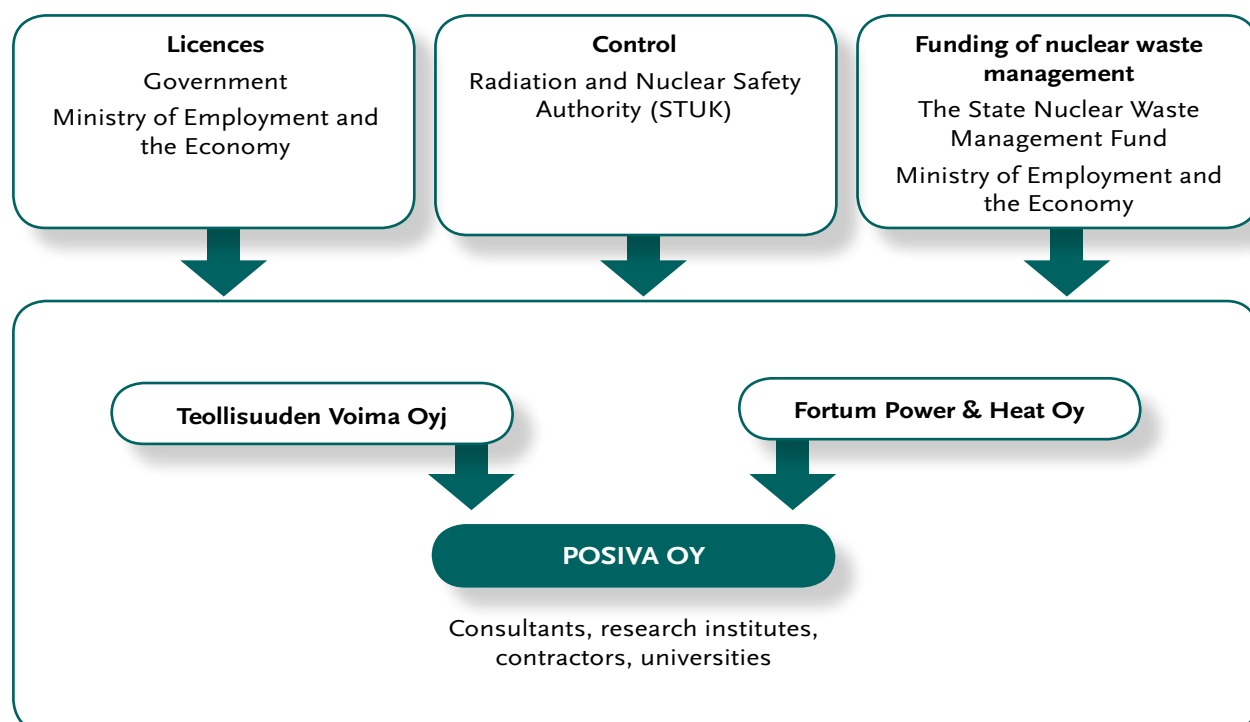
QUANTITY OF SPENT FUEL



OVERALL SCHEDULE OF FINAL DIPOSAL



ORGANISATION OF NUCLEAR WASTE MANAGEMENT



President's review

The interest in building new nuclear power has further increased in Finland and other countries during 2008. This is clearly evidenced by the new nuclear power plant projects of Posiva's owners. In April 2008, Teollisuuden Voima Oyj submitted an application for a decision-in-principle regarding the Olkiluoto 4 unit, and Fortum Oyj submitted an corresponding application for the Loviisa 3 unit in February 2009.

For Posiva, the new projects planned by TVO and Fortum mean that the company has to prepare to dispose of the spent nuclear fuel from these new power plant units. Consequently, Posiva submitted its application for a decision-in-principle regarding the final disposal of spent nuclear fuel from the Olkiluoto 4 unit in April 2008. The EIA procedure required for the final disposal of spent fuel from the Loviisa 3 unit was carried out during 2008, and the respective application for a decision-in-principle was submitted in March 2009.

Due to the nature of the EIA and decision-in-principle processes, a considerable investment of resources in communications and public relations has taken place. In particular, communications in Eurajoki and its neighbouring areas have been intensive and interactive. In its December 2008 meeting, the Eurajoki Municipal Council gave its unanimous statement in favour of Posiva's application for a decision-in-principle regarding the fuel of the Olkiluoto 4 unit.

The research, development and planning programme of final disposal has progressed in accordance with the target programme. The basic premise of the programme is to submit the application for the construction licence of the final disposal facility in 2012, and the progress will be verified in the intermediate evaluation to be carried out at the end of 2009. We have already moved on to verifying the developed concepts through technological demonstrations. The subjects of these demonstrations

include the manufacturing and inspection methods of copper canisters and tests on the properties of bentonite buffers.

The construction of ONKALO, the underground research facility, is a key prerequisite for implementing our programme. Work at the ONKALO site has already progressed to a depth of over 300 metres, and the quarrying work will progress during the current year towards the planned final disposal depth. The information gathered so far indicate that the models made of the bedrock properties in Olkiluoto are correct. At the same time, the construction work of ONKALO has provided invaluable experience on the particular features of underground construction work from the final disposal point of view.

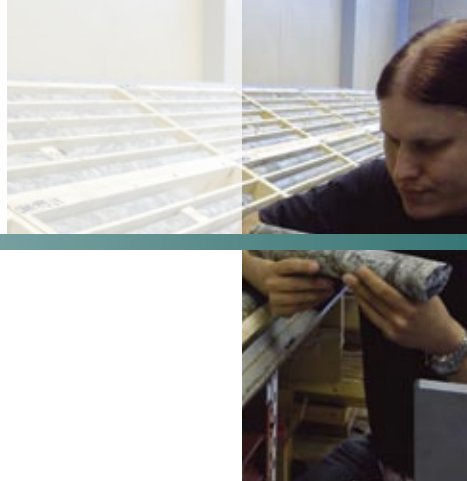
Since ONKALO is also intended to eventually form part of the completed disposal facility, the requirements pertaining to nuclear facilities are adhered to in its construction. The Radiation and Nuclear Safety Authority monitors our work rather closely, also seeking to ensure that the current operations will not create any obstacles for granting the construction licence of the disposal facility.

The development work carried out for many years on our management system reached a significant goal in December when it was granted ISO 9001 quality certification. This will contribute to ensuring the high standard of systematic management, direction and implementation of our operations.

There is increasing emphasis within the European Union on the target-conscious implementation of final disposal of spent fuel. We have every reason to state that in this respect, Posiva is showing the way to many other organisations. This would not be possible without a well-functioning network of nuclear waste management experts. I would like to extend my best thanks to all parties involved in our operations, both in-house and outside it.

March 2009
Eero Patrakka





Board of Directors' report

MAJOR EVENTS

In its planning, Posiva prepared to expand the disposal facility with regard to the new nuclear power plant units planned by its owners. In this context, Posiva submitted an application for a decision-in-principle in April 2008 to the Government, seeking a permission to expand the disposal facility to have a total capacity of 9,000 uranium tons. This would allow the final disposal of spent nuclear fuel from the Olkiluoto 4 plant unit in the Posiva facility. In addition, Posiva has prepared for the spent fuel from the Loviisa 3 unit planned by Fortum Power and Heat Oy. With this project, the total capacity of the disposal facility will increase to 12,000 uranium tons. The environmental impact assessment process regarding the expansion began early in the year, and the EIA report was submitted to the Ministry of Employment and the Economy in October.

With a view of the needs of possible new nuclear power plant units, the Olkiluoto investigation area is expanded to the eastern part of the island. Two new boreholes were drilled during 2008. They provided additional information on the fragmentation zones spanning across the island. Drilling in the eastern part of the island will continue in 2009.

The general goal of Posiva's research work is to reduce the uncertainties related to long-term safety and security, and to increase the knowledge and understanding of the behaviour of bentonite buffers in particular. B+Tech Oy, a new research laboratory concentrating on clay materials, has begun its operations with the support of Posiva. It will be a considerable addition to the resources in this field in Finland.

As the quarrying and construction work for ONKALO progresses, particular attention has been paid in plant design to matching ONKALO and the plant designs. The location of shafts connecting the above ground and underground parts of the facility were redesigned during 2008. This allows placing the buildings on the facility site closer to each other while also enhancing the efficient utilisation of underground construction space. During

the year, the ONKALO tunnel progressed to a depth of some 300 metres. The routing of the fourth tunnel loop leading downwards from that point was redesigned to better meet the needs of research and disposal facility construction work. The bedrock research and tests on final disposal techniques will be concentrated on the main research level at the depth of about 400 metres.

ONKALO

The quarrying work for the underground research facility ONKALO progressed by over 700 m. At the end of the year, the total length of the tunnel was 3,307 m. The quarrying work was slowed down during the last quarter of 2008 by the fact that it had to progress through fracture zone R20. The associated injection work was completed by the end of the year. The tunnel has reached a depth of over 300 m. The quality of quarried rock was solid as expected, with the exception of the structure zone that was known in advance. The vertical drilling for the 3.5 m diameter exhaust air shaft and the 4.5 m personnel shaft was completed to level -290 m. The preparations were completed for commencing the drilling for the third shaft. Electrical and HPAC installation work in ONKALO progressed by some 800 m. Both reached an average extent of 2,800 metres by the end of the year.

During the year, the layout plan for ONKALO was developed to better match the needs of research activities. The modifications included the routing of ONKALO below level -300 m and the omission of level -500 m. The location of research and testing facilities near level -400 was also revised.

The rock engineering implementation planning of ONKALO continued, both for the vehicle access tunnel and the shafts. The design work for electrical and HPAC installations also continued according to plans.

Construction work for the facilities above ground continued, including an expansion of the working and parking facilities with the necessary installation work. The second floor of the office building was also com-



pleted in early 2008. That provides another 20 places of work for the site. This, in turn, allowed more permanent site employees to move their places of work to the site.

RESEARCH AND INVESTIGATIONS

In line with international recommendations, the assessments regarding the long-term safety of final disposal will be based on the safety case, a compilation of all key information, experience and model calculation results relevant to the long-term behaviour of the final disposal system. The first draft of the safety case to be appended to the application for construction licence was produced in early 2005. The document has been reviewed and supplemented during 2008. Particular attention has been paid in this context to ensuring the quality of the safety

case, assessment of uncertainties and general management of work.

The general goal of studies has naturally been to reduce the uncertainties related to long-term safety and security, and significant additional efforts have in this regard been invested in increasing the knowledge and understanding of the behaviour of bentonite buffers. B+Tech Oy, a new research laboratory concentrating on clay materials, has begun its operations with the support of Posiva. It will be a considerable addition to the resources in this field in Finland. The laboratory currently employs about ten researchers.

The purpose of site studies in Olkiluoto is to provide further assurance for the current views on final disposal conditions. The construction of the underground research facility ONKALO has progressed to the final disposal depth, and a detailed plan has been drawn up



regarding the studies to be carried out at the final disposal depth during the coming years. Procedures will also be developed in conjunction with underground research for determining the location of actual disposal tunnels and disposal holes as economically as possible taking into account the prevailing circumstances.

With a view of the needs of possible new nuclear power plant units, we are in the progress of expanding the Olkiluoto survey area to the eastern part of the island. Two new boreholes were drilled during 2008. They provided additional information on the fragmentation zones spanning across the island. Drilling in the eastern part of the island will continue in 2009.

FINAL DISPOSAL TECHNOLOGY

The outline planning stage for the facility began in 2007. Its purpose is to produce a more detailed set of design material; scheduled for completion in 2009, it will be appended to the intermediate evaluation material for submission to public authorities. The current dimensioning of the disposal operations and facilities is based on 5,500 tU of spent fuel. In addition to the new existing plant units, it allows for the disposal of spent fuel produced by the new plant unit currently under construction. A provision has been made in the general plans for an increase in disposal capacity of spent fuel eventually required by the owners' possible new nuclear power plant projects. Preliminary plans have also been drawn up with the EIA procedure and application for a decision-in-principle in mind.

As the quarrying and construction work for ONKALO progresses, particular attention has been paid to matching ONKALO and the plant designs. The location of shafts connecting the above ground and underground parts of the facility were redesigned during 2008. This allows placing the buildings on the facility site closer to each other while also enhancing the efficient utilisation of underground construction space. It was also possible to design the tunnel ramp of ONKALO in an advantageous manner with regard to the rock conditions. The design of the plant site and its buildings have advanced to a outline planning.

Development work on the disposal canister manufacturing, sealing and inspection technology has been continued in close co-operation with the Swedish company SKB (Svensk Kärnbränslehantering Ab). The project for demonstrating the manufacture and testing of pilot

canisters was completed during 2008. Several pilot canisters were manufactured for the project. The results obtained regarding the sealing and manufacturing technologies show that the developed welding techniques allow producing results that fulfil the imposed acceptance criteria. The design work for bentonite buffers was advanced while piloting of the manufacturing technology continued.

A general plan was drawn up during 2008 regarding the large-scale tests and demonstrations required for the construction licence application. The plan also takes into account the needs of the post-application period when preparations are made for the construction and use of the final disposal facility.

INTERNATIONAL CO-OPERATION

The plans of Posiva in Finland and SKB in Sweden are based on similar final disposal solutions. The companies have joined forces for preparations of the final disposal: the co-operation agreement, originally signed in 2001 and renewed in 2006, practically covers the entire research, development and engineering work aimed at final disposal solutions.

Posiva is also participating in most of the research projects under the sixth and seventh framework programmes of the EU regarding nuclear waste repositories in crystalline bedrock. During 2008, Posiva and SKB have jointly sought to actively develop the plan of European technology co-operation in final disposal, presented in the CARD project under the sixth framework programme. If everything goes according to plan, the work of this community will begin in 2009.

Posiva has bilateral co-operation agreements with similar facilitator or research organisations in several countries. During recent years, contacts with Japanese counterparts have been particularly active.





CORPORATE SOCIAL RESPONSIBILITY AND COMMUNICATIONS

In 2008, much of Posiva's public communications were channelled through the EIA process. The views and suggestions of various interest groups regarding the contents and implementation of the assessment procedure were collected by the EIA audit group consisting of, among others, the representatives of Eurajoki, its neighbouring municipalities, different NGOs and public sector organisations. The audit group convened twice. Posiva and the Ministry of Employment and the Economy jointly organised public meetings at the Eurajoki Municipal Hall during the EIA procedure and after the completion of the EIA report. In addition, Posiva organised a meeting of the residents of Olkiluoto and its neighbouring areas for discussing the EIA procedure.

In addition to the EIA procedure, the topics of communication during the year included the submission of

the application for a decision-in-principle regarding the expansion of the final disposal facility to the Government, the geophysical air surveys carried out in the surroundings of Olkiluoto and Eurajoki, and the deep seismic surveys. Posiva's research activities, and in particular the bedrock drilling results, were presented to the residents of Olkiluoto in a separate meeting. The Posiva Tutkii (Posiva Researches) supplement published on five occasions with the Uusi Rauma and Satakunnan Viikko newspapers has constituted a major communication channel in the Satakunta area.

Co-operation with the 7th and 8th grade students of Eurajoki Secondary School continued. In addition, an interactive presentation of Posiva's EIA procedure was given to the second-year students at the Eurajoki Upper Secondary School as the theme of the traditional Geo Day.

In September, Posiva and TVO organised an open house event. Posiva's operations were also presented to



local audiences in conjunction with market place events at Eurajoki.

The group coordinating co-operation between the Municipality of Eurajoki and Posiva convened twice. The topics of its meetings included topical issues for information, Posiva's EIA and decision-in-principle procedures, the construction of ONKALO, site surveys in Olkiluoto and matters related to the Vuojoki Mansion. Posiva-related issues have also been regularly discussed in the co-operation committee of TVO and the neighbouring municipalities.

The visitors' centre in Olkiluoto had some 20,000 visitors during the year. The scientific exhibition entitled "Electricity from Uranium", organised at the visitors' centre, includes a section presenting the final disposal of spent nuclear fuel. In addition, 33 groups of visitors, consisting of a total of 529 persons, visited the ONKALO construction site.

ENVIRONMENTAL IMPACT MANAGEMENT

Environmental matters are managed in line with Posiva's management system and annual environmental program. The management system covers the requirements of the international standard on environmental systems. Posiva's environmental aspects have been assessed annually, and the most significant points in 2008 were to do with the construction of ONKALO and field operations.

The quarrying work in ONKALO produced some 33,000 m³ of rock waste, most of which was used for building works in the area. A total of some 33,000 m³ of water was used in constructing the tunnel. The average rate of water seepage in ONKALO was approximately 20 l/min. The waters pumped from the tunnel were first led to sedimentation and oil separation and then to the sea via an open ditch. The quality of water was regularly monitored.

The purpose of the environmental program is to mitigate the negative environmental impacts possibly caused by the company's operations. The actions carried out as part of the 2008 program included development of ONKALO's waste management and preparations for incidents. The previous summer's investigation trenches was landscaped with plants. Two further investigation trenches and a drilling location (2 holes) were planned and executed with minimal environmental impacts.

MANAGEMENT SYSTEM

Posiva's management system consists of manuals providing an overview of Posiva's operations as well as of supplementary descriptions, codes of practice and instructions. The purpose of the management system is to ensure that Posiva's final disposal facility meets the relevant safety requirements and that Posiva's operations are timely and cost effective.

During spring 2008, the Radiation and Nuclear Safety Authority audited Posiva's management system with the help of an external expert. The key elements of the management system were updated in the course of the summer as a result of the changes in organisation and job descriptions that took effect on 1 June 2008.

The management system's potential eligibility for certification was assessed during the second half of 2008. The self-assessment of operations was also started at Posiva at that time. In early December, Det Norske Veritas assessed the operations management system and granted on 15 December 2008 Posiva a quality certificate according to ISO 9001:2000. The certificate covers Posiva's operations as a specialist organisation responsible for the research, development and planning related to the final disposal of its owners' spent nuclear fuel, as well as for the construction of disposal facilities.

At the end of the year, the operations manual was updated following remarks made by the Radiation and Nuclear Safety Authority, issues raised in self-assessments and audits and changes in legislation.

RISK MANAGEMENT

The company's general risk management was carried out in line with the guidelines included in the management system. In June 2008, the responsibility for risk management was transferred to the safety unit.



ADMINISTRATIVE BODIES

BOARD OF DIRECTORS

Teollisuuden Voima Oyj

Pertti Simola, Chairman (until 30 June 2008)

Jarmo Tanhua, Chairman (from 1 July 2008)

Veijo Ryhänen

Fortum Power and Heat Oy

Pekka Leskelä

Arvo Vuorenmaa

Jyrki Javanainen, Secretary

Eero Patrakka, the President of Posiva Oy, has attended the Board meetings.

The Board of Directors convened 6 times.

PRESIDENT

Eero Patrakka

MANAGEMENT GROUP

Chairman Eero Patrakka

Members

Pertti Huovinen, Vice President, Project

Markku Kettunen, Vice President, Administration (until 31 May 2008)

Juhani Vira, Vice President, Research

Timo Äikäs, Vice President, Engineering

Secretary

Timo Seppälä, Senior Manager, Communications

The Management group convened 14 times.

WORKING COMMITTEES APPOINTED BY BOARD

Technical Committee

Teollisuuden Voima Oyj

Jari Tuunanen, Chairman (until 14 February 2008)

Erkki Mutttilainen, Member (until 15 April 2008),

Chairman (15 April 2008 – 17 June 2008)

Mikko Kosonen, Chairman (from 17 June 2008)

Pekka Pyy (from 17 June 2008)

Juha Riihimäki (from 17 June 2008)

Fortum Power and Heat Oy

Ilpo Kallonen

Jyrki Kohopää

Jari Tuunanen (from 17 June 2008)

Posiva

Juhani Vira

Timo Äikäs

Pertti Huovinen (from 17 June 2008)

Kimmo Lehto, Committee Secretary, non-Member

The Committee convened 6 times.

Financial Committee

Teollisuuden Voima Oyj

Klaus Luotonen

Veijo Ryhänen

Timo Palomäki (from 17 June 2008)

Fortum Power and Heat Oy

Tiina Tuomela, Chairman

Sami Hautakangas

Mikko Huopalainen (from 17 June 2008)

Posiva

Eero Patrakka

Markku Kettunen (until 31 May 2008)

Anja Smeekes (from 17 June 2008)

Jussi Palmu, Secretary

The Committee convened 5 times.

Construction Committee (until 11 April 2008)

Teollisuuden Voima Oyj

Rauno Mokka, Chairman

Juha Riihimäki

Fortum Power and Heat Oy

Kauko Silventoinen

Gustav Wallén

Posiva

Pertti Huovinen

Hannu Tuulasvaara, Secretary

The Committee convened once.

AUDITORS

KHT Eero Suomela, nominated by PricewaterhouseCoopers Oy

KHT Robert Kajander, nominated by Deloitte & Touche Oy

OWNERSHIP AND GROUP STRUCTURE

Posiva Oy belongs to the TVO sub-Group of the PVO Group. The parent company of PVO Group is Pohjolan Voima Oy whose domicile is Helsinki. The parent company of TVO Group is Teollisuuden Voima Oyj (TVO) whose domicile is Helsinki.

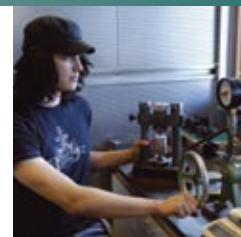
Posiva's shareholders are Teollisuuden Voima Oyj (60%) and Fortum Power and Heat Oy (40%). The company has 10,000 shares.



Board of Directors, from left to right: Eero Patrakka, Pekka Leskelä, Veijo Ryhänen, Jyrki Javanainen (standing), Arvo Vuorenmaa and Jarmo Tanhua (sitting).



Management Team, from left to right: Juhani Vira, Pertti Huovinen, Timo Seppälä, Eero Patrakka, Markku Friberg, Timo Äikäs.



PERSONNEL

At the end of the year, Posiva had 83 employees (81 in 2007). During the year, Posiva employed an average of 84 (81) persons, some of them with a fixed-term contract and some doing summer jobs. During the year, the company recruited 9 (12) new permanent employees, mainly to specialist positions related to nuclear waste management. Four (also four in 2007) persons left the company, one of them due to retirement.

The HR-related key indicators were monitored in the HR Report, and the well-being of personnel was measured in a survey carried out with the Finnish Institute of Occupational Health, now for the sixth time. The focus area of HR development and training are management training, issues related to public authorities, licensing, industrial safety and rescue operations. The implementation of the annual training programme was monitored by the Training Team. In conjunction with the organisational restructuring on 1 June 2008, the former Project Department was reorganised as a Construction Department, and the Administration Department became Auxiliary Staff Organisation.

OFFICES

Posiva has offices in Eurajoki at Olkiluoto and at the Vuojoki Mansion. In Olkiluoto, there are Posiva employees working at the central office and at the ONKALO construction site. The second floor of the office building at the ONKALO construction site was completed and put to use in spring 2008.

ECONOMY AND FINANCE

Posiva's shareholders bear the cost related to its main line of business, i.e. management of spent nuclear fuel from the Olkiluoto and Loviisa power plants as well as the research and development necessitated by it. Charges made by the company account for most of its revenues. In addition, the company carries out minor assignments for its owners and external customers.

The company's sales amounted to EUR 55.4 (46.6) million, of which the main line of business accounted for EUR 55.0 (46.1) million. Sales have increased as a result of an expansion of the main line of business.

Posiva attends to the nuclear waste management tasks stipulated in the Nuclear Energy Act on behalf of the power generation companies, its owners. Consequently, the company charges the annual costs arising from this,

including the acquisition cost of property, plant and equipment. Since the nuclear waste management costs will not accrue income in the future for the companies with waste management obligation, nor for Posiva, Posiva's nuclear waste management costs have been deducted in total as annual costs, even the acquisition cost of property, plant and equipment. The companies with waste management obligation make provisions for the cost of nuclear waste management by paying annual nuclear waste management fees to the Government's Nuclear Waste Management Fund.

EXTENT OF RESEARCH AND DEVELOPMENT ACTIVITIES

Posiva's current activities mainly consist of extensive research and development work aimed at establishing the prerequisites of final disposal. In 2008, a total of some EUR 43.1 (36.8) million was used for R&D, accounting for 78% (79%) of sales. The research and development activities encompass, besides ONKALO, also surveys above ground, development of encapsulation technology and planning/design of the final disposal facility.

KEY INDICATORS

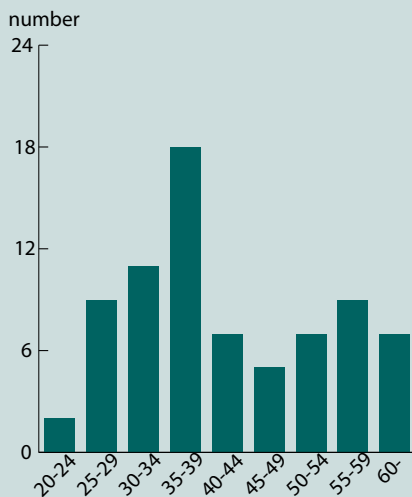
Due to the company's principle of operations, the presentation of key financial indicators is not meaningful for illustrating the company's financial position or financial performance. The financial statements do not show a profit or a loss.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

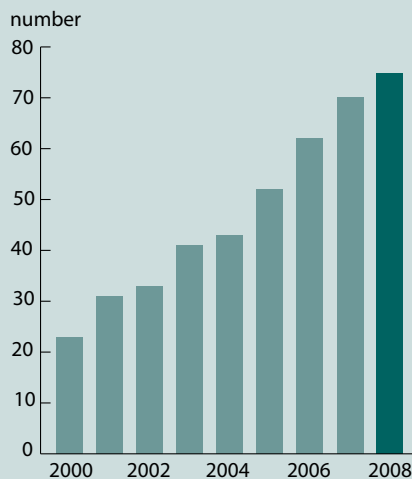
The actual final disposal of spent nuclear fuel will not commence for more than ten years yet. Posiva has drawn up a programme of operations, approved by public authorities, that will guide the steps towards actual final disposal of spent fuel. Licences stipulated in the Nuclear Energy Act are required for the construction and operation of a final disposal facility. So far, Posiva's final disposal programme has progressed as planned and achieved the set targets.



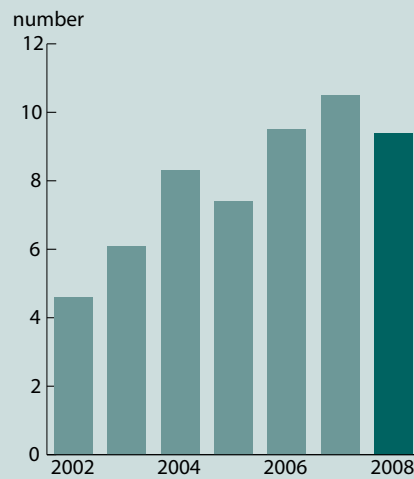
AGE STRUCTURE AT POSIVA



NUMBER OF EMPLOYEES



NUMBER OF TRAINING DAYS PER PERSON



EVENTS AFTER THE END OF THE FINANCIAL PERIOD

No events having an impact on business developments have taken place after the end of the financial period.

ASSESSMENT OF PROBABLE FUTURE DEVELOPMENTS

The company's operations are expected to continue during the current financial period primarily as in the previ-

ous year. Sales are expected to increase somewhat compared with the previous financial period.

DISTRIBUTION OF PROFIT

The company does not have any unrestricted equity which is why no dividends can be distributed.

Financial Statements

INCOME STATEMENT

	1.1. - 31.12.2008	1.1. - 31.12.2007
Turnover	55,389,339.53	46,613,465.57
Other operating income	121,087.09	275,273.88
Personnel expenses	-5,240,048.03	-4,798,417.64
Depreciation	-438,164.96	-450,959.21
Other expenses	-49,900,374.44	-41,660,389.70
Profit/loss from operations	-68,160.81	-21,027.10
Financial income and expenses	73,224.74	30,339.95
Profit (loss) before extraordinary items	5,063.93	9,312.85
Extraordinary items +/-	0.00	-1,407.14
Profit (loss) before appropriations and taxes	5,063.93	7,905.71
Income taxes	-5,063.93	-7,905.71
Profit (loss) for the financial year	0.00	0.00

BALANCE SHEET

ASSETS	31.12.2008		31.12.2007	
Non-current assets				
Intangible assets				
Intangible rights	4,914.04		5,995.37	
Other non-current expenditure	1,969,977.32	1,974,891.36	2,283,837.55	2,289,832.92
Tangible assets				
Buildings	95,849.92		99,843.67	
Machinery and equipment	348,267.75	444,117.67	363,664.25	463,507.92
Investments				
Other shares and holdings	201,871.50		153,031.50	
Other loan receivables	5,178,801.51	5,380,673.01	5,476,772.90	5,629,804.40
Total	7,799,682.04		8,383,145.24	
Current assets				
Current receivables				
Receivables from Group companies	2,476.42		0.00	
Trade receivables	285,822.29		268,285.03	
Loan receivables	297,971.40		297,971.39	
Other receivables	124,736.20		148,331.54	
Prepayments and accrued income	1,213,365.91	1,924,372.22	1,131,785.30	1,846,373.26
Cash and cash equivalents		11,397,929.46		8,511,907.95
Total		13,322,301.68		10,358,281.21
Total Assets		21,121,983.72		18,741,426.45
EQUITY AND LIABILITIES				
Equity				
Share capital	1,682,000.00		1,682,000.00	
Retained earnings (loss)	0.00		0.00	
Profit (loss) for the financial year	0.00	1,682,000.00	0.00	1,682,000.00
Liabilities				
Non-current liabilities				
Liabilities to Group companies	4,610,100.90		4,413,574.80	
Other non-current liabilities	2,821,140.58	7,431,241.48	2,679,757.00	7,093,331.80
Current liabilities				
Advances received	77,732.91		47,987.00	
Trade payables	6,088,843.22		5,665,981.64	
Liabilities to Group companies	792,881.01		332,991.70	
Other current liabilities	421,686.11		517,868.76	
Accruals and deferred income	4,627,598.99	12,008,742.24	3,401,265.55	9,966,094.65
Total equity and liabilities		21,121,983.72		18,741,426.45

CASH FLOW STATEMENT

1 000 €	2008	2007
Operating activities:		
Profit (loss) from operations	-68	-21
Adjustments to profit (loss) from operations 1)	438	451
Change in working capital 2)	1,875	401
Interest received	392	299
Interest paid	-317	-269
Taxes paid	-7	-12
Cash flow from operating activities	2,313	849
Investing activities:		
Acquisition of intangible and tangible assets	-104	-785
Divestment of shares	0	1
Acquisition of shares	-49	-128
Withdrawals of loans granted	298	291
Cash flow from investing activities	145	-622
Financing activities:		
Withdrawals of long-term loans	1,011	221
Repayment of long-term loans	-583	-498
Cash flow from financing activities	428	-277
Change in financial assets	2,886	-50
Financial assets January 1	8,512	8,562
Financial assets December 31	11,398	8,512
1) Adjustments to profit (loss) from operations		
Depreciation and write-downs	438	451
Total	438	451
2) Change in working capital		
Increase (-) or decrease (+) in non-interest-bearing receivables	-76	128
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	1,951	273
Total	1,875	401

NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2008

ACCOUNTING PRINCIPLES

Measurement principles and methods, and accrual principles and methods

Measurement of non-current assets

Intangible rights, other non-current expenditure as well as property, plant and equipment are capitalised at immediate acquisition cost less depreciation/amortisation according to plan. The depreciation/amortisation according to plan equals the maximum amounts allowed by the Finnish Business Tax Act.

The acquisition cost of property, plant and equipment acquired for nuclear waste management prescribed by the Nuclear Energy Act have been deducted in their totality as annual costs because the nuclear waste management costs will not accrue income in the future for the companies with the waste management obligation, nor for Posiva.

The depreciation/amortisation periods for other non-current assets are as follows:

Intangible rights	Straight-line depreciation over 10 years
Other non-current expenditure	Straight-line depreciation over 10 years
Computer software	Straight-line depreciation over 5 years
Property, plant and equipment	Reducing balance depreciation at 25%

Research and development costs

The research and development costs have been recognised as annual costs during the year they were incurred.

Parent company

Posiva Oy belongs to the TVO sub-Group of the Pohjolan Voima Group.

The parent company of Pohjolan Voima Group is Pohjolan Voima Oy whose domicile is Helsinki.

The parent company of TVO Group is Teollisuuden Voima Oyj (TVO) whose domicile is Helsinki.

The consolidated financial statements of Pohjolan Voima Group are available for viewing in the main office of Pohjolan Voima Group at Töölönkatu 4, 00100 Helsinki.

The consolidated financial statements of TVO Group can be viewed in the office of TVO Group at Töölönkatu 4, 00100 Helsinki.

NOTES TO INCOME STATEMENT

	2008	2007
1. Turnover		
Income, main line of business	54,958,470.44	46,100,000.00
Income, auxiliary line of business, shareholders	8,311.97	24,258.59
Income, auxiliary line of business, other companies	422,557.12	489,206.98
Total	55,389,339.53	46,613,465.57
2. Other operating income		
Rental income	53,086.87	68,638.36
Subsidies received	64,484.12	200,390.73
Other income	3,516.10	6,244.79
Total	121,087.09	275,273.88
3. Notes concerning of personnel		
Average number of personnel	84	81
Number of employees on 31.12.	83	81
Personnel expenses		
Wages and salaries	4,307,826.40	3,912,369.18
Pension expenses	714,196.32	655,911.56
Other compulsory personnel expenses	218,025.31	230,136.90
Total	5,240,048.03	4,798,417.64
4. Depreciation		
Depreciation plan		
Planned depreciation is the maximum depreciation under Business Tax Act.		
Planned depreciation		
On intangible rights	1,081.33	1,732.77
On other long-term expenditure	317,281.05	324,125.34
On buildings	3,993.75	4,160.16
On machinery and equipment	115,808.83	120,940.94
Total	438,164.96	450,959.21

NOTES TO INCOME STATEMENT

	2008	2007
5. Other expenses		
Rents	2,741,637.56	2,642,259.75
Group services	4,090,525.73	3,730,862.91
Research services	22,479,554.58	20,602,204.57
Onkalo	15,294,848.27	11,155,381.42
Other expenses	5,293,808.30	3,529,681.05
Total	49,900,374.44	41,660,389.70
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	15,264,509.39	13,590,371.98
Auditors' fees		
Audit fees	12,000.00	12,755.73
Auditors' statements	940.00	0.00
Tax consulting	0.00	1,100.00
Total	12,940.00	13,855.73
6. Financial income and expenses		
Interest income and other financial income		
Interest income from long-term investments	144,368.62	151,636.20
Other interest and financial income	247,990.65	145,664.35
Total	392,359.27	297,300.55
Interest and other financial expenses		
To Group companies	195,646.45	165,119.81
To others	123,488.08	101,840.79
Total	319,134.53	266,960.60
Total financial income and expenses	73,224.74	30,339.95

NOTES TO INCOME STATEMENT

7. Non-current assets	Intangible rights	Other non-current expenditure	Intangible assets total
Intangible assets			
Acquisition cost 1.1.2008	34,894.91	3,256,758.32	3,291,653.23
Increase	0.00	3,420.82	3,420.82
Acquisition cost 31.12.2008	34,894.91	3,260,179.14	3,295,074.05
Accumulated planned depreciation 1.1	28,899.54	972,920.77	1,001,820.31
Planned depreciation	1,081.33	317,281.05	318,362.38
Book value 31.12.2008	4,914.04	1,969,977.32	1,974,891.36
	Buildings and construction	Machinery and equipment	Tangible assets total
Tangible assets			
Acquisition cost 1.1.2008	138,183.20	814,253.19	952,436.39
Increase	0.00	116,240.69	116,240.69
Decrease	0.00	-37,519.06	-37,519.06
Acquisition cost 31.12.2008	138,183.20	892,974.82	1,031,158.02
Accumulated planned depreciation 1.1	38,339.53	450,588.94	488,928.47
Accumulated depreciation on decrease	0.00	-21,690.70	-21,690.70
Planned depreciation	3,993.75	115,808.83	119,802.58
Book value 31.12.2008	95,849.92	348,267.75	444,117.67
Investments	2008		2007
Other shares and holdings	201,871.50		153,031.50
Other loan receivables	5,178,801.51		5,476,772.90
Total	5,380,673.01		5,629,804.40

NOTES TO INCOME STATEMENT

	2008	2007
8. Prepayments and accrued income		
Rental cost advance	1,105,850.00	884,680.00
Other deferred income	100,585.00	57,750.55
Other prepaid expenses	6,930.91	337,686.29
Total	1,213,365.91	1,280,116.84
9. Liabilities to Group companies		
Non-current liabilities	4,610,100.90	4,413,574.80
Current liabilities		
Advances received	216,933.16	0.00
Trade payables	0.00	976.00
Other payables	362,773.90	311,340.39
Accruals and deferred income	213,173.95	20,675.31
Total	792,881.01	332,991.70
Total	5,402,981.91	4,746,566.50
10. Accruals and deferred income		
Accrued interests	1,347.29	683.87
Accrued wages and salaries	1,197,186.33	1,148,668.42
Estimate of expenses not yet charged	3,429,065.37	2,251,913.26
Total	4,627,598.99	3,401,265.55
11. Debts falling due in more than five years	6,111,343.52	6,111,967.69
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		
Rent liabilities falling due in less than a year	442,334.24	442,334.24
Rent liabilities falling due in later	6,192,679.36	6,635,013.60
Total	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 336 901,00 € in 2008 (307 447,09 € in 2007).

DATE AND SIGNATURES OF FINANCIAL REPORTS AND ANNUAL REPORT

Helsinki, 2 March 2009



Jarmo Tanhua, Chairman



Pekka Leskelä



Veijo Ryhänen



Arvo Vuorenmaa



Eero Patrakka, President

AUDITOR'S REPORT

To Posiva Oy's Annual General Meeting

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 2008. The financial statements include the balance sheet, income statement, funds statement and the notes to the financial statements.

The responsibilities of the Board of Directors and the President

The Board of Directors and the President are responsible for drawing up the financial statements and annual report as well as for giving correct and necessary information that is in accordance with Finnish regulations and legislation governing the preparation of financial statements. The Board of Directors is responsible for organising proper monitoring of accounting and financial management. The President is responsible for ensuring that accounts are in compliance with legislation and that financial management has been organised in a reliable manner.

The responsibilities of the Auditor

The Auditor must perform the audit in compliance with good auditing practices and make a statement on the financial statements and the annual report. Good auditing practices require following a professional code of conduct and planning and performing the audit in a way that ensures that the financial statements or the annual report do not contain errors and that the members of the Board of Directors and the President have acted in compliance with the Companies' Act.

The purpose of the audit is to check the validity of the figures and other information presented in the financial statement and the annual report. The Auditor evaluates the risk of the financial statements having material defects due to an error or malpractice and chooses the necessary actions. When planning the necessary auditing actions, how to evaluate the internal monitoring of drawing up and presenting the financial statements should also be considered. In addition, the general presentation of the financial statements and the annual report, the principles followed in drawing up the financial statements, and estimates applied by the Board of Directors when drawing up the financial statements are evaluated.

The audit has been performed in compliance 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.

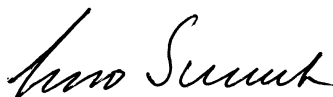
Statement

We therefore state that 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 Finnish regulations and legislation governing the preparation of financial statements and the annual report. The annual report is consistent with the financial statements.

We recommend that the members of the Board of Directors as well as the President be discharged from liability for the financial year audited by us.

In Helsinki on 18 March 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants



Eero Suomela
CPA

P.O. Box 1015 (Itämerentori 2), 00101 Helsinki
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Deloitte & Touche Oy
Authorised Public Accountants



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