Annual report 2006

Contents

Highlights of 2006

New contracting model for ONKALO

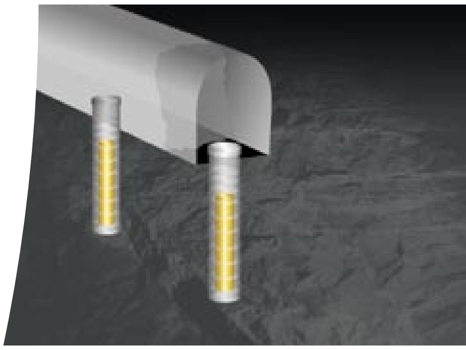
A new implementation model was adopted for the construction project of the underground characterisation facility ONKALO, with Posiva assuming total responsibility for contracting, instead of the earlier main contractor model. In this context Posiva acquired new equipment, such as a mining jumbo, a charging car and a grouting unit. The new implementation model improves smooth integration of research and construction, and supports the fulfilment of the quality requirements specified for the project.

Posiva entered into closer cooperation with GTK and VTT

The cooperation agreement signed with Geological Survey of Finland (GTK) ensures that Posiva can also in the future rely on GTK's expertise in the spent nuclear fuel disposal project. The partnership agreement between Posiva and VTT Technical Research Centre of Finland guarantees for a long time into the future the availability of resources for assessment of long-term safety as well as for design and development efforts focused on final disposal technology, in particular.

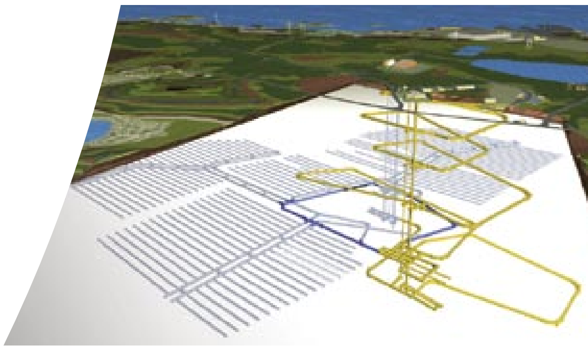
Posiva and SKB continued cooperation

Posiva and SKB concluded a cooperation agreement for another 5-year term. The purpose of the agreement is to enhance the effectiveness of the use of the two companies' expertise resources in encapsulation and disposal technology, and in site bedrock characterisation.



TKS-2006 programme published

The Research and Technology Development programme on final disposal of spent nuclear fuel that covers years 2007-2009 was submitted to the Radiation and Nuclear Safety Authority for review at the end of November. TKS-2006 specifies Posiva's objective for the next three-year period to include definition of the performance goals for the various components of the disposal system so as to meet the safety requirements.



Facility description 2006 completed

The updated facility description presents the input data for the design of final disposal. The report describes final disposal of spent nuclear fuel generated at the existing plant units as well as the Olkiluoto 3 unit, which is under construction. The total amount of fuel to be deposited in the final disposal facility is ca. 5,500 uranium tons.

ONKALO tunnel length reached 1,684 m

The excavation of ONKALO progressed to a depth of almost 170 metres. Toward the end of the year, emulsion charging system was adopted in the excavation project. The advantages of emulsion charging in comparison with conventional pipe charging include improved occupational safety, environmental benignity, and flexibility of charging.

Posiva and nuclear waste management

According to the Nuclear Energy Act, responsibility for nuclear waste management lies with the power companies that generate the waste, Teollisuuden Voima Oy and Fortum Power and Heat Oy. Their responsibility covers all the operations up to permanent final disposal of nuclear waste. The power companies established Posiva Oy in 1995 to take care of activities related to the final disposal of spent nuclear fuel. In addition to the investigations under way, Posiva will in the future also be in charge of the construction and operation of the final disposal facility, as well as of the decommissioning and closure of the facility.

Pursuant to regulatory decisions, Finland shall prepare for disposing of all spent nuclear fuel stored at present at the Olkiluoto and Loviisa plants as well as all spent nuclear fuel to be generated in Finland from now on in Finnish bedrock. The preparations for the final disposal of spent nuclear fuel are proceeding, and the preliminary reports and plans required for the construction licence of the disposal facility shall be presented in 2009. The final reports and plans are scheduled for submittal by the end of 2012. According to plans, final disposal will start in 2020. Until then, spent nuclear fuel is stored in interim storage facilities at the power plants.

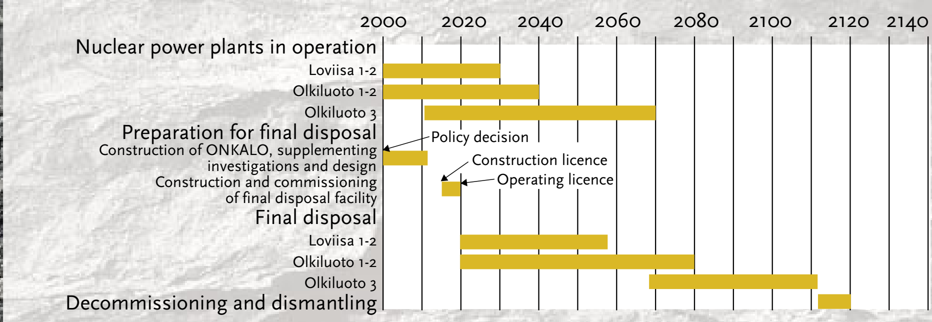
The Finnish Government made in December 2000 a Decision in Principle on the construction of a spent nuclear fuel disposal facility in Olkiluoto in the municipality of Eurajoki. The Parliament ratified the decision almost unanimously in May 2001. The construction of the final disposal facility, which will comprise an encapsulation plant and the actual repository, will take place in the 2010s.

Pursuant to the Decision in Principle the construction licence for the final disposal facility shall be applied for in 2016 at the latest.

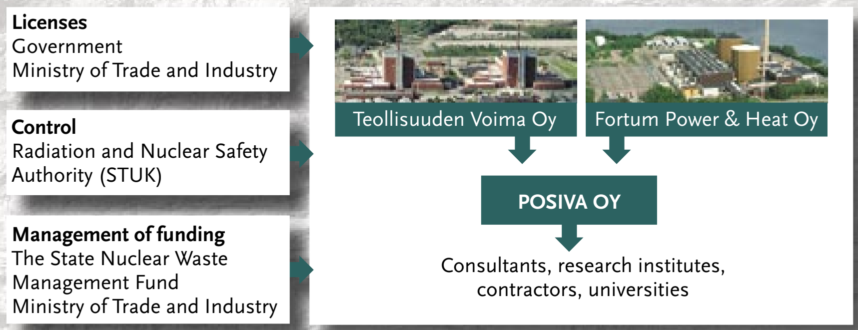
A Decision in Principle made in 2002 confirmed the construction of a new nuclear power plant unit in Finland. Another Decision in Principle made in the same context specified that the plans for the spent nuclear fuel disposal facility were to be expanded to allow also final disposal of spent fuel generated at the new plant unit. The waste management liability of the new plant unit will not start until after the plant is commissioned at the beginning of the 2010s.

Preparations for final disposal of spent nuclear fuel proceed in compliance with the long-term Research and Technology Development programme (RTD) published in 2006. The programme report completed in November 2006 describes the key tasks for the three-year period 2007-2009.

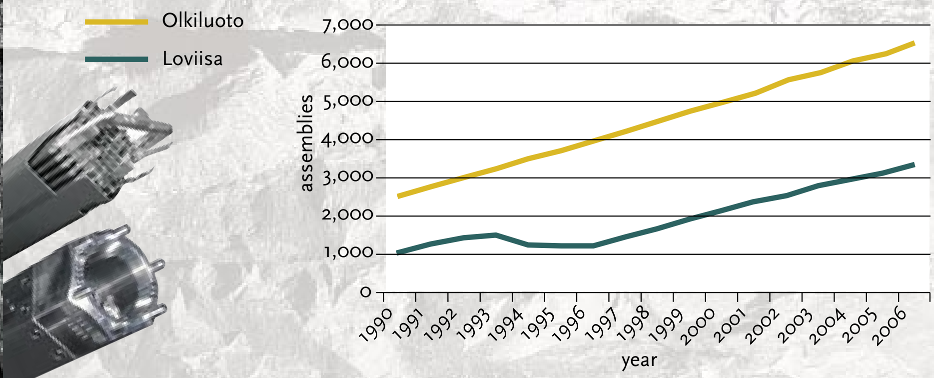
Total schedule of final disposal



Nuclear waste management organisation



Amount of spent nuclear fuel

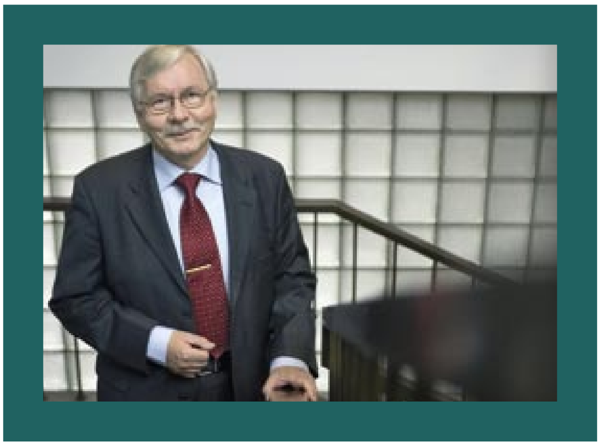


President's review

The year 2006 was characterised by a high degree of activity at Posiva. Research, development and design work has progressed in compliance with the long-term target programme. The ongoing construction of the underground characterisation facility ONKALO supports this work and an implementation model has been established that combines the needs of the construction project and research efforts into a mutually supportive entity.

The progress made in research, development and design activities that focus on management of waste generated at Finnish nuclear power plants is reported to the regulatory authorities in the form of intermediate reports submitted at intervals of three years. The TKS-2006 report published in November describes the results of RTD activities so far and defines objectives for the next three-year period 2007-2009. The intermediate reporting also provides a description of the current design status.

From now on, the key objective is to define for the various components of the disposal system performance targets that will ensure fulfilment of safety requirements. The most important requirements have to a large extent already been defined in principle, and feasibility in practice has been demonstrated. Encapsulation technology as a whole has progressed decisively in the recent years, while intensive research is still required on the use of bentonite and backfill materials. The criterias set out for the hostrock used for disposal also need to be elaborated.



Posiva's personnel resources have been strengthened to meet the changing needs. Another objective of recruiting policy has been to ensure availability of required expertise and to anticipate also future needs. In-house expertise is supplemented through close cooperation with other organisations. For Posiva, the most important collaboration partner is the Swedish nuclear waste management company SKB. The term of the cooperation agreements concluded between the two companies was extended by another five-year period till 2011. In Finland, a cooperation agreement was signed with Geological Survey of Finland (GTK) and a partnership agreement with VTT.

At the beginning of 2006, a new implementation model was adopted for the ONKALO construction, with Posiva assuming the role of main implementor with total responsibility. The contractors in charge of the various project operations are in direct contractual relationship to Posiva. Experience from the new implementation model has so far been positive. By the end of the year, the total excavated length of the tunnel was 1,684 metres and it had reached a depth of 168 metres. Necessary installation work was carried out in parallel with excavation. Office and warehouse buildings were completed on the site.

On the global scene, the development of nuclear waste management was almost at a standstill for a long time. In 2006, some countries have made decisions that will translate into progress in waste management programmes. The programme schedules, however, keep Sweden and Finland still at the forefront of nuclear waster management, with final disposal planned to start in 2020 at the latest, in both countries. The review meeting of the Joint Convention on Nuclear Waste Management issued a very positive statement on the status of nuclear waste management in Finland. Posiva has for its part contributed to this result, and the thanks for Posiva's successful contribution go to the entire personnel and all the interest groups of the Company.

Eero Patrakka

Board of Directors' report

Major activities

Preparations for the final disposal of spent nuclear fuel progressed in compliance with the Research and Technology Development programme (RTD programme) published in 2003. The programme was updated in 2006, and the updated RTD 2006 report was submitted to the Radiation and Nuclear Safety Authority for review in November. The facility description was also updated to reflect the current status of the disposal facility, and published at the turn of the year.

The new R&D programme extends till 2009, when Posiva is to submit to the Government a report on the Company's readiness to apply for the construction licence.

Characterisation investigations were carried out during the year under review to obtain more information about the suitability of bedrock in Olkiluoto to final disposal. Research efforts were also focused on the development of engineering barriers that produce predictable behaviour in the bedrock conditions. These include e.g. the disposal canister and the backfill material used in the tunnels. The excavation of the underground characterisation facility ONKALO progressed as planned.

ONKALO

In 2006, a total of 694 m of ONKALO was excavated. At the end of the year the tunnel was 1,684 m long, and had reached a depth of 168.5 m. No unexpected fractured zones were encountered in the bedrock, and no unforeseen need for grouting was faced. An exhaust air shaft with a diameter of 3.5 m was raise bored from -87 m level, making it possible to arrange more efficient ventilation in the tunnel. A research niche was also excavated in ONKALO. Installation work progressed, and by the end of the year electrical installation work had been completed over a length of 1,170 m, and HVAC installation work over a length of 1,010 m.

During the year, the construction project model was changed, and Posiva took over total responsibility for the implementation and coordination of work from the previous main contractor. The new model was chosen to improve the reliability of the project in terms of quality requirements and schedules, as well as cost management. In this context Posiva also invested in equipment and machinery needed for excavation and reinforcement of the tunnel. Later in the autumn, Posiva started the use of emulsion charging in blasting work.

Above ground, site works continued and the installations for the tunnel technology building for were completed.

The site office building was also completed and occupied in April 2006. This meant that the entire site personnel are now positioned on the site.

The hard surfacing of the site area was finished, and a large-span building providing storage space and shelter for machinery reached eaves height at the end of the year. An access control system was also made operational in the area.

Design of shaft solutions continued hand in hand with the implementation design of ONKALO, as an integral part of the design of the disposal facility.

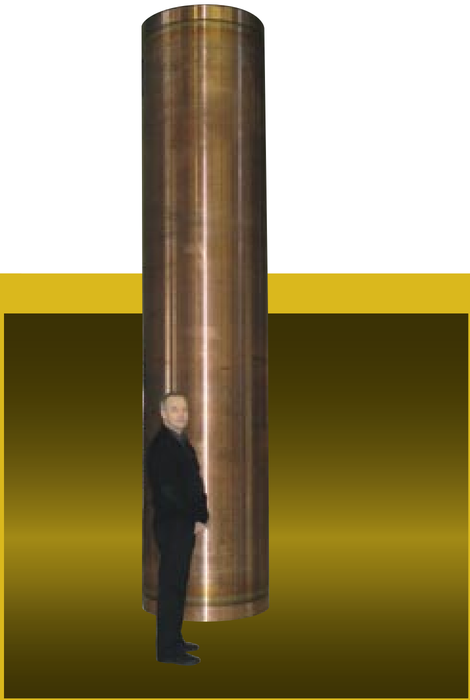
Research

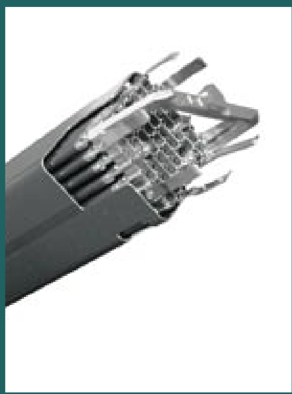
In 2006 the focus was on drawing up intermediate reports on site characterisation and safety investigations. Several extensive summarised documentation sets about the current status of investigations were submitted to authorities for review at the turn of the year. These included a description of the expected evolution of the disposal system starting from the time the last deposition holes are closed, a summary of recent biosphere investigations, and an updated version of the site description, "Site 2006". These reports constitute a part of the total plan drawn up in 2006 for the Safety Case required for the construction licence application. The site description naturally also serves as a basis for the design and layout adaptation of the repository to Olkiluoto bedrock.

Underground bedrock investigations in ONKALO are about to be taken to a more extensive level. The first studies to be carried out from the research niche focus on the investigation of the hydrological and geochemical conditions of the host rock. Several research niches will be constructed as the excavation of ONKALO progresses, to be utilised in the next few years in creating the first view about the suitability of the bedrock surrounding ONKALO as host rock for disposal tunnels and deposition holes.

Bedrock investigations continue also above ground. Three deep boreholes were drilled during the year, used in investigations of bedrock properties in the border areas of the characterisation site. According to plans, the characterisation site will be extended in the future, particularly to the east. The new research database POTTI was completed and will be put into operation in 2007. All the research obtained from ONKALO and above ground investigations in Olkiluoto will from now on be stored in this database.

Clay materials play a significant role in Posiva's disposal solution, both in isolating the canisters from the bedrock and in the backfilling of the tunnels. A research and development programme has been set up to enhance expertise in the behaviour of bentonite clay, in particular. The objective of the programme is to develop both experimental and theoretical research capabilities in Finland, and it is based on cooperation between different research institutes and experts in this particular field. Closer involvement in research and development projects carried out in Sweden is also planned.





Final 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. Pre-design stage two was completed at the end of 2006. The facility description report that is a summary of all design documentation was published at the end of the year. The more explicit knowledge gained about the quantity and the properties of spent nuclear fuel was utilised in this report.

The quantity of spent nuclear fuel on which the design of disposal operation and the repository has been based is 5,500 tU, which includes spent fuel from the existing four plant units as well as from the new unit under construction. New calculations concerning the amount of decay heat generated by spent fuel indicate that the total schedule for final disposal operation will be some tens of years shorter than estimated earlier.

The current reference solution for the above ground encapsulation plant is to provide access from the plant to the underground repository via shafts. The layout adaptation plan for the repository shows the location of the disposal tunnels in Olkiluoto bedrock. Characterisation investigations have produced more detailed information about the bedrock as well as a bedrock model, which have been used as the starting point in layout adaptation.

The repository plans have been carefully coordinated with the plans of ONKALO, to ensure that the design and construction of ONKALO meet the requirements set out for final disposal.

Activities for the development of the disposal canister, including manufacturing, sealing and inspection technology, have continued in close cooperation with the Swedish nuclear waste management company SKB.

Test canisters have been fabricated and tested, and another focal area has been the development of inspection technology. The development of the production and installation of bentonite materials utilised in the disposal solution was also intensified in 2006.

The repository backfilling solution and the associated technology have been developed partly in collaboration with SKB. During the year, the so-called clay block backfilling was chosen as the reference solution. In this method the tunnels are filled with pre-compacted clay blocks.

Although the reference solution selected for final disposal is based on vertical deposition, development work has been continued together with SKB also on the horizontal deposition option. In 2006, activities in this respect focused on trials performed in the Äspö Hard Rock Laboratory to investigate the required installation technology.

For Posiva's part, focal activity areas have been related to the assessment of the performance of the various components of this solution, as part of safety analysis work.

International cooperation

Posiva was an active player in international cooperation in the development of the final disposal solution and in the assessment of safety. Cooperation at international level is primarily based on exchange of knowledge and experience, and Posiva has concluded several agreements with international organisations to this effect. Posiva takes also actively part in the operation of international organisations, such as IAEA and OECD/NEA. Practical-level research and development cooperation within the Sixth Framework Programme of EU continued in 2006.

In September, Posiva signed a five-year cooperation agreement with the Swedish nuclear waste management company SKB. This agreement continues the practical cooperation started in 2001, which has produced good results. In addition to the cooperation agreement, also agreements that concern exchange of information and consulting were renewed. Both the companies develop the disposal solution known as KBS-3 for their own needs. As the solutions share many aspects, cooperation ensures more efficient use of resources and helps eliminate duplicate research and development efforts. Cooperation has been implemented in the form of projects. The costs are divided between the parties, and staff from both companies takes part in the projects. In 2006, cooperation was active in research that focused on disposal canister

manufacturing and inspection technology. Other areas of cooperation included development of backfill materials for disposal tunnels, and plugging methods for research boreholes. The joint project of SKB and Posiva – development of horizontal deposition – progressed with demonstration tunnels and equipment for practical installation trials completed in Äspö Hard Rock Laboratory. Posiva also carried out flow measurements in SKB's research areas as an expert assignment.

Social responsibility and communication

Cooperation between the Municipality of Eurajoki and Posiva continued also in 2006. The team that coordinates this cooperation convened three times to discuss, for example, current communication issues of both parties, the progress of the final disposal project and matters connected with Vuojoki Mansion. Matters related to Posiva's operation have been regularly discussed also in the cooperation committee of Teollisuuden Voima Oy and the nearby municipalities.

Preparations were made for the continuation of alterations in Vuojoki Mansion, particularly in the west annex and in the greenhouse. The first operating year of the Vuojoki Mansion complex proved successful. The Mansion received wide coverage in the media, and attracted more than 30,000 visitors during the year. A Jury consisting of regional tourism professionals referred to the opening of Vuojoki as the "tourism deed of the year".

The press releases issued by Posiva in 2006 concerned, for example, the change of the implementation model in the ONKALO project, as well as cooperation agreements on research and technical design concluded with Geological Survey Finland and VTT Technical Research Centre of Finland. A press conference was organised in Olkiluoto in September, where Posiva presented the cooperation projects of Posiva and SKB. The follow-up programme of the disposal project's Environmental Impact Assessment included a survey of the image of Eurajoki, which was conducted in the autumn. The results of the survey showed that the municipality has become more widely known and positive views of the influence of disposal operation on the attraction of the municipality as a residential and business location have increased in comparison with results obtained in a survey in 1998.

Some 70 groups with almost 1,000 interested persons visited Posiva in Olkiluoto in 2006.

The joint visitor centre of Teollisuuden Voima Oy and Posiva was opened in January, and attracted more than 20,000 visitors during the year. The centre displays an exhibition complex about nuclear energy and final disposal of spent fuel.

Environment

Posiva's environmental system is based on ISO 14001 standard. Significant environmental aspects are assessed on a yearly basis. In 2006, these were mainly related to the construction of ONKALO and work carried out on the field. The environmental programme, which is based on the identified environmental aspects, defines action for management and improvement of environmental issues.

The rock volume excavated from ONKALO, ca. 50,000 m^3, was primarily utilised for construction purposes. A total of 18,000 m^3 of water, consisting of 12,000 m^3 of drilling water needed in the excavation of the tunnel, as well as seepage water was pumped up and led through sedimentation basins into an open ditch. Regular pH and sodium fluorescein analyses were made of the water.

Risks

General risk management at Posiva was based on the guidelines defined in the Operational System. As part of the risk management process, current risks were identified and risk management action was updated. The project management of ONKALO included project-specific risk management.

Administrative bodies

There were no changes in the administrative bodies in 2006.

BOARD OF DIRECTORS

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

Jyrki Javanainen (secretary, not a member of Board)

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

The Board of Directors convened 7 times.

PRESIDENT

Eero Patrakka

MANAGEMENT GROUP

Chairman
Eero Patrakka

Members
Pertti Huovinen, Project Manager
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 16 times.

COMMITTEES APPOINTED BY THE BOARD OF DIRECTORS

Technical Committee

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

The Committee convened 6 times.

Financial Committee

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

The Committee convened 8 times.

Construction Committee

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

The Committee convened 5 times.

Viestintätoimikunta

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

The Committee convened 4 times.

Auditors

Eero Suomela, CPA, appointed by PricewaterhouseCoopers Oy
Robert Kajander, CPA, appointed by Deloitte Oy (as of Annual General Meeting 2006)

Shareholders and Group

Posiva Oy is part of the TVO sub-Group of the PVO Group.

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

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

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

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

Personnel and business locations

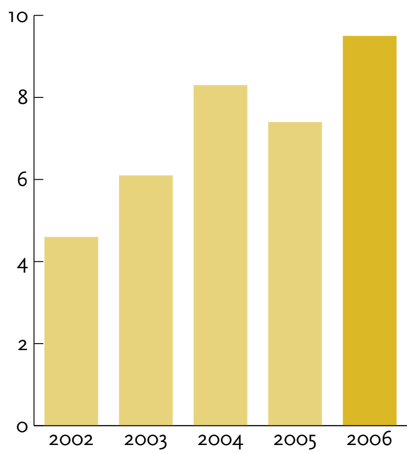
At the end of 2006, the total number of personnel was 69 (2005: 60). During the year the Company employed 71 (57) people on average, both on permanent contracts and on fixed-term contracts. During the year, 13 (9) new permanent employment contracts were concluded, mainly for expert tasks in the field of nuclear waste management. Three (3) employees resigned in 2006. The first personnel report of Posiva was published in 2006.

The Finnish Institute of Occupational Health conducted the fourth personnel barometer survey. The training of the personnel, and particularly the development of basic training in nuclear waste management, was intensified in cooperation with VTT and by participating in the training investigation projects conducted within the EU framework programme. The survey of the qualifications of the personnel was continued.

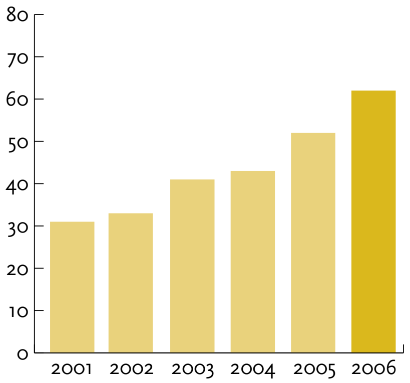
Posiva's employees have been members of the Personnel Fund of TVO since the beginning of 2005.

Posiva has business locations in Olkiluoto and in the Vuojoki Mansion, both in the municipality of Eurajoki. In Olkiluoto the Company has facilities in TVO's central office and on the ONKALO site. A new office building was completed on the ONKALO site in the spring.

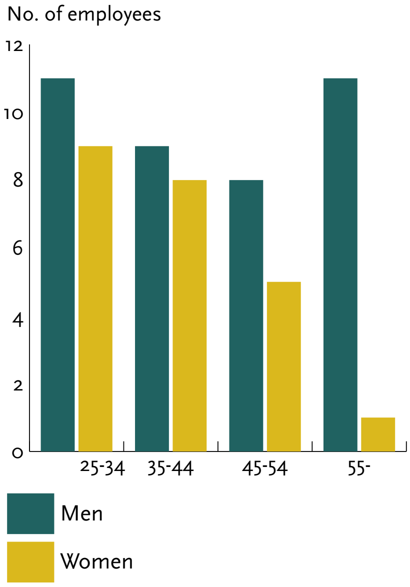
Number of training days/person



Development of personnel numbers



Age structure at Posiva



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 42.9 MEUR (29.6), with the main line of business accounting for 41.6 MEUR (29.4). 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. 33.4 MEUR (22.6) in 2006, or 78 % (76 %) of the turnover. In addition to the ONKALO construction project, R&D encompass above ground investigations, development of the encapsulation plant 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 2007

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 2007 as in the previous year. Turnover is expected to increase somewhat over 2006, 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.-31.12.2006		1.1.-31.12.2005
Turnover		42,870,056.03		29,711,474.75
Other operating income		241,440.14		131,756.16
Personnel expenses				
Salaries and fees	3,350,593.92		2,644,183.27	
Indirect employee costs				
Pension costs	565,435.77		476,063.63	
Other indirect employee costs	197,366.44	-4,113,396.13	151,006.89	-3,271,253.79
Planned depreciation		-396,499.40		-435,159.83
Other expenses		-38,574,396.96		-26,197,065.64
Operating profit (-loss)		27,203.68		-60,248.35
Financial income and expenses				
Other financial and interest income				
From other	237,712.94		225,569.24	
Interest and other financial expenses	-241,590.57	-3,877.63	-146,639.94	78,929.30
Operating profit (loss) before appropriations and taxes		23,326.05		18,680.95
Income taxes		-23,326.05		-18,680.95
Profit (Loss) for the Financial Year		0.00		0.00

BALANCE SHEET

		31.12.2006		31.12.2005
ASSETS				
Fixed assets				
Intangible assets				
Intangible rights	2,491.14		4,718.37	
Other long-term expenditure	1,908,684.15		2,216,881.11	
Advances	0.00	1,911,175.29	0.00	2,221,599.48
Tangible assets				
Buildings	104,003.83		108,337.32	
Machinery and equipment	404,476.02	508,479.85	499,986.52	608,323.84
Investments				
Shares in other Group companies	0.00		2,236.90	
Other shares and holdings	26,903.60		9,216.70	
Other loan receivables	5,774,729.10	5,801,632.70	6,065,440.59	6,076,894.19
Current assets				
Receivables				
Current				
Sales receivable	383,219.98		360,594.64	
Receivables from other Group companies	0.00		106,259.60	
Loans receivable	290,718.99		283,620.96	
Prepaid expenses and accrued income	1,290,492.94	1,964,431.91	941,140.20	1,691,615.40
Cash in hand and at bank		8,561,129.37		6,878,007.07
		18,746,849.12		17,476,439.98
LIABILITIES				
Shareholders equity				
Share capital	1,682,000.00		1,682,000.00	
Profit (loss) brought forward	0.00		0.00	
Profit (loss) for the financial year	0.00	1,682,000.00	0.00	1,682,000.00
Liabilities				
Long-term				
Loans from other Group companies	4,592,210.81		4,766,920.45	
Other long-term liabilities	2,779,779.95	7,371,990.76	2,882,071.66	7,648,992.11
Current				
Advances received	344,364.20		475,276.35	
Trade payables	4,200,778.79		3,456,245.75	
Loans from other Group companies	1,136,206.79		1,569,797.88	
Other current liabilities	965,889.96		372,913.16	
Accrued liabilities and deferred income	3,045,618.62	9,692,858.36	2,271,214.73	8,145,447.87
		18,746,849.12		17,476,439.98

FUNDS STATEMENT (EUR 1,000)

	2006	2005
Business operations		
Operating profit	27	-60
Adjustments of operating profit 1)	397	435
Change in working capital 2)	1,456	643
Interest income	236	225
Interest expenses	-241	-144
Taxes paid	-23	-19
Cash flow from business operations	1,852	1,080
Investments		
Investments in fixed assets	-166	-2,223
Divestments of fixed assets	0	18
Share acquisitions	-15	0
Loan repayments	283	277
Cash flow from investments	102	-1,928
Financing		
Increase in long-term liabilities	221	2,721
Decrease in long-term liabilities	-492	-236
Increase (-) or decrease (+) in interest-bearing receivables	0	0
Increase (+) or decrease (-) in short-term interest-bearing liabilities	0	0
Cash flow from financing	-271	2,485
Change in liquid assets	1,683	1,637
Liquid assets 1.1.	6,878	5,241
Liquid assets 31.12.	8,561	6,878

1) Adjustments of operating profit		
Depreciation and value adjustment	396	435
	396	435
2) Change in working capital		
Increase (-) or decrease (+) in non-interest bearing receivables	-265	-698
Increase (+) or decrease (-) in short-term non-interest bearing liabilities	1,721	1,341
	1,456	643

ACCOUNTING PRINCIPLES

Valuation principles and methods, and accruals

Valuation of fixed assets
Intangible rights, other long-term expenditure, and machinery and equipment are capitalised at their direct acquisition cost, less planned depreciation. Planned depreciation is the maximum depreciation under Business Tax Act.

Acquisition costs of fixed assets used for nuclear waste management as stipulated in the Nuclear Energy Act are booked as annual expenses.

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

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

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

Parent company
Posiva Oy is a subsidiary of the TVO Group, which is a subgroup of the 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 Oy, 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 INCOME STATEMENT	2006	2005
1. Turnover		
Income, main line of business, shareholders	41,428,249.16	29,417,603.04
Income, auxiliary line of business, shareholders	42,236.48	95,609.69
Income, main line of business, other companies	196,962.89	0.00
Income, auxiliary line of business, other companies	1,202,607.50	198,262.02
	42,870,056.03	29,711,474.75
2. Other operating income		
Rental income	71,309.60	11,257.80
Delay penalties	113,760.55	0.00
Damages	0.00	4,778.62
Subsidies received	55,688.03	114,819.74
Other income	681.96	900.00
	241,440.14	**131,756.16**
3. Personnel		
Average number of personnel		
Salaried employees	66	53
Workers	5	4
Total	**71**	**57**
Number of personnel 31.12.		
Salaried employees	66	56
Workers	3	4
Total	**69**	**60**
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	13,964,888.05	5,906,838.18
5. Depreciation		
Depreciation plan		
Planned depreciation is the maximum depreciation under Business Tax Act.		
Planned depreciation		
On intangible rights	2,227.23	2,965.74
On other long-term expenditure	255,393.70	261,298.16
On buildings	4,333.49	4,514.05
On machinery and equipment	134,544.98	166,381.76
	396,499.40	**435,159.71**
6. Financial income and expenses		
Interest income from long-term investments		
From other	158,298.41	165,643.94
Interest income from long-term investments, total	158,298.41	165,643.94
Other interest and financial income	79,414.53	59,925.30
Interest income from long-term investments and other interest income, total	**237,712.94**	**225,569.24**
Interest expenses and other financial expenses		
To other Group companies	149,543.52	91,247.39
To other	92,047.05	55,392.55
Other interest and financial expenses	**241,590.57**	**146,639.94**
Financial income and expenses, total	**-3,877.63**	**78,929.30**

NOTES TO BALANCE SHEET

7. Fixed assets

Intangible	Intangible rights	Other long-term expenditure	Advances	Intangible total
Acquisition cost 1.1.2006	29,657.91	2,610,282.84	0.00	2,639,940.75
Increase	0.00	127,196.74	0.00	127,196.74
Decrease	0.00	-180,000.00	0.00	-180,000.00
Transferred between items	0.00	0.00	0.00	0.00
Acquisition cost 31.12.2006	29,657.91	2,557,479.58	0.00	2,587,137.49
Accumulated planned depreciation 1.1.	24,939.54	393,401.73	0.00	418,341.27
Planned depreciation 1.1. – 31.12.	2,227.23	255,393.70	0.00	257,620.93
Book value 31.12.2006	**2,491.14**	**1,908,684.15**	**0.00**	**1,911,175.29**

Tangible	Buildings	Machinery and equipment	Tangible total
Acquisition cost 1.1.2006	138,183.20	695,089.54	833,272.74
Increase	0.00	39,034.48	39,034.48
Decrease	0.00	0.00	0.00
Transferred between items	0.00	0.00	0.00
Acquisition cost 31.12.2006	138,183.20	734,124.02	872,307.22
Accumulated planned depreciation 1.1.	29,845.88	195,103.02	224,948.90
Accumulated depreciation on decrease	0.00	0.00	0.00
Planned depreciation 1.1. – 31.12.	4,333.49	134,544.98	138,878.47
Book value 31.12.2006	**104,003.83**	**404,476.02**	**508,479.85**

Investments	**2006**	**2005**
Shares in other Group companies		
Shares in subsidiaries		
Posivia Oy, Helsinki, no. of shares 120 / ownership 100% / share capital 2,522.82, dormant company (no consolidated financial statements prepared)	2,236.90	2,236.90
Other shares and holdings	24,666.70	9,216.70
Other loan receivables	5,774,729.10	6,065,440.59
	5,801,632.70	**6,076,894.19**

8. Receivables from other Group companies

Sales receivable	0.00	106,259.60

9. Adjusting entries for assets

Accrued interest income	1,691.00	428.13
Pre-paid rent	663,510.00	442,340.00
Tax	626.04	1,001.64
Other accrued income	583,062.60	335,538.52
Pre-paid expenses	41,603.30	161,831.91
	1,290,492.94	**941,140.20**

10. Liabilities to other Group companies

Long-term liabilities	4,592,210.81	4,766,920.45
Current liabilities		
Advances received	693,158.82	969,197.96
Trade payables	10,671.89	256,893.37
Loan receivables	307,409.64	303,570.37
Accrued liabilities and deferred income	124,966.44	40,136.18
	1,136,206.79	1,569,797.88
Total	**5,728,417.60**	**6,336,718.33**

11. Adjusting entries for liabilities

Interest liabilities	1,338.36	1,038.13
Salary accruals and indirect employee costs	912,052.01	794,734.00
Estimate of expenses not yet charged	2,132,228.25	1,475,442.60
	3,045,618.62	2,271,214.73

12. Creditors due in 5 years or longer

	6,424,273.71	**5,919,304.71**

13. Share capital

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

14. Contingent liabilities

Other rent liabilities	**7,519,682.08**	**7,962,016.32**
Rent liabilities due in under one year	**442,334.24**	**442,334.24**
Rent liabilities due later	**7,077,347.84**	**7,519,682.08**

DATE AND SIGNATURES

In Helsinki on 14 February 2007

Pekka Leskelä

Heikki Raumolin

Veijo Ryhänen

Pertti Simola, Chairman

Eero Patrakka, President

AUDITORS' REPORT

To the shareholders of Posiva Oy

We have audited the accounts, the financial statements, the annual report and the management of Posiva Oy for the financial year 1 January – 31 December 2006.

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 20 March 2007

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