



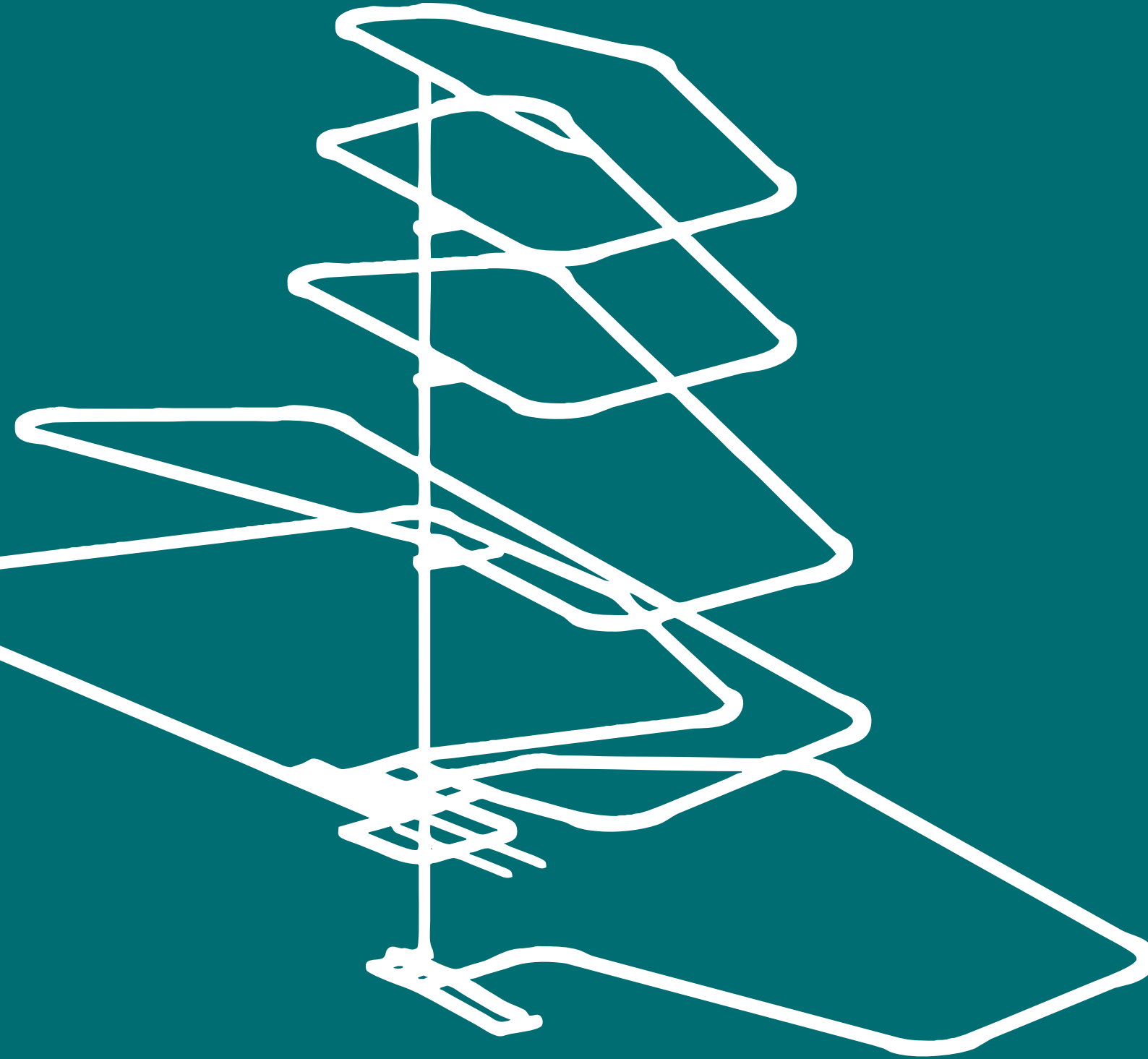




Photo: Jussi Mattila

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President's review

The final disposal project in Finland is progressing in accordance with the long-term plans. The year under review saw the start of a new phase that has been many years in preparation: we started construction work on the ONKALO underground rock characterisation facility at Olkiluoto in the municipality of Eurajoki.

Local works carried out at the construction site preceded excavation of the access tunnel leading to ONKALO. Work started in late September on excavating the access tunnel leading to a depth of 500 metres below ground and by year-end 2004 around 150 metres of the tunnel had been constructed. In 2008, the tunnel is expected to be four kilometres long and to extend to a depth of roughly 400 metres. ONKALO will thus pave the way for more detailed characterisations of the bedrock in Olkiluoto at a depth at which work on construction of the final repository tunnels will commence during the next

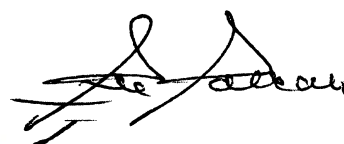
decade. Since ONKALO might in time be used as part of the final disposal facility, the Radiation and Nuclear Safety Authority (STUK) is closely tracking progress with the construction of ONKALO.

Besides the construction of ONKALO and the research to be carried out there, Posiva is also preparing to submit an application in 2012 to build the final disposal facility. We are developing spent fuel encapsulation and final disposal technology to best suit the conditions prevailing deep in the Olkiluoto bedrock. We are working in collaboration with Swedish nuclear waste management company SKB to develop technical solutions for construction work in the next decade.

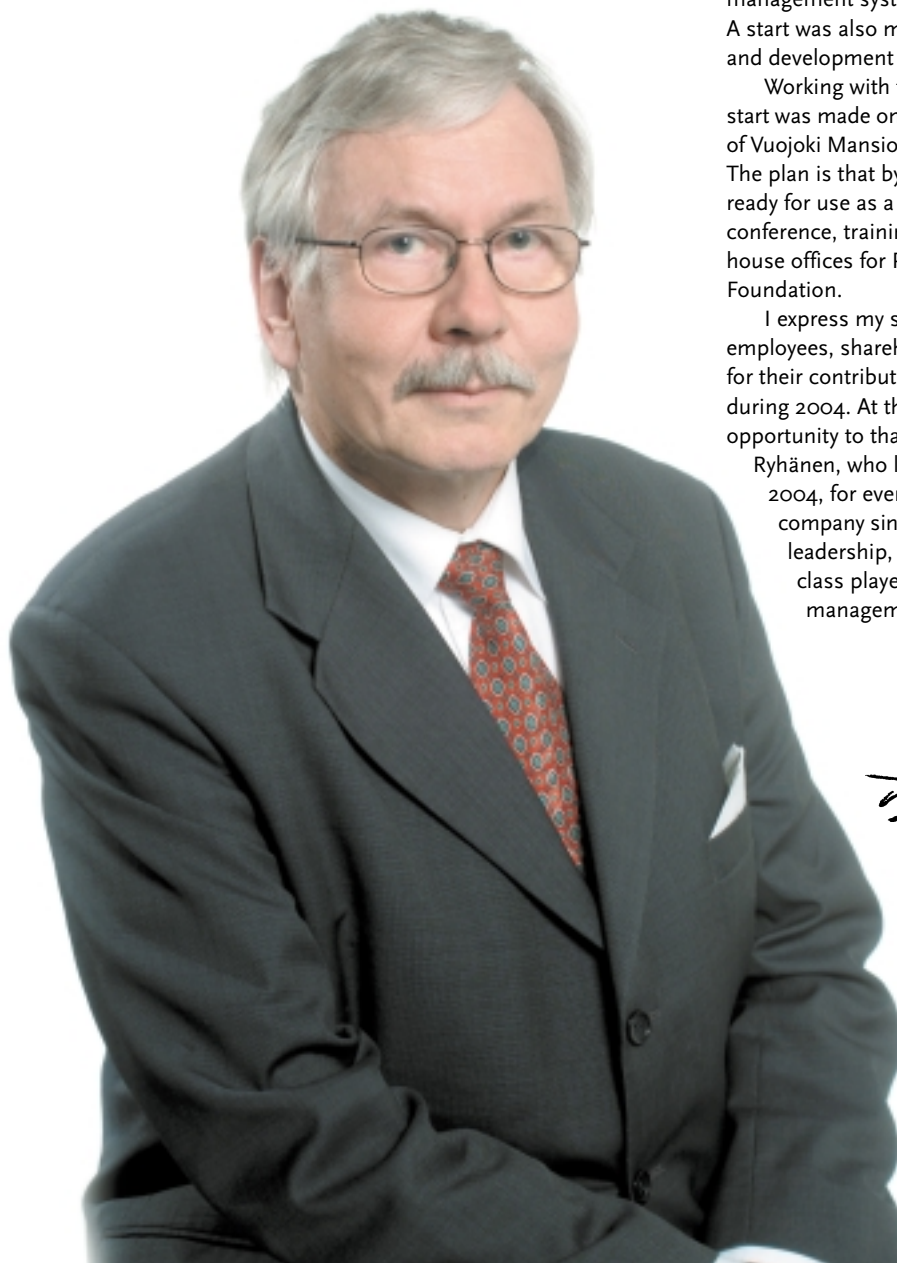
Two long-term agreements signed with Teollisuuden Voima Oy enhance Posiva's business conditions at Olkiluoto. One agreement leased the land area required by Posiva on the island of Olkiluoto, the other covered the joint use of services and the built infrastructure at Olkiluoto. Otherwise actions to develop the company's operations continued. The company's quality management system was broadened into an activity-based management system with process descriptions. A start was also made on an employee training and development programme.

Working with the municipality of Eurajoki, a start was made on the renovation and conversion of Vuojoki Mansion, rented from the municipality. The plan is that by autumn 2005, the mansion is ready for use as a multi-activity centre, housing conference, training and banqueting rooms and house offices for Posiva and the Vuojoki Foundation.

I express my sincere thanks to Posiva's employees, shareholders and numerous partners for their contribution to the solid progress made during 2004. At the same time, I take this opportunity to thank managing director Veijo Ryhänen, who left the company at the end of 2004, for everything he has done for the company since it was established. Under his leadership, Posiva has grown into a world-class player in the nuclear waste management arena.



Eero Patrakka



Company operations

RESEARCH

OVERVIEW

Site investigations ensuring the safety of Olkiluoto comprise research in many different fields. The research findings must be integrated to provide the baseline information on which to assess development of the final disposal solution, facility planning and safety. To this end, Posiva set up the VARTU programme in the beginning 2004.

VARTU aims at interlocking research work in the best possible way to implement ONKALO to serve the further planning of ONKALO in real-time, development of the final disposal solution and technical planning. A special interpretation and modelling team, OMTF (Olkiluoto Modelling Task Force), has been set up under the aegis of the VARTU programme. OMTF seeks to integrate the results of the various fields of research and to produce a shared view of the final disposal site. OMTF coordinates the geological studies, groundwater flow and rock mechanics modelling for ONKALO. The research results will serve not only the implementation of ONKALO, but also R&D

and the assessment of long-term safety. Research results obtained from ONKALO together with other site information will complement existing modelling. The bases and aims of integrating the research results are described in the underground characterisation and research programme (UCRP).

Most progress has been made with integrating hydrology and geochemistry results. A logical description in line with site knowledge has been made of the course of paleohydrological and paleochemical development on the island of Olkiluoto.

In 2004, Posiva set up its own international advisory group, INAGO (International Advisory Group for Olkiluoto Investigations), to assess the activities of the VARTU programme. The group's six members come from different fields of research and represent waste management organisations from five different countries. INAGO met twice during 2004.

The Radiation and Nuclear Safety Authority (STUK) set up an international assessment group which presented its evaluation of Posiva's 2003 research, development and planning programme. STUK has prepared a list of open questions based on this evaluation. The issues list is to be considered at meetings held twice a year.



SITE INVESTIGATIONS AT OLKILUOTO

Early 2004 saw the drilling of the first pilot borehole, around 160 metres in length, of the planned tunnel profile. The pilot borehole was to confirm the results of earlier studies made along the tunnel route and to give preliminary information to the ONKALO grouting and reinforcement engineers. A second 122 m long pilot borehole was drilled in ONKALO towards the end of the year.

In connection with quarrying, a start was made in summer 2004 on a geological survey of the surfaces excavated. As excavation progressed in the tunnel, studies continued with research to predict the geological features of the tunnel either on the basis of the existing model and other research data or on the information obtained from the pilot borehole. Over 2,500 square metres of tunnel were mapped over a distance of some 150 metres.

During 2004, the geology of Olkiluoto was studied from the surface by means of outcrop mapping, investigation trenches and drilling. Research sought to ascertain the geological structures in the Olkiluoto area, to specify the existing bedrock model and to improve geological predictability. Geological mapping of outcrops focused on the eastern part of Olkiluoto island.

Four new investigation trenches of some 1,200 metres in length were made in the Olkiluoto research area. Additionally, five new deep boreholes were drilled, totalling around 1,660 metres in length,

in the area. A borehole drilled earlier was extended to a depth of 460 metres.

A start was made on a many-year project to depict the future biosphere at Olkiluoto by analysing the position of the shoreline and the height of the ground level in the area at different periods.

The focus of groundwater chemistry studies was again on determining the regional distribution of local salinity, dissolved gases and studies of the base line condition of the research area. Research data was utilised to update the description of the basic hydrogeochemical conditions.

Because of the proximity of a Natura site, studies were made of the soil in the ONKALO area and local hydrological phenomena. These studies assessed the impact of any surface hydrological changes arising from the construction of ONKALO. A summary of the study has been included in the work report.

Groundwater flow modelling seeks to determine detailed flow conditions in the Olkiluoto bedrock.

LONG-TERM SAFETY ASSESSMENT

Natural and technical release barriers will prevent the radionuclides released from spent nuclear fuel from coming into contact with the biosphere. This is why performance studies have aimed at analysing the behaviour of the copper canister and the bentonite clay surrounding it and at studying harmful processes.



Bentonite clay and an intact block of rock will form a safety barrier around the inner nodular cast iron canister of the final disposal canister and tightly surrounding external copper canister. Posiva, SKB (Svensk Kärnbränslehantering AB) and NUMO (Nuclear Waste Organisation of Japan) are working together on the development of grouting substances producing a low pH. The final report of the joint-project is to be published in early 2005. Posiva and SKB have also made a full-scale test of the gas permeability of the bentonite buffer.

In 2004, Posiva and SKB launched a joint-project on the horizontal disposal concept. The project is scheduled to last between 2004 and 2007. In the horizontal disposal concept, the canisters are packed with blocks of bentonite into perforated steel cylinders and emplaced in approximately 200 metre long horizontal tunnels. The project seeks to study the suitability and feasibility of the horizontal emplacement solution.

A plan of the safety case required for the construction licence application for the final disposal facility was prepared in 2004 and will be published in spring 2005. The plan presents the requirements and schedules relating to documentation of the safety case.

ENGINEERING

Posiva is working closely with SKB on R&D into final disposal technology on dozens of joint projects. Cooperation includes the development of final disposal canister design, manufacture and sealing technology, as well as planning of the encapsulation plant. Additionally, various technical methods of implementing final disposal have been examined in the context of planning the final disposal facility.

DESIGN OF THE FINAL DISPOSAL CANISTER

The final disposal canisters feature a cylindrical inner structure of nodular cast iron (insert) and a 50 mm copper outer canister. There are three versions of canister, one for each type of Finnish reactor. The insert and copper canister can be manufactured with an integrated base. The copper canister can also be made by extruding or forging a tube, with welded lids at each end. The canister design documentation was updated.

To remain intact for 100,000 years, the canisters must be corrosion resistant and mechanically strong. Strength is ensured by the methods described in the design documentation, which gives the mechanical design calculations for all three canister versions. The canisters must be of sufficient strength to tolerate any uneven or deflecting loading caused if the bentonite clay were to unevenly absorb water and expand. The canisters must also be able to withstand loading caused by rock movements or a 3 km thick glacier.





Radiation at the canister surface is so low it will not unreasonably hamper canister handling and transport. Neither will radiation cause any significant radiolysis of the groundwater. The design of the insert will keep the spent fuel rods in a subcritical state even in the event of the empty space inside filling with water and if the fuel is fresh.

MANUFACTURING AND SEALING TECHNOLOGY OF THE FINAL DISPOSAL CANISTER

One of the key points for development in canister manufacturing technology is still to make the cylindrical part of the copper canister from one piece using several alternative production methods. Work on developing manufacturing methods was continued in Posiva and Outokumpu Poricopper's TEKES product development project and in collaboration with SKB. The TEKES project ended in late November 2004. In future, Posiva and SKB will develop manufacturing methods in association with component manufacturers.

Work on developing the copper canister material continued with Outokumpu Poricopper by casting a total of ten ingots in three casting series. Working together with SKB, two canisters with an integrated base were manufactured by the pierce and draw method at the Vallourec & Mannesmann Tubes factory in Germany. Forging tests of the copper canister were continued with SKB. In 2004, a joint project by Posiva and SKB saw the extrusion of four new copper tubes, with a 50 mm thick wall. The work was carried out by Wyman-Gordon in Scotland.

Metso Foundries Jyväskylä cast a pilot of the nodular cast iron insert. The pilot casting was planned with SKB. SKB continued similar casting tests at three different foundries in Sweden.

Posiva and Patria Aviation signed an agreement on the development and a trial programme for a high-vacuum electronic beam welding method intended to seal the copper lid. The focus of development at Patria Aviation is to find welding parameters suitable for sealing the copper lid. Posiva was also involved in developing SKB's low-vacuum electronic beam welding and friction stir welding methods.

A summary report was made of the canister production costs using different production methods and routes.

ENCAPSULATION PLANT

Posiva commented on the planning documentation of the construction licence material for SKB's encapsulation plant and participated in the INKA compilation project and project meetings in respect of this material. Posiva also drew up a comparison of the plans for SKB and Posiva's encapsulation plants. Points of comparison were the planning grounds, costs, systems and components plans, as well as instructions and requirements issued by the authorities.

A report, "A description of the parts of the Olkiluoto final disposal facility at ground level", describing the updated encapsulation plant plan, was written in connection with the planning of the final disposal repository.

CONCEPT OF FINAL DISPOSAL

Horizontal disposal would involve considerably less excavation than vertical disposal, where work would be done in several stages. Lasting many years, the development programme aims at bringing the horizontal disposal concept up to the same standard as the vertical hole concept and to demonstrate the drilling of disposal holes and the installation of canisters and bentonite blocks along horizontal holes.

Disposal tunnel drilling technology is being developed in the horizontal disposal project. The first 15 metre long pilot borehole was implemented by blind drilling and enlarged by new technology, into a horizontal deposition hole 1.8 metres in diameter in the autumn 2004.

In 2003, Posiva and SKB set up a long-term programme to plan the backfill of disposal repository. After describing alternative substances for tunnel backfills and selecting the most promising concepts for further development, information about the various concepts was studied in details. The selected concepts are a mixture of crushed rock and bentonite or natural swelling clay with in situ compaction or emplacement of precompacted blocks made from abovementioned materials.



ENGINEERING OF THE FINAL REPOSITORY

Baseline information in the planning of ONKALO and the final repository will be needed during the construction stage. The information can be used in positioning the rock volume for disposal tunnels, as well as in planning and carrying out excavation, reinforcement and compacting work. Overall planning work is split up into development relating to rock construction and work supporting planning of the actual final repository.

In 2004, a start was made on the preliminary planning of the final disposal facilities in a bid to find a more Olkiluoto-focused technical solution. Planning took into account the impact of Teollisuuden Voima Oy's (TVO) new nuclear power plant unit, Olkiluoto 3, on the final repository and its use. Plans between 2004 and 2006 will examine extension of the repository to accommodate a higher amount of spent fuel and whether a two storey layout solution is suitable for the bedrock at Olkiluoto. The multi-layered solution can be used for both the vertical and horizontal concepts. The plan scheduled for completion in 2006 is mostly based on the vertical disposal concept.

The repository design will be optimised by thermal analysis.

PLANNING, CONSTRUCTION AND MONITORING OF THE ONKALO UNDERGROUND ROCK CHARACTERISATION FACILITY

Posiva signed an agreement with Kalliorakennus Oy in respect of the first tunnel contract. The contract includes excavation of the access tunnel and structures near the main investigation level (417 metres underground), as well as a shaft to the level of the raise boring (278 metres). Excavation work began in summer 2004 by open cut excavation. Actual work on the tunnel got under way in September. Excavation work has progressed more slowly than originally envisaged. However, towards the end of the year the rate increased thanks to new equipment and less need for grouting. In the initial stages of making the tunnel, the rock was injected or sealed with fine grained cement.

During the work, Posiva and the contractor updated plans for systems, including ventilation and pumping, during the construction period. The access tunnel planning model was reviewed in line with updates of the rock model. An additional connection to the ventilation shaft was planned at 11 metres underground to simplify construction work and the ventilation system.

A separate monitoring programme was put in place to track any changes resulting from the construction of ONKALO. The programme covers the monitoring of rock mechanics, geohydrology, hydrogeochemistry,

the environment and foreign substances. 2004, none of the phenomena monitored was noticed during the construction of ONKALO.

In summer 2004, a new 380 m² research building and a 250 m² storage building were deployed in the ONKALO area. The research building houses the field laboratory and research facilities for drill core samples. The storage building houses drill core samples.

Besides the research and storage buildings, the year under review saw the completion of a drilling and discharge water system, sedimentation basins and a pump building to serve tunnel excavation. A site fence, lighting of the area and the tunnel engineering building are scheduled for completion next.



Photo: Veli-Matti Ämmälä

QUALITY AND ENVIRONMENTAL MANAGEMENT

Posiva's operations are guided by a management system intended to ensure systematic operations and the achievement of targets in line with the company's strategy. During 2004, the company's main production and support processes were described in the management system.

During the year, an internal audit carried out at Posiva assessed the function and reliability of the management system in relation to targets. Risk management and the company's environmental aspects formed the focus of internal audits.



Quality management of the ONKALO project focused on drawing up the quality assurance programme and defining instructions to support operations. Further progress was made with the quality assurance of the construction of ONKALO by defining major operations from the long-term safety perspective. These include preventing harmful substances entering ONKALO, water leakage management, drilling in the ONKALO area and the damage zone caused by excavation. Separate quality control instructions were prepared for these operations.

CORPORATE COMMUNICATIONS

Topics of external communication during 2004 included selection of a contractor to construct ONKALO, the start of excavation work and progress made with tunnelling work.

In the autumn, an open doors day was held at Olkiluoto, when some thousand visitors, mostly from Eurajoki and Rauma, came to look at the construction of ONKALO. The construction of ONKALO also featured at an environmental fair in Helsinki.

A host of publication material relating to ONKALO was produced during 2004. Besides brochures an animation in DVD format, illustrating the structural engineering and excavation of ONKALO, was made.

The construction of ONKALO and the ensuing change in Posiva's operations also led to a renewal of Posiva's website.

Posiva's information bulletin appeared four times as a supplement to local newspapers. The bulletin dealt with preparations for the construction of ONKALO and the progress of excavation work. Publications in the energy sector also featured articles about events taking place at Posiva.

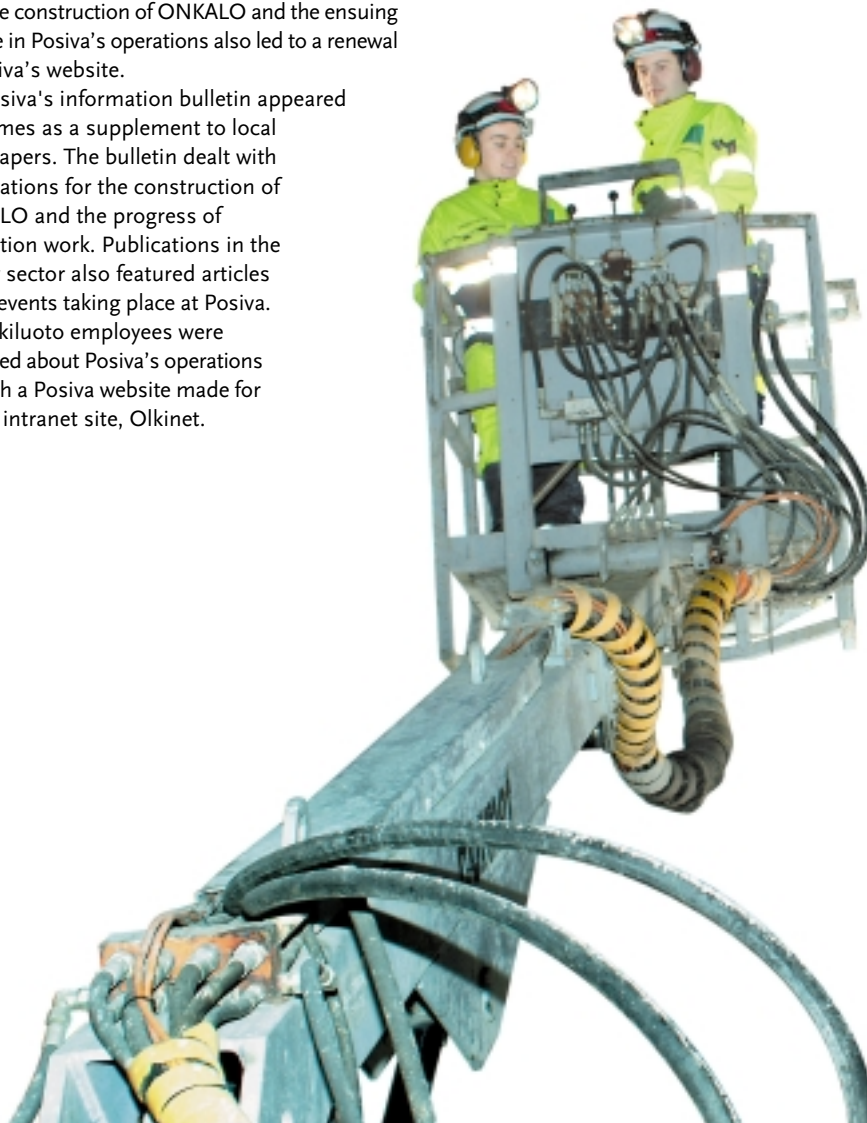
Olkiluoto employees were informed about Posiva's operations through a Posiva website made for TVO's intranet site, Olkinet.

MUNICIPAL COOPERATION

The municipality of Eurajoki and Posiva's liaison group met four times during 2004. The meetings discussed topical information issues, progress with the final disposal project and matters relating to the renovation and planned use of Vuojoki Mansion.

Funded by Posiva, the municipality of Eurajoki and the EU, work started on the conversion of Vuojoki Mansion and progressed as scheduled. The conversion project is scheduled for completion in September 2005.

Posiva representatives were also involved in municipal cooperation arranged by TVO.





Board of Directors' Report

FINANCIAL YEAR 2004

Posiva progressed in line with targets in 2004. The company's main line of business is to manage the spent nuclear fuel originating from the Olkiluoto and Loviisa nuclear power plants after interim storage on the power plant site and the required research and development in this context. The company charges its shareholders for the costs of its main line of business. Besides its main line of business, the company also accepts commissions to carry out other expert assignments in the field of nuclear waste management for its shareholders and other customers.

Posiva's key project is the final disposal of the spent nuclear fuel arisen from the Loviisa and Olkiluoto nuclear power plants. It has also been agreed to enlarge the final disposal facility at some stage in the future to accommodate the spent nuclear fuel from the new Olkiluoto 3 nuclear power plant unit currently under construction.

In 2004, work at Posiva addressed construction of the underground rock characterisation facility, ONKALO, to be built at Olkiluoto in the municipality of Eurajoki, and bedrock investigations at Olkiluoto. Posiva was also responsible for the long-term research, planning and development work of encapsulation and final disposal required in future decades and for the safety aspects of final disposal.

Long-term land lease and joint use of infrastructure agreements signed with Teollisuuden Voima Oy in 2004 further enhance Posiva's business conditions when approaching the 2010's and the construction of the final disposal facility.

Posiva spent some EUR 13.2 million, 57 per cent of turnover, on R&D in 2004.

SHAREHOLDERS

Posiva's shareholders and their shares of ownership are:

Teollisuuden Voima Oy (parent company)	60 %
Fortum Power and Heat Oy	40 %

ADMINISTRATIVE BODIES

BOARD OF DIRECTORS

Teollisuuden Voima Oy	Mauno Paavola Pertti Simola (as of 2 April 2004) Ami Rastas (until 2 April 2004)
Fortum Power and Heat Oy	Heikki Raumolin Pekka Leskelä
Chairman	Pertti Simola (as of 1 September 2004), Mauno Paavola (until 1 September 2004)
Secretary	Veijo Ryhänen
The Board of Directors convened 13 times.	

COMMITTEES APPOINTED BY THE BOARD OF DIRECTORS

Technical committee

Teollisuuden Voima Oy	Eero Patrakka Juho Hakala (as of 11 February 2004) Jukka Kangas (until 11 February 2004)
Fortum Power and Heat Oy	Ilpo Kallonen Jyrki Kohopää
Posiva Oy	Veijo Ryhänen Timo Äikäs Jussi Palmu
Chairman	Eero Patrakka
Secretary	Jussi Palmu
The committee convened seven times.	

Construction Committee

Teollisuuden Voima Oy	Rauno Mokka Juha Riihimäki
Fortum Power and Heat Oy	Gustav Wallén Kauko Silventoinen
Posiva Oy	Veijo Ryhänen Mauri Toivanen
Chairman	Rauno Mokka
Secretary	Mauri Toivanen
The committee convened eight times.	

Financial Committee

Teollisuuden Voima Oy	Eero Patrakka Timo Palomäki (as of 11 February 2004) Lasse Bergström (until 11 February 2004)
Fortum Power and Heat Oy	Heikki Raumolin Päivi Lehtinen (as of 19 January 2004) Irja Vekkilä (until 19 January 2004)
Posiva Oy	Markku Kettunen Jussi Palmu
Chairman	Heikki Raumolin
Secretary	Jussi Palmu
The committee convened seven times.	



Communication Committee

Teollisuuden Voima Oy	Anneli Nikula (as of 22 April 2004) Tellervo Taipale (until 22 April 2004)
Fortum Power and Heat Oy	Christian Leisio
Posiva Oy	Eero Patrakka (as of 1 January 2005) Veijo Ryhänen (until 31 December 2004) Timo Seppälä
Chairman	Christian Leisio
Secretary	Timo Seppälä

The committee convened six times.

PRESIDENT

Veijo Ryhänen until 31 December 2004
Eero Patrakka as of 1 January 2005

MANAGEMENT GROUP

Chairman	Veijo Ryhänen
Members	Markku Kettunen Administrative Manager Jussi Palmu Business Planning Manager Timo Seppälä Communications Manager Mauri Toivanen Construction Manager Vira Juhani Research Director Timo Äikäs Director, Engineering
Secretary	Markku Kettunen

The Management Group convened 14 times.

AUDITORS

Pekka Nikula, Authorised Public Accountant,
appointed by PricewaterhouseCoopers Oy
Risto Järvinen, Authorised Public Accountant

PERSONNEL

President and Management Group

On 30 December 2004, Posiva's Board of Directors appointed Eero Patrakka as the company's president effective 1 January 2005. Meeting on 25 January 2005, the Board of Directors appointed a new Management Group: President Eero Patrakka, Vice President Markku Kettunen (administration), Vice President Juhani Vira (research), Vice President Timo Äikäs (engineering), Senior Manager Jussi Palmu (business planning) and Senior Manager Timo Seppälä (communications).

Personnel and premises

Posiva had an average of 43 permanent employees and six fixed-term employees during 2004.

The company has an office in Olkiluoto, in the Municipality of Eurajoki in temporary premises leased from Teollisuuden Voima Oy. Permanent office facilities will be completed in 2005 at Teollisuuden Voima's central office in Olkiluoto and in Vuojoki Mansion.

RESULT AND FINANCING

The company's turnover was EUR 23.2 million, with the main line of business accounting for EUR 22.5 million of this figure. Depreciation of EUR 35,000 was made in accordance with the maximum depreciation allowed under the Business Income Taxation Act. Fixed assets forming part of nuclear waste management have been deducted as an annual charge under Section 45a of the Business Income Taxation Act.

The financial statements show neither a profit nor a loss.

The company's financial situation remained good throughout the year. Net financial income totalled EUR 88,000.

FINANCIAL YEAR 2005

Company operations are expected to continue largely in line with those in 2004. We expect turnover to increase, primarily owing to the construction of the underground rock characterisation facility, ONKALO.

Financial statements

INCOME STATEMENT

	1.1.–31.12.2004		1.1.–31.12.2003	
Turnover	23,235,654.13		18,620,928.87	
Other operating income	124,458.42		236,391.02	
Personnel expenses				
Salaries and fees	2,331,451.03		1,993,045.53	
Indirect employee costs				
Pension costs	428,531.70		370,377.61	
Other indirect employee costs	125,458.11	-2,885,440.84	101,399.66	-2,464,822.80
Planned depreciation	-35,420.53		-30,790.37	
Other expenses	-20,524,508.45		-16,429,788.22	
Operating profit	-85,257.27		-68,081.50	
Financial income and expenses				
Other financial and interest income				
From others	234,431.39		214,134.00	
Interest and other financial expenses	-146,521.30	87,910.09	-144,476.20	69,657.80
Operating profit before appropriations and taxes	2,652.82		1,576.30	
Income taxes	-2,652.82		-1,576.30	
Profit for the Financial Year	0.00		0.00	



BALANCE SHEET

	31.12.2004		31.12.2003	
ASSETS				
Fixed assets				
Intangible assets				
Intangible rights	7,684.23		10,649.97	
Other long-term expenditure	57,350.11		37,154.10	
Advances	674,125.37	739,159.71	174,895.98	222,700.05
Tangible assets				
Buildings	112,851.37		117,553.51	
Machinery and equipment	28,057.65	140,909.02	36,904.85	154,458.36
Investments				
Shares in other Group companies	2,236.90		2,236.90	
Other shares and holdings	9,216.70		9,216.70	
Other loan receivables	6,625,791.24	6,637,244.84	6,895,738.62	6,907,192.22
Current assets				
Receivables				
Current				
Sales receivable	153,524.14		357,075.81	
Receivables from other Group companies	126,445.02		220,779.44	
Prepaid expenses and accrued income	428,699.70	708,668.86	343,173.24	921,028.49
Cash in hand and at bank		5,241,396.15		6,107,222.55
		<u>13,467,378.58</u>		<u>14,312,601.67</u>
LIABILITIES				
Shareholders' equity				
Share capital	1,682,000.00		1,681,879.26	
Accumulated losses	0.00		0.00	
Profit for the financial year	0.00	1,682,000.00	0.00	1,681,879.26
Liabilities				
Long-term				
Loans from other Group companies	3,587,608.42		3,733,771.97	
Other long-term liabilities	2,068,531.03	5,656,139.45	2,152,805.46	5,886,577.43
Current				
Advances received	311,112.33		839,584.47	
Trade payables	2,668,658.00		2,422,040.77	
Loans from other Group companies	1,105,226.34		1,545,945.00	
Other current liabilities	188,164.97		270,608.67	
Accrued liabilities and deferred income	1,856,077.49	6,129,239.13	1,665,966.07	6,744,144.98
		<u>13,467,378.58</u>		<u>14,312,601.67</u>

FUNDS STATEMENT (EUR 1,000)

Business operations

Operating profit	
Adjustments of operating profit 1)	
Change in working capital 2)	
Interest income	
Interest expenses	
Taxes paid	

Cash flow from business operations

Investments

Investments in fixed assets	
Loans granted	
Withdrawals of loans granted	

Cash flow from investments

Financing

Withdrawals of long-term loans	
Repayments of long-term loans	

Cash flow from financing

Change in liquid assets

Liquid assets 1.1.

Liquid assets 31.12.

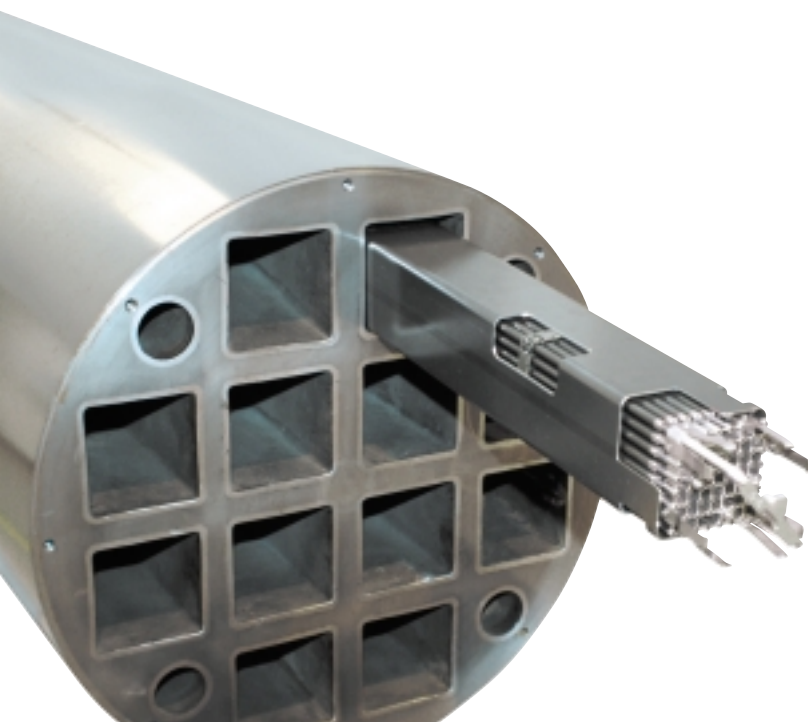
1) Adjustments of operating profit

Depreciation and value adjustment

2) Change in working capital

Increase (-) or decrease (+) in non-interest bearing receivables
Increase (+) or decrease (-) in short-term non-interest bearing liabilities

2004	2003
-85	-68
35	31
-402	2 046
234	214
-146	-144
-3	-2
-367	2,077
-538	-239
0	-252
270	0
-268	-491
0	252
-231	0
-231	252
-866	1,838
6,107	4,269
5,241	6,107
35	31
35	31
213	-90
-615	2,136
-402	2,046



NOTES TO THE FINANCIAL STATEMENTS 31.12.2004

ACCOUNTING PRINCIPLES

Principles and methods, and accruals

Valuation of fixed assets

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

Depreciation periods are as follows:

Intangible rights	Straight-line depreciation over 10 years
Other long-term expenditure	Straight-line depreciation over 10 years
Software	Straight-line depreciation over 5 years
Machinery and equipment	25 % reducing balance rate

Research and development expenses

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

Consolidated financial statements

Since Posivia Oy is a dormant company and has no impact on the company's financial results and on the unrestricted equity, no consolidated financial statements have been prepared.

Parent company

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

Pohjolan Voima Group's consolidated financial statements are available for inspection at the Group's head office at Töölönkatu 4, 00100 Helsinki. TVO Group's consolidated financial statements are available for inspection at the TVO Group's office at Töölönkatu 4, 00100 Helsinki.

NOTES TO INCOME STATEMENT

1. Turnover

Income, main line of business
Income, auxiliary line of business, shareholders
Income, auxiliary line of business, other companies

2004	2003
22,533,534.68	17,557,343.30
114,168.26	188,306.50
587,951.19	875,279.07
23,235,654.13	18,620,928.87

2. Other operating income

Rental income
Sales
Subsidies received

0.00	70.00
0.00	2,015.63
124,458.42	234,305.39
124,458.42	236,391.02

3. Personnel expenses

Average number of permanent employees
Office personnel
Manual workers
Total

40	37
3	2
43	39

4. Depreciation

Depreciation plan

Planned depreciation is the maximum depreciation under the Business Income Taxation Act. Acquisition costs of fixed assets used for nuclear waste management are booked as annual expenses (EVL 45 a§).

Planned depreciation

On intangible rights
On other long-term expenditure
On buildings
On machinery and equipment

2,965.74	2,965.84
18,680.45	10,905.16
4,702.14	4,898.06
9,072.20	12,021.31
35,420.53	30,790.37

5. Financial income and expenses

Interest income from long-term investments
From others
Interest income from long-term investments, total

171,434.42	169,554.46
171,434.42	169,554.46

Other interest and financial income

62,996.97	44,579.54
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Interest income from long-term investments and other interest income, total

234,431.39	214,134.00
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Interest expenses and other financial expenses

To other Group companies
To others

92,825.73	90,506.12
53,695.57	53,970.08

Other interest and financial expenses

146,521.30	144,476.20
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Financial income and expenses, total

87,910.09	69,657.80
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NOTES TO BALANCE SHEET

6. Fixed assets

Intangible	Intangible rights	Other long-term expenditure	Advances	Intangibles, total
Acquisition cost 1.1.2004	29,657.91	150,577.22	174,895.98	355,131.11
Increase	0.00	38,876.46	499,229.39	538,105.85
Acquisition cost 31.12.2004	29,657.91	189,453.68	674,125.37	893,236.96
Accumulated planned depreciation 1.1.	19,007.94	113,423.12	0.00	132,431.06
Depreciation according to plan 1.1.–31.12.	2,965.74	18,680.45	0.00	21,646.19
Book value at 31.12.2004	7,684.23	57,350.11	674,125.37	739,159.71

Tangible	Buildings	Machinery and equipment	Tangibles, total
Acquisition cost 1.1.2004	138,183.20	70,179.85	208,363.05
Increase	0.00	225.00	225.00
Decrease	0.00	0.00	0.00
Acquisition cost 31.12.2004	138,183.20	70,404.85	208,588.05
Accumulated planned depreciation 1.1.	20,629.69	33,275.00	53,904.69
Accumulated depreciation on decrease	0.00	0.00	0.00
Depreciation according to plan 1.1.–31.12.	4,702.14	9,072.20	13,774.34
Book value 31.12.2004	112,851.37	28,057.65	140,909.02

Investments

	2004	2003
Shares in other Group companies		
Shares in subsidiaries		
Posivia Oy, Helsinki number of shares 120 / ownership 100 % / share capital EUR 2,522.82, dormant (no consolidated financial statements prepared)	2,236.90	2,236.90
Other shares and holdings	9,216.70	9,216.70
Other loan receivables	6,625,791.24	6,895,738.62
	6,637,244.84	6,907,192.22

7. Receivables from other Group companies

Sales receivable	126,445.02	220,779.44
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8. Adjusting entries for assets

Accrued interest income	0.00	95,755.02
Prepaid rent	221,170.00	0.00
Other accrued income	87,000.00	247,418.22
Prepaid expenses	120,529.70	0.00
	428,699.70	343,173.24

9. Liabilities to other Group companies

Long-term liabilities	3,587,608.42	3,733,771.97
Current liabilities		
Advances received	418,962.36	1,173,876.70
Trade payables	686,263.98	320,728.94
Accrued liabilities and deferred income	0.00	51,339.36
	1,105,226.34	1,545,945.00
Total	4,692,834.76	5,279,716.97

10. Adjusting entries for liabilities

Interest liabilities	0.00	29,601.07
Salary accruals and indirect employee costs	604,435.00	529,754.00
Estimate of expenses not yet charged	1,251,642.49	1,106,611.00
	1,856,077.49	1,665,966.07

11. Share capital

Share capital at 1.1.	1,681,879.26	1,681,879.26
Change in share capital	120.74	0.00
Share capital at 31.12.	1,682,000.00	1,681,879.26

PROPOSALS TO THE ANNUAL GENERAL MEETING

The company has no distributable retained profit. The Board of Directors deduces that no dividend can be paid.

Helsinki, on 11 February 2005



Mauno Paavola



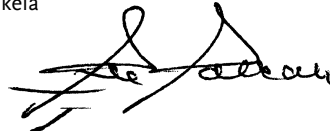
Heikki Raumolin



Pekka Leskelä



Pertti Simola, Chairman



Eero Patrakka, President

AUDITORS' REPORT

To the shareholders of Posiva Oy

We have audited the accounts, the financial statements and the management of Posiva Oy for the financial year 1 January – 31 December 2004. The financial statements drawn up by the Board of Directors and the President include the annual report as well as the income statement, the balance sheet and the notes to the financial statements. On the basis of the audit we have performed, we make this statement on the financial statements and the management of the Company.

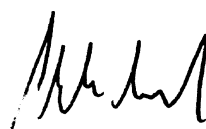
The audit has been performed in compliance with good auditing practice. The accounts as well as the principles followed in drawing up the financial statements, the content and the presentation have been examined to a sufficient extent to state that the financial statements are free of material defects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

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

Helsinki, on 18 February 2005



Risto Järvinen
APA



PricewaterhouseCoopers Oy
Pekka Nikula
APA





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