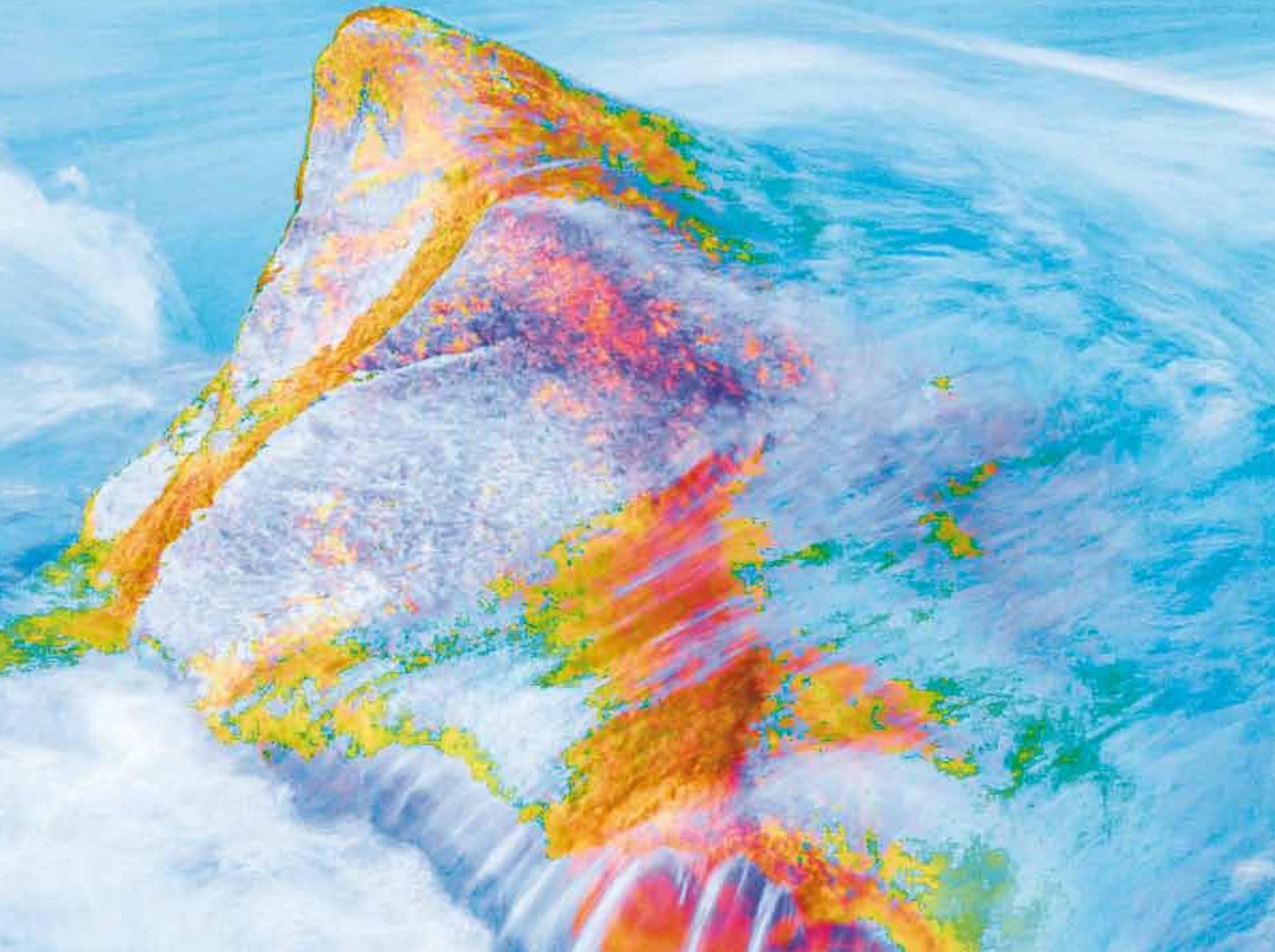




Annual Report 2013



# EPV Energy Ltd

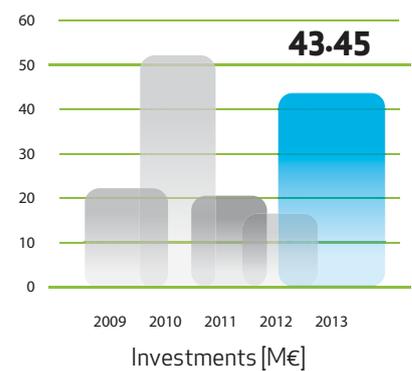
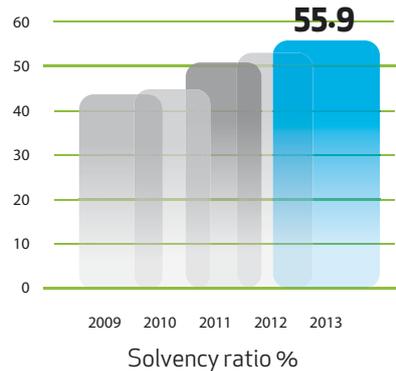
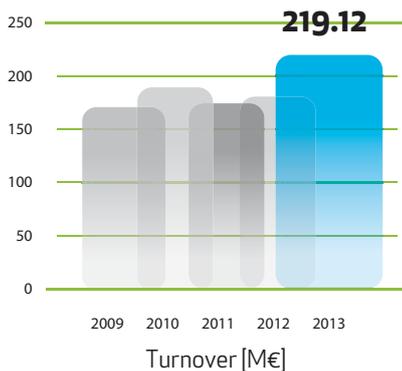
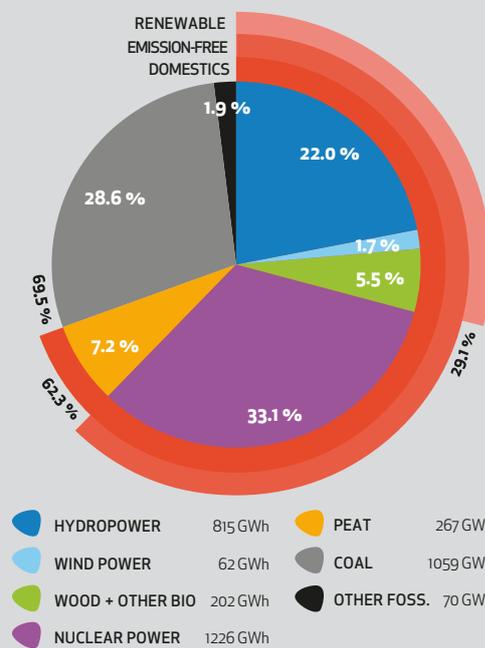
EPV Energy Ltd (EPV) is a Finnish energy company specialized in generation of electricity and heat. The basic task of EPV is to acquire cost-efficient electricity for its owners.

EPV concentrates on efficient management of the power shares owned by the company, while also continually improving the competitiveness of the energy supplied to the owners.

Last year the company supplied approximately **4,1 TWh** of electricity and **1,1 TWh** of heat. EPV Energy Ltd supplies approximately **4,9 percent** of the total electricity consumed over the year in Finland.

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# Towards low-emission energy generation

EPV Energy Ltd began its operations in 1952. EPV focuses on power generation holdings, and the business concept has remained unchanged for over 60 years: EPV Energy supplies its shareholders with electricity at a competitive price.

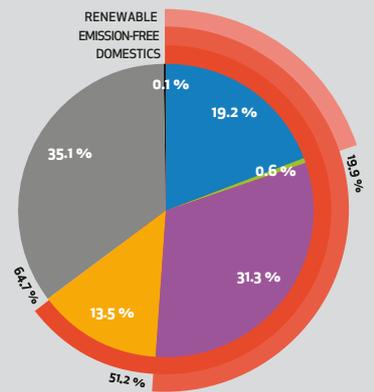
EPV Energy resolutely aims at low-emission energy generation. The goal of the company's comprehensive bioenergy, wind and nuclear power programmes is to increase generation of renewable energy, reduce greenhouse gas emissions, and replace fossil fuels with domestic ones.

EPV has always been a pioneer in energy generation. The company's first power plant, Vaskiluoto 1, which has now been run down, was the largest condense plant in Finland by the time it was completed in 1958. Last year, the biomass gasification plant, which represents the newest technology in the world, was launched at the very same site in Vaskiluoto, Vaasa. The gasification plant co-owned by EPV and Pohjolan Voima Oy enabled the utilization of domestic forest fuels in the coal boiler of the power plant, reducing the need for fossil coal. Domestic energy is also utilized at the Seinäjoki power plant, which runs mainly on domestic peat.

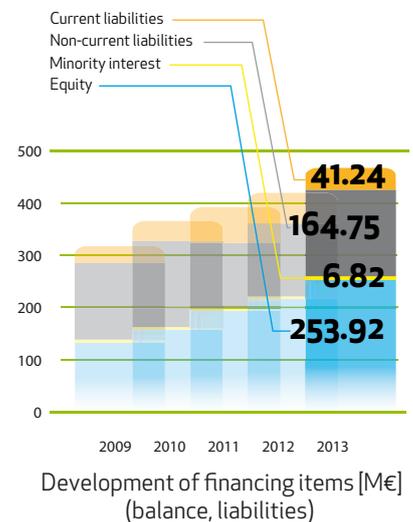
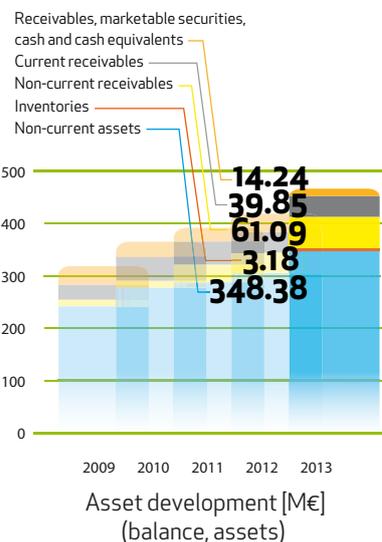
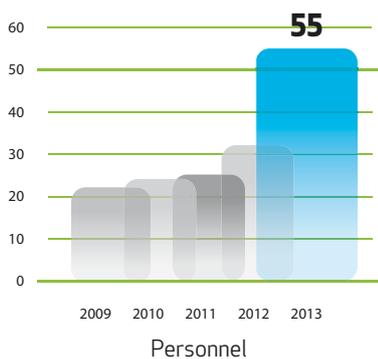
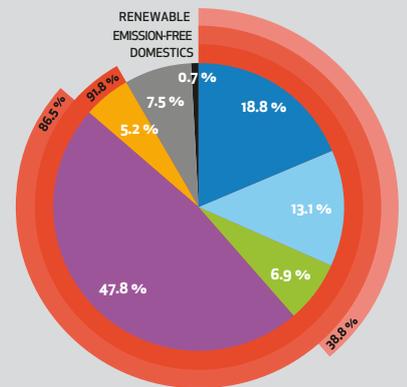
As shareholder in Teollisuuden Voima, the generation pallet of EPV also includes nuclear power. Once the Olkiluoto 3 unit currently under construction is completed, the emission-free generation of EPV will be greatly increased. Also EPV's several wind power projects and purchasing targets for additional hydropower aim at emission-free generation.



Situation in 2007



Forecast for 2018







**Rami Vuola**

## The CEO's statement

The year of 2013 was active in many ways for the EPV Group. Our goal to reduce the CO<sub>2</sub> generation emissions advanced on several fronts. The use of renewable domestic fuels increased significantly thanks to the implementation of the gasification plant of Vaskiluodon Voima. The plant, which has attracted a lot of attention, works well technically. Unfortunately, the investment support and the input tariff which have been granted for the plant are still caught in the wheels of the EU decision-making machinery, awaiting confirmation of the decisions already made by the Finnish state.

The use of domestic forest fuels is further limited by the gyrating subvention systems, which have increased the price of such fuels, while, at the same time, the affordable prices of coal and emission rights have made coal more competitive. The use of peat, on the other hand, is limited by complex permit praxis and the meager results of peat digging in summertime.

The construction of EPV's first wind farm in Ostrobothnia made progress last year, when EPV made its decision to invest in the Vähäkyrö project at the end of the year. After many years of anticipation, we began to build the wind farm, consisting of 16 power plants, in Torkkola village, Vähäkyrö, Vaasa. The farm will be one of the largest in Finland.

Last year, the emission-free energy generation of EPV also increased thanks to the acquisition of Swedish hydropower. Together with Kymppivoima and Helsingin Energia, EPV purchased just over a fourth of the shares in Kraftgården Ab. The seven power plants of Kraftgården are located in the Indalsälven river, one of the most significant hydropower reserves in Sweden. Thanks to this acquisition, the hydropower holdings of EPV increased by more than 100 percent. The hydropower generation share in question corresponds to about seven percent of the total hydropower generation in Finland.

Concerning nuclear power, which also counts as an emission-free form of energy generation, the year brought no surprises. The plant units Olkiluoto 1 and 2 generated a record

amount of electricity for the company. However, we would have hoped for the Olkiluoto 3 project to proceed faster. The new plant unit will, once completed, still improve the electricity generation portfolio and long-term competitiveness of the group.

On a European scale, the year of 2013 was characterized by efforts to achieve the 20-20-20 goals. The recession in the entire region diminished electricity consumption, while the new, subsidized investments in electricity generation increased the same, resulting in a significant reduction in electricity trade price. Simultaneously, the final invoice of electricity consumers has nevertheless increased considerably, thus diminishing the competitiveness of the European industry. For energy companies, the current European investment situation is very problematic. Due to the subvention policy for renewable energy, new market-based investments are almost non-existent.

The energy equation is further muddled by the breakthrough in shale gas and oil made last year, which has made USA practically self-sufficient where energy is concerned. The price crash for coal has led to increased use of the same. Emission right prices have also been very affordable.

In Finland the energy market is in upheaval. The short-term, struggling energy policy of the state, which gives with one hand and takes with the other, is not the best option for supporting long-term energy investment decisions. The electric power system in our country faces new challenges, when former reserve capacity is run down to a great extent. In order to maintain the stability of the electric power system, in the future our country needs more load following power, which reacts flexibly to changes in demand. This kind of power cannot be generated by means of wind or solar energy. This is the reason why it is important to EPV to participate in the research on how to best utilize new energy generation solutions.

March 2014  
Rami Vuola



## Group structure and business areas

EPV Energy is divided into four business areas, which are EPV Power, EPV Heat, EPV Wind and EPV Infra.



<b>Pohjolan Voima Oy</b>	<b>7.1%</b>
<b>Rapid Power Oy</b>	<b>50%</b>
<b>Teollisuuden Voima Oyj</b>	<b>6.6%</b>
<b>Voimapiha Oy</b>	<b>33.3%</b>



<b>EPM Metsä Oy</b>	<b>50%</b>
<b>EPV Bioturve Oy</b>	<b>100%</b>
<b>Tornion Voima Oy</b>	<b>100%</b>
<b>Vaskiluodon Voima Oy</b>	<b>50%</b>



<b>EPV Tuulivoima Oy</b>	<b>100%</b>
<b>Innopower Oy</b>	<b>9.8%</b>
<b>Rajakiiri Oy</b>	<b>60.2%</b>
<b>Suomen Merituuli Oy</b>	<b>50%</b>



<b>EPV Alueverkko Oy</b>	<b>100%</b>
<b>EPV Tase Oy</b>	<b>100%</b>
<b>Suomen Energiavarat Oy</b>	<b>&gt;90%</b>
<b>Vaskiluodon Teollisuuskiinteistöt Oy</b>	<b>100%</b>
<b>EPV Teollisuusverkot Oy</b>	<b>90%</b>

# EPV Power

EPV Power administrates shares in Pohjolan Voima, Teollisuuden Voima, and Rapid Power and Voimapiha, which supply Nordic hydropower.

With its share of over seven percent in Pohjolan Voima Oy, EPV is the fourth largest owner of the company. EPV is both a direct and indirect shareholder in Teollisuuden Voima through Pohjolan Voima. EPV owns half of Rapid Power Oy and a third of Voimapiha Oy, which generates Swedish hydropower.

The Finnish energy companies, such as EPV and the companies co-owned by EPV, operate according to the Mankala principle. This means that the energy companies sell the electricity and heat they generate to its shareholders at an absorption cost price, and the shareholders take care of the company's expenses in proportion to their share. The absorption cost price operational model enables large, co-operative power plant investments, which would be too expensive to realize for any single company.

## EPV acquired hydropower

In 2013, EPV increased its hydropower capacity significantly by purchasing just over a fourth of the shares in Kraftgården Ab, together with Kymppivoima and Helsingin Energia. Thanks to this acquisition, the buyers are entitled to a considerable share of the generation at the seven hydropower plants. The power plants are located in the Indalsälven river, which flows into the sea near Sundsvall. The river's hydropower reserves are significant and thus provide excellent load following capacity. The acquisition was made at a good market price, supporting EPV's strategy to favour renewable and emission-free generation, while also increasing the company's load following power.

## Clean and renewable

The hydropower traditions in the Nordic countries go back a long way. Hydropower is a renewable and emission-free form of generation, which has a key position in the functionality and reliability of the energy system, thanks to its excellent load following characteristics. The share of hydropower in Finnish energy generation was at its largest in the 1950s and 1960s, but since then, it has been reduced from 90 to less than 20 percent. In the other Nordic countries, the share of hydropower remains high: in Sweden approximately 50 and in Norway nearly 100 percent.

The generation capacity of the hydropower acquired last year is a long-term solution, which completes the electricity acquisition portfolio of EPV. It increases the share of emission-free energy generation, while also decentralizing EPV's electricity generation from Finland and Norway to Sweden, where EPV had no former operations. Decentralization is also favoured due to the fact that although all three Nordic countries share the same electricity market, the regulation of the same differs in all countries.

## The electricity system is improved

The electricity system is continuously improved, as new energy generation capacity is introduced and old power plants running on fossil fuels see the end of their days. In order to replace run down power plants, new load following power is needed, since nuclear power and renewable energy generation, with the exception of hydropower, are not flexible enough to react to the rapid fluctuations in the grid.

For this reason, EPV participates in the research into new, more flexible energy generation solutions, such as the utilization of liquefied natural gas (LNG).

EPV also continues to develop the regulatory capacity of its current power plants.

## EPV takes part in the national power reserve system

Finland has a power reserve system, the purpose of which is to reduce the risk of having to limit electricity consumption during peaks in order to maintain the power balance of the electricity system. The Vaskiluoto 3 and Kristiina 1 power plants also entered the Energy Authorities' tendering procedure and were selected for the power reserve system.

## Electricity acquisition

In 2013, the total electricity acquisition of EPV was 4,103 GWh. This corresponded to about 4.9 percent of the total electricity consumed in Finland.

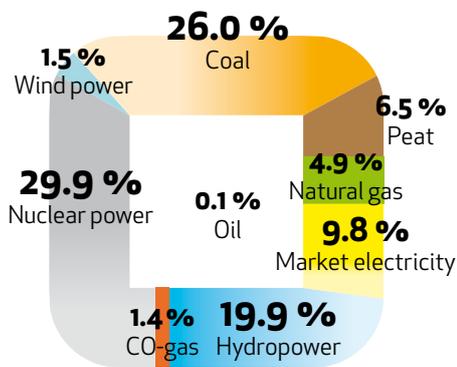
In 2013, 1,225.6 GWh of EPV's electricity acquisition was generated with nuclear power, 814.6 GWh with hydropower, 1,058.9 GWh with coal, 201.8 GWh with biofuels, 267.3 GWh with peat, and 61.6 GWh with wind power.

## The environmental quality of electricity

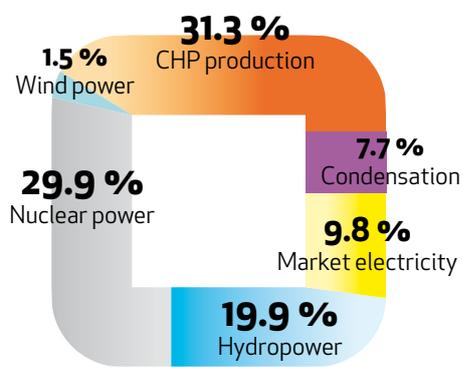
The electricity acquisition is based mainly on emission-free methods of energy generation. The average use of nuclear fuels in the generation of the electricity supplied to EPV's shareholders was 0.8 mg/kWh.

In 2013, the average carbon dioxide emissions of the electricity supplied by EPV Power were 292 g CO<sub>2</sub>/kWh.

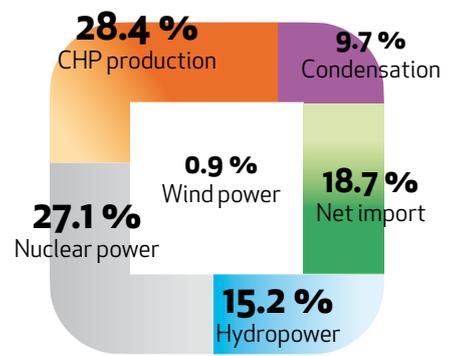
The average nitrogen dioxide emissions of the electric energy acquired through generation shares were 380 mg/kWh. The sulphur dioxide emissions were 189 mg/kWh and the particle emissions 9.5 mg/kWh.



The distribution of EPV's electricity acquisition by type of fuel



Distribution of electricity acquisition: EPV



Distribution of electricity acquisition: Finland





## Minister Lauri Ihalainen inaugurated the gasification plant

The biomass gasification plant of Vaskiluodon Voima was inaugurated 11 March 2013.

– It's great to be here in Vaasa, inaugurating the largest gasification plant in the world running on biofuels. The plant is proof of the excellent engineering and machining skills and know-how we have in Finland, Minister Lauri Ihalainen said in his inauguration speech.

The Minister of Labour was especially pleased that in the middle of the unstable economic situation, the gasification plant in Vaasa has employed over 200 persons during the construction phase. The fuel acquisition chain also creates direct employment for approximately 100 persons, and indirectly for hundreds of people.

The biomass gasification plant strengthens the Vaasa region's reputation of energy expertise. According to Ihalainen, the Vaasa region has a pole position when Finland is ranked as one of the top cleantech countries in order to achieve governmental goals. The biomass gasification plant supplied by Metso is a good reference, once Finnish cleantech know-how is exported.

The plant's efficiency of 140 megawatt also fulfills the governmental programme to increase the use of renewable energy and reduce Finnish dependence on coal.

– The trade balance of our country also improves when imported fuels are replaced by domestic wood chips, Ihalainen concluded.

## EPV Heat

Electricity and heat are generated at cogeneration plants in Vaasa, Seinäjoki and Tornio. Efficient co-generation of electricity and heat has kept the carbon dioxide emissions low. The biofuel gasification plant at the power plant of Vaskiluodon Voima, Vaasa, increased the use of domestic biofuels and brought home the Finnish Climate Action of the Year to Vaasa.

The generation companies of EPV Heat's area of operations, the partnership company Vaskiluodon Voima Oy and the subsidiary Tornion Voima Oy, generate the majority of the district heating consumed in the cities of Vaasa, Seinäjoki and Tornio. In addition, Tornion Voima generates fabrication steam for the Outokumpu steel works.

The availability of both power plants of Vaskiluodon Voima was good. At the Vaasa power plant, 1,412.5 GWh of electricity and 405.5 GWh of district heat were generated.

The generation capacity at the Seinäjoki plant was reduced by a long period of maintenance downtime, due to the replacement of the intermediate pressure component in the turbine. The plant generated 416.9 GWh of electricity and 356.6 GWh of district heat.

The power plant of Tornion Voima generated 187.5 GWh of electricity and 436.9 GWh of heat. At the boiler plant in Pirkkiö, which operates mainly at peak load, 43.0 GWh of heat was generated. At the boiler plant in the Kemi mines, 9.2 GWh of heat was generated.

### The performance of the Seinäjoki turbine improved

The annual maintenance in both Vaasa and Seinäjoki was technically successful. In Vaasa, the most comprehensive work was smaller warranty repairs and adjustments to the gasification plant.

The high-pressure part of the Seinäjoki plant turbine underwent complete maintenance, and the rotor and blades on the intermediate pressure component were replaced. The repairs improved the performance of the turbine significantly. The replacement of the intermediate pressure component prolongs the lifecycle of the turbine until the end of the 2020s or longer. The schedule for the repair work was tight, but doable.

### Vaasa awarded Climate Action of the Year

The co-operative energy turnaround of Vaskiluodon Voima, Vaasan Sähkö and Westenergy brought the Climate Action



of the Year award to Vaasa. The Climate Action of the Year was revealed in April.

The Continuous Development (Kestävän kehityksen) forum of the Finnish Energy Industries greatly appreciated that co-operation between companies reduces carbon dioxide and methane emissions, improves air quality and brings funding and employment to the region.

The turnabout for cogeneration of electricity and district heat in the Vaasa region reduces the carbon dioxide emissions in Vaasa by 525,000 tons annually. This corresponds to one percent of the total annual carbon dioxide emissions in Finland.

### New environmental permit for peat production

The peat production in summer was less productive than in average, and the production of the harvest season was approximately 70 percent lower than expected.

The good news for future peat production is that over the year, several environmental permits were granted for new peat production areas, even though some of these will be processed at the Vaasa administrative court due to complaints.

Regarding three peat areas, the preparatory measures for production started in the autumn once the environmental permits were legalized.

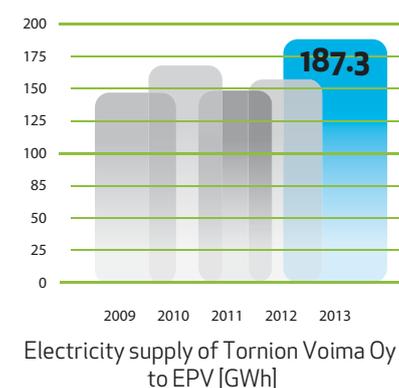
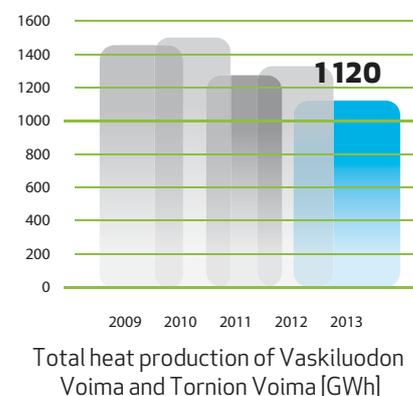
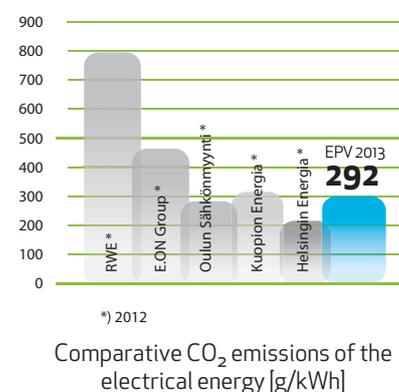
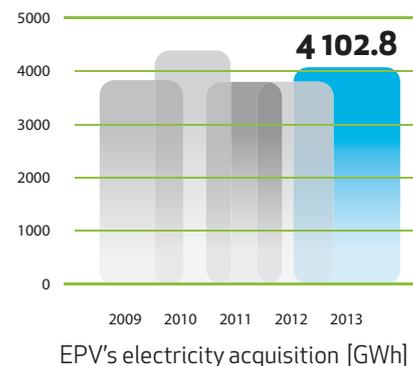
By the end of 2013, all in all eight of EPV Bioturve Oy's environmental permits for peat production in South Ostrobothnia and Ostrobothnia were being processed by the Regional State Administrative Agency, Western and Inland Finland.

### The competitiveness of domestic fuels decreased

The increased energy taxes on peat production and the reduction in subsidiaries for wood chips ate away at the competitiveness of domestic fuels.

At the beginning of the year, the energy taxes on peat increased from EUR 1.90 to 4.90 per megawatt hour.

The subsidiaries for use of wood chips in electricity generation decreased by approximately one third in comparison with 2012. In the spring term the quality of wood chips was poor, due to high humidity. In autumn the quality of chips was high.



# EPV Wind

Three projects of EPV Wind, the area of operations within EPV Energy Ltd which focuses on wind power generation, advanced to the construction permit phase. The Torkkola wind power farm in Vähäkylä, Vaasa has made most progress; the construction of the wind power plants begins in spring 2014.

In accordance with its strategy, EPV Energy strives at low-emission energy generation. The purpose of the group companies EPV Tuulivoima Oy, Innopower Oy, Rajakiiri Oy and Suomen Merituuli Oy is to increase the group's share of emission-free energy generation.

## 16 power plants in Vähäkylä

The projects of EPV Tuulivoima Oy made good progress: the plans are complete for wind power plants in approximately 100 land areas, and approximately 50 wind power plants have been granted construction permits.

The general plan for the Torkkola wind power farm was finalized by the end of January 2013, and the construction permits were granted in May 2013. The construction of one of the largest

wind power farms in Finland will begin in spring 2014.

The wind power farms of EPV Tuulivoima in Ilmajoki and Kristinestad have also advanced to the construction permit phase. The general plan for the offshore wind power farm of Suomen Merituuli Oy in Sideby, Kristinestad, has been completed and once the city council has processed it, we will proceed with the water permit procedure.

The wind power farm of Rajakiiri in Maanahkiainen can proceed, as the municipalities of Pyhäjoki and Raahen have approved the general plan of the farm. This is the first legalized plan for offshore wind power in Finland. The farm's approximately 70 wind power plants will be located in the region of both municipalities.

The Ingå-Raseborg wind power farm project approved in the regional plan of Uusimaa is still at a standstill, since the Ministry of the Environment did not put the municipalities under the obligation to begin the general planning of the offshore wind power farm.

## 20 projects pending

The licensing process for construction of wind power has many phases and can

be very demanding, since the policy of authorities varies regionally. EPV Wind ensures the realization of its strategy by keeping a large project portfolio.

The group companies specializing in wind power have a total of about 20 pending wind power farm projects. During the year, the pre-planning of the 30-40 wind power plant farm of Rajakiiri in Simo began, among others. In Simo, the recommendations for signing tenancy agreements with the landowners have been successfully applied.

## Only profitable projects proceed

Due to the low price level of electricity, only a few investments in the subsidiary system are currently profitable. At the same time, the competition for capital hardens, which means that only the profitable projects proceed to the realization phase.

Innopower Oy was affected by the risks connected with wind power construction, when their equipment supplier went bankrupt in autumn 2013. Innopower did not reach its generation target, but is trying to solve the situation by means of a new maintenance concept.

Illustration of the Vähäkylä wind power farm as viewed from the Merikaarrantie road



### New guideline values for noise levels

Some of the impediments to wind power construction have been removed. However, the regulatory guidelines for construction are increasing. Together with VTT Technical Research Centre of Finland, the Ministry of the Environment has developed a noise measuring method for wind power plants. The Finnish government is due to issue new limit values for noise caused by wind power plants in 2014.

Radars also obstruct the construction of wind power. According to the Finnish defence forces, the wind power farm of Suomen Merituuli Oy planned for Pyhtää in Kymenlaakso partly disrupts their radars, thus disturbing Finnish defence.

Concerning the offshore wind power farm of Rajakiiri in Maanahkiäinen, an understanding has been reached to remove the radar impediments by means of a compromise.

### Subsidiaries for offshore wind power

Three of EPV Wind's wind power companies apply for so-called demonstration subsidies, which are granted for the

construction of wind power farms. In the government's budget proposal, MEUR 20 is reserved for subsidies in 2014.

From the EPV Group, Innopower Oy applies for subsidies for Ajos, Kemi and the projects in Kokkola, Rajakiiri Oy for Röyttä, Tornio and Suomen Merituuli Oy for the project in Sideby.

The demonstration subsidy partly compensates for the additional costs for offshore foundations and power transmission lines, which are not needed for onshore wind power plants.

### Puuska operates excellently

The Puuska wind power farm of Rajakiiri Oy has now been in operation for three years, and has exceeded the set expectations every year. The wind power farm has generated more than 3,000 hours on full load. Puuska is due to be expanded with another five power plants (Puuska II) in 2014–2015.

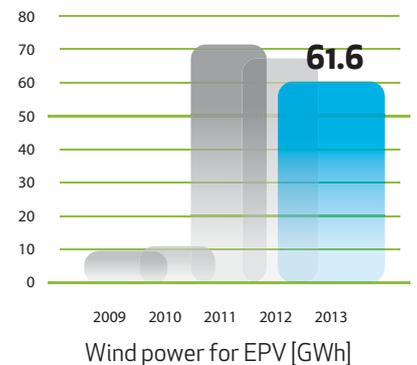
The plan proposal for the offshore wind farm project Kiiri of Rajakiiri Oy has been on display. Currently, the project's water permit applications are being prepared. The plan is to build 14 wind power plants in front of the steelworks of Outokumpu Oyj in Tornio.

### The majority of EPV's electricity is already emission-free

62.3 percent of the electricity EPV Energy Ltd supplies to its shareholders is already generated free from emissions. In accordance with the company strategy, the share of emission-free generation will be further increased.

The domestic rate of the electricity acquired by the company is high: 69.5 percent is generated by means of domestic energy sources.

29.1 percent of the electricity is generated with renewable energy. Thus, EPV Energy Ltd is approaching the national target of using 38 percent renewable energy in its own electricity acquisition.



# EPV Infra

EPV Tase, which belongs to the area of operations of EPV Infra, provides services for the owners and generation companies. More energy was transmitted via the transmission network of EPA Alueverkko than the previous year. The investments in the maintenance of the regional grid are also continued.

Vaskiluodon Teollisuuskiinteistöt Oy owns and manages the office and industrial facilities in Vaskiluoto, Vaasa. EPV Tase Oy acquires market electricity and produces balance services for the shareholders and generation companies of EPV. Suomen Energiavarat Oy administrates the holdings in Vapo Oy, which specializes in peat production.

EPV Alueverkko Oy (EPA) operates in Ostrobothnia, South Ostrobothnia, Kokkola, Kemi and Tornio. The company's customers are the local distribution network companies, the industry and the energy sector generation plants in the area of operation.

## Balance services for the owners

EPV Tase, established in 2013, is a balance service for EPV's owners and the generation companies owned, entirely or partly, by EPV. The service balances the electricity acquisition and consumption of these electricity market parties. Through the service, the shareholders can also trade on the Nord Pool Spot electricity stock exchange.

EPV Tase was founded in order to clarify the group structure of EPV, so that the services in question, which

are currently not employed by all of EPV's owners, are realized in a subsidiary totally owned by EPV.

## Electricity transmission increased and falling tree safety improved

More energy, 6,896 GWh, was transmitted via the transmission network of EPA than in 2012 (6,296 GWh). The electricity transmission increased especially in Tornio, where a new ferrochromium foundry was implemented. Fingrid Oyj increased its main grid tariffs by an average of 15 percent for 2013, and by another approximately 8 percent in the beginning of 2014. The transmission tariffs of EPA were increased in accordance with the main grid tariff in 2013 and 2014.

During the year, one significant error occurred, which interrupted the electricity transmission. There was a short circuit at the divider station in Koivula, when a temporary suspension gave way during the construction of the Lapua-Kauhava power line.

The new electricity market act requires that 110 kV power lines must be clear of falling trees, so that the tree does not interrupt the electricity distribution even in the event that it should fall in the power line lane.

EPA initiated a development project, where the current state of the flora in the power line lanes was surveyed, and guidelines were set according to which the flora in the lanes are processed and cleared regularly in the future.

In the new electricity market act, a 110 kV regional grid is defined as a

distribution network, instead of a high voltage network.

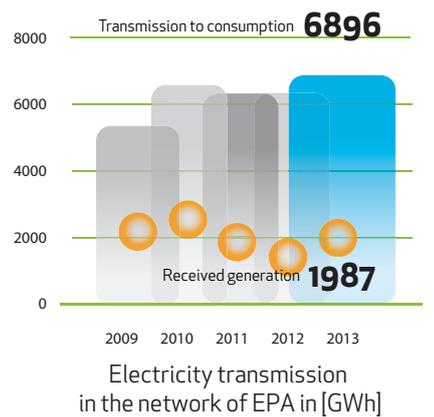
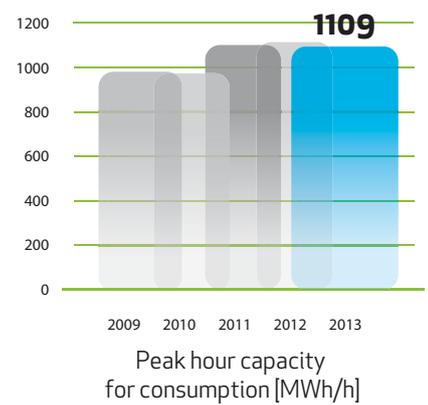
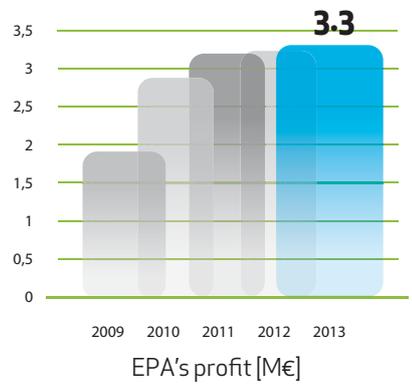
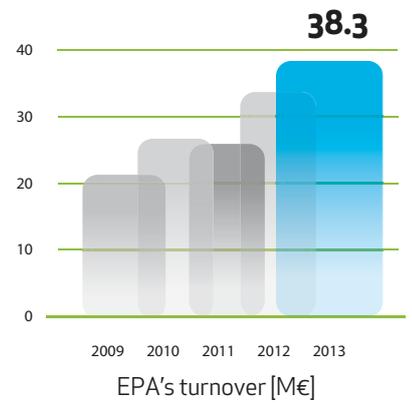
## The safety campaign continued

EPA participates in the two-year safety campaign Hengenvaara (Lethal danger) together with several other electricity network companies. During the second year, information was spread on safety at work for people, who are not electric professionals, but work in the proximity of electricity networks. Among others machinery contractors and farmers attended the information and education events.

## New offshore pylons

EPA replaces the power line over the water between Vaasa city centre and Vaskiluoto. The current three power line pylons are replaced by new landscape pylons, which will be painted blue. The beam structures will be designed to resemble seagull wings.

The power line will be placed so that boats with a maximum mast height of 26.5 meters can pass safely beneath it. The pylons will be equipped with aviation obstruction lights. The foundation work for the pylons began in autumn 2013. The old power line will be disassembled, the new pylons raised and the cabling made by the end of June 2014.





# Management, Board of Directors and personnel

## General Shareholders' Meeting

The highest authority in EPV is vested in the General Shareholders' Meeting. Besides statutory issues, the authority of the Shareholders' Meeting extends to the election of the Board, and other issues defined in the Articles of Association. In 2013 the General Shareholders' Meeting was assembled four times.

## Board of Directors

The Board of Directors is responsible for the company's administration and for organizing the company's operation according to the Law, Articles of Association and the decisions of the Shareholders' Meeting. The Board also supervises the company's operation and administration. In addition, the company strategy, operational policy, significant investments and financing are also decided by the Board of Directors.

The Board is elected for one year at a time in an Ordinary General Meeting according to the special directions of the Association Agreement. The Board has 10-12 ordinary members and five deputy members.

The deputy members have the right to attend the General Meetings. The Chairman of the Board is nominated by the biggest shareholder; the Vice Chairman is nominated by the

Board. A member of the Management Team is the Secretary of the Board.

## Ordinary Members of the Board

**Miapetra Kumpula-Natri**, Member of Parliament | **Hannu Linna**, CEO | **Pekka Manninen**, CEO | **Heikki Miilumäki**, Dr Tech. h.c. (Chairman of the Board) | **Markku Pernaa**, CEO | **Jorma Rasinmäki**, Mayor (Vice Chairman of the Board) | **Anders Renvall**, CEO | **Janne Savelainen**, CEO | **Kaj Skåtar**, Master of Law | **Markku Vartia**, Energy Director

## Deputy Members of the Board

**Olli Arola**, Director | **Martti Haapamäki**, CEO | **Kyösti Jääskeläinen**, CEO | **Esa Kaunisto**, M. Ed. | **Jari Lepistö**, CEO

## CEO and Management Team

The company's CEO is M. Sc. **Rami Vuola**. The Deputy CEO is Director of Finance, M. Econ. Sc., Eng. **Markku Källström**. In addition, the Management Team also includes M. Sc. **Mauri Blomberg**, M. Sc. **Frans Liski**, M. Sc. **Sami Kuitunen** and M. Sc. **Reima Neva**.

## Subsidiary management

The subsidiaries and partnership companies of the group have their own administrative bodies. EPV participates actively in the management and supervision of its subsidiaries and partnership companies.

## Auditors

The Ordinary Auditors of EPV are the community of chartered accountants Ernst & Young Oy, with **Mikko Rytilahti** and **Tatu Huhtala** as main responsible Auditors and Ari Lehto and Kristian Berg as Vice Auditors.

## An expert organization

Good personnel management and competent personnel are EPV's success factors. The company operations and management are governed by the traditional corporate documents as well as the Corporate Governance documents separately sanctioned by the Board of Directors. The documents guide the operations of the company personnel and function as a means of communication between the company and its shareholders.

Due to the nature of the company's operations, the personnel are few, but consist of prime experts within the trade; people who have the ability, motivation and skills to research and adopt new data, and apply it in practice. The group has 55 employees.

The services purchased from co-operation partners are an important part of EPV's business operations. They enable EPV's constant access to the best possible resources.

# Board of Directors' report 2013

EPV Energy Ltd (EPV) is a company specialized in energy acquisition and investment, which operates on an absorption principle. The aim is to supply the owners with competitive electricity and to ensure inexpensive electricity acquisition in a changing operating environment. The company's strategic objective is that the energy acquisition should be low-emission in the long term. The energy acquisition is mainly transacted through the generation shares owned by the company. EPV's acquired amount of electricity in 2013 was 4,103 (3,815) GWh. This corresponds to 4.9 (4.5) percent of the electricity consumption in Finland.

## EVENTS DURING THE FINANCIAL YEAR

### Operating environment

According to preliminary statistics, 386 (391) TWh of electricity was consumed in the Nordic countries in 2013. The consumption decreased by approximately 1.5 percent compared to the previous year. The main reason for the decrease was the mild weather, while the industrial demand was also reduced.

In 2013, the Finnish electricity consumption was 83.9 (85.2) TWh, which meant a decrease by approximately 1.5 percent compared to 2012. The industrial share of the consumed electricity was approximately 47.0 percent, and other consumption 53.0 percent. Last year, industrial consumption increased by one percent, while the consumption

in other sectors decreased by approximately 2 percent. The share of losses in electricity consumption was about 3 percent.

Last year, 18.7 percent of the energy consumption was covered with imports, and 81.3 percent with domestic generation. Combined generation of power and heat (CHP) covered 28 percent of the consumed electricity, nuclear power 27, hydropower approximately 15, and coal and other condense power nearly 10 percent. The share of wind power was 0.9 percent. The electricity import from Russia increased by approximately 7 percent, but compared to the decrease of 60 percent the previous year, Russia is no longer the main import country, which is now Sweden. The profitability of Russian

OLLIAROLA



HANNULINNA



ANDERS RENVALL



electricity export has been reduced due to the capacity fees paid in the country.

In the beginning of 2013, the snow and water reserves, i.e. the hydrological balance, of the Nordic countries were 2 TWh below the long-term average, but at the end of the year, the water reserves had increased to approximately 5 TWh above the long-term average. By the turn of the year, the Nordic water reserves were approximately 83 TWh in total.

In 2013, the energy generation CO<sub>2</sub> emissions were 11.2 million tons, which is 34 percent more than the previous year. The increased emissions were mainly due to the significant decline in hydropower generation from 16.7 to 12.7 TWh, and the increase in separate electricity generation resulting from it. The electricity generated in Finland was free from greenhouse gas emissions to 69 per-

cent. The share of renewable energy sources was 36 percent of the electricity generated.

### Generation

The electricity generation in 2013 at the power plants of the partnership company **Vaskiluodon Voima Oy** (50%) was 1,829 (1,398) GWh. A total of 762 (935) GWh district heating was generated. On the basis of its interest, EPV acquired a total of 894 (660) GWh of electrical energy. The new bio gasification plant of Vaskiluodon Voima had good availability all year, and the generation achieved the set targets.

The total output of the Olkiluoto 1 and 2 power plants of the associated company Teollisuuden Voima Oyj (TVO) in 2013 was 14,630 (14,376) GWh. The generation year of 2013 was the best in the history of Teollisuuden Voima. EPV's direct interest in Teollisuuden Voima is 6.6% and 1,013

(981) GWh of energy was acquired in proportion to the share. The acquisition includes the condense generation share from Meri-Pori.

The construction work at the OL-3 plant unit of **Teollisuuden Voima** is mostly completed, and the installation work on the main components is finished. The automation planning for the reactor plant, the documentation and licensing process are still in progress.

The partnership company **Pohjolan Voima Oy** is an electricity acquisition company, which operates on an absorption principle, supplying electricity to its owners at cost price. EPV's interest in Pohjolan Voima Oy is 7.1% and a total of 810 (639) GWh electricity was acquired accordingly.

The electricity supplied by the Norwegian hydroelectric power plant of the partnership company **Rapid Power Oy** (50%) lived up to the set targets. The power plant had no sig-

MARKKU PERNAÄ

HEIKKI MIILUMÄKI  
Chairman

JORMA RASINMÄKI  
Vice Chairman

MARKKU KÄLLSTRÖM  
Secretary of the Board



nificant generation stops during the accounting period. In 2013 the total electricity supply to EPV was 611 (678) GWh.

**Tornion Voima Oy** is a subsidiary of EPV (100%), which generates electricity and heat in connection with the steel works in Tornio. The plant delivers combined generation electricity to EPV, district heating and fabrication steam to the Tornio steel works and district heating to Tornion Energia Oy. The total electricity supply for EPV was 187 (156) GWh.

**EPV Tuulivoima Oy** (100%) has concentrated on investigating the conditions for wind power generation in the coastal area of Ostrobothnia and in the inland. The project development has reached the phase where 34 construction permits have been granted for the Metsälä project in Kristinestad, and 18 permits for the project in Ilmajoki-Kurikka. Regarding the other projects, the licensing processes have progressed mainly as expected. At the

end of the year, EPV Tuulivoima made the investment decision to build a wind power farm of 16 turbines in Torkkola village, Vähäkyrö, Vaasa. The value of the investment is approximately MEUR 100.

The fourth year of generation for the Puuska wind power farm of **Rajakiiri Oy** (60.2%), located in Tornio, lived up to the expectations and the generation targets were achieved. Over the year the wind farm generated 89 (87) GWh of electricity, which corresponds to 3,080 (3,030) h/a full load hours, the rated power of the farm being 28.8 MW.

**Suomen Merituuli Oy** is an associated company, the objective of which is to build future offshore wind power plants in the Gulf of Finland and the Bothnian Sea. The company has development projects for offshore wind power in the Ingå and Sideby areas. EPV's interest in the company is 50%.

**Voimapiha Oy** was established in summer 2013, and the company ac-

quired a 25.7% share in Kraftgården Ab in Sweden. The seller was the Danish energy company Dong Energy Wind Power Holding A/S and the buyers a consortium consisting of EPV Energy, Helsingin Energia and Kymppivoima. The hydropower plants owned by Kraftgården Ab are located in the Indalsälven river, one of the most significant hydropower reserves in Sweden. The acquisition included 161 MW of generation power, which corresponds to approximately 862 GWh of average annual generation. During the first six months of operation, Voimapiha Oy supplied EPV with 123 GWh of hydropower electricity generated in Sweden. The economic targets set for the investments for the first six months were realized.

#### Utilization and maintenance company

The partnership company **Proma-Palvelut Oy** (34%) was a utilization and maintenance company for thermal power

#### KAJ SKÅTAR

MARKKU VARTIA

JARI LEPISTÖ

Missing from the picture  
MIAPETRA KUMPULA-NATRI  
PEKKA MANNINEN  
JANNE SAVELAINEN



plants, and operated in four regions. The know-how of the company was based on the personnel's well-managed expertise on the utilization and maintenance of power plants. In the beginning of the year, almost the entire staff of Proma-Palvelut came into the employment of PVO-Lämpövoima Oy and Vaskiluodon Voima Oy through a business transfer. At the end of 2013, the company's operations were discontinued as such.

### Regional grid company

The subsidiary **EPV Alueverkko Oy** (100%) practices electricity transmission and network operations mainly in the power transmission network rented from its parent company. During the elapsed year, the network reliability was developed by replacing power stations and protective systems as well as older sections of the power transmission lines. In 2013, the electricity transmissions of EPV Alueverkko were 6,896 (6,296) GWh.

The Energy Market Authority's third control period for network operations began in 2012. According to the Energy Market Authority's yet unconfirmed estimate, the proceeds of EPV Alueverkko during the second and third control period were approximately MEUR 9.0 below the permitted level.

### Other companies

EPV Energy Ltd's subsidiary Suomen Energiavarat Oy has been founded for the purpose of, as a shareholder in Vapo Oy, developing Vapo's operations with the strategic goal to increase the ownership value and to primarily aim the resources at the generation and development of domestic fuels.

The purpose of **EPV Bioturve Oy** (100%) is to acquire land areas suitable for peat production in the regions of Ostrobothnia and South Ostrobothnia, and to prepare these areas for peat production. Environmental permits are pending for several

peat production areas, and during the year permits have been granted for three marshes with a total area of 420 ha. The licensing process for some of these marshes will be continued at the Vaasa administrative court. During the last financial year, the company has also actively acquired bioenergy in its operating area.

**EPV Tase Oy** (100%) was established 1 November 2013. The purpose of the company is to provide balance-related services for EPV's owners and the generation companies owned, entirely or partly, by EPV.

**EPV Teollisuusverkot Oy** (90%) was established 30 December 2013 in co-operation with Outokumpu Stainless Oy, in order to manage the transmission operations of the 110 kV high voltage power lines in Röyttä, Tornio. EPV Alueverkko Oy manages the operative operations of the network.

The subsidiary **Vaskiluodon Teollisuuskiinteistöt Oy** operates in the rental of industrial, office and storage

ESA KAUNISTO

RAMI VUOLA  
CEO

MARTTI HAAPAMÄKI

KYÖSTI JÄÄSKELÄINEN



facilities. The facilities are located in a reserve area for power generation.

## TURNOVER, PROFIT AND RESULT

The turnover of the EPV Energy Group was MEUR 219.1 (179.7). The turnover share of the electricity sales was MEUR 156.2 (124.0) and of the remaining operations MEUR 62.9 (55.8).

The business result of the group was profitable by MEUR 11.6 (8.2). The net financing costs of the financial year were MEUR 3.9, while the previous year the net financing yields were MEUR 15.6. According to the financial statement the profit was MEUR 6.2 (22.3). The profit from the previous year mainly consisted of the non-recurring dividend from Pohjolan Voima, and the profit of the financial year of made overdepreciations.

EPV Energy Ltd operates according to an absorption principle. The shareholders pay for the variable costs according to the supplied amounts of energy and for the fixed costs in relation to their holdings regardless of whether the power share has been utilized or not. Due to the operational principle, presenting economic indexes is irrelevant for understanding the operations, the financial position or the result.

## FINANCING AND INVESTMENTS

The grand total of the group's balance increased to MEUR 466.7 (418.7). By the end of the year the solvency ratio of the group was 55.9 (53.1) percent, which means achieving the target level set by the company.

The liquidity of the group was good all year. By the end of the year there was a total of MEUR 14.2 (34.9) in liquid assets and investments. By the end of the year the unused stand-by credit and limit reservations amounted to approximately MEUR 100.

The total net investments of the group were MEUR 42.6 (24.8). The investments in tangible and intangible assets were MEUR 20.2. The acquisitions of shares were MEUR 23.2. Teollisuuden Voima Oyj and Pohjolan Voima Oy were granted a partnership loan,

to finance the planning and tendering phase of OL4. The interest-bearing liabilities decreased by MEUR 0.6 during the financial year. The interest rate risk has been hedged through interest rate swap agreements.

## THE SHAREHOLDERS, GENERAL SHAREHOLDERS' MEETING AND BOARD OF DIRECTORS

### Shareholders

The number of shareholders and their interests at the end of 2013 were as follows::

	2013	2012
Alajärven Sähkö Oy	1.31	1.29
City of Helsinki/Helsingin Energia	7.14	7.26
Hiirikosken Energia Oy	0.00	0.27
Imatran Seudun Sähkö Oy	0.29	0.29
Jylhän Sähköosuuskunta	3.98	3.94
Järviseudun Sähkövoiman Kuntayhtymä	1.76	1.75
Kaakon Energia Oy	0.31	0.31
KSS Energia Oy	0.48	0.46
Kumera Oy	0.29	0.29
Kymppivoima Oy	8.59	8.73
Lahti Energia Oy	8.09	7.87
Lehtimäen Sähkö Oy	0.57	0.58
City of Oulu/Oulun Energia	0.87	0.88
Outokumpu Oyj	1.66	1.69
Oy Perhönjoki Ab	1.77	1.72
Rauman Energia Oy	0.65	0.63
Seinäjoen Energia Oy	10.49	10.39
Vaasan Sähkö Oy	42.56	42.33
Vantaan Energia Oy	8.27	8.41
Vimpelin Voima Oy	0.47	0.47
Äänekosken Energia Oy	0.45	0.44
In total	100.00 %	100.00 %

As part of the consolidation of city of Vaasa and the municipality of Vähäkyrö, Vaasan Sähkö Oy has purchased the municipality of Vähäkyrö's shares in EPV 28 December 2012, as well as the entire share capital of Hiirikosken Energia Oy 1 January 2013. Hiirikosken Energia Oy was merged with Vaasan Sähkö Oy 31 May 2013.

## General Shareholders' Meetings

The Ordinary General Shareholders' Meeting of 2013 was assembled 27 March 2013. The issues belonging to the Ordinary General Meeting as well as the sales of network assets were discussed.

At the Extraordinary General Shareholders' Meeting 31 May 2013, the share issue and the increased share capital of series A1 and A3, as well as the discontinuation of the operations of Proma Palvelut Oy, were discussed.

At the Extraordinary General Shareholders' Meeting 26 June 2013, the amendment to 3 and 4§ in the articles of association was discussed. The amendment entailed that a new series of shares, E3, was established, entitling the holders to energy generated in Sweden by means of hydro-power. The directed share issue and increased share capital of the E3 series were also discussed.

At the Extraordinary General Shareholders' Meeting 23 September 2013, the amendment to 3 and 4§ in the articles of association was discussed. The amendment entailed that a new series of shares, W4, was established, entitling the holders to energy generated at the wind power farm of EPV Tuulivoima Oy in Vähäkylä, Vaasa. The directed share issue and increased share capital of the W4 series were also discussed.

## Board of Directors

In 2013 the Ordinary Members of the Board elected in the Ordinary General Meeting were Miapetra Kumpula-Natri, Hannu Linna, Pekka Manninen, Heikki Miilumäki, Markku Pernaa, Jorma Rasinmäki, Janne Savelainen, Kaj Skåtar, Anders Renvall and Markku Vartia.

The Deputy Members of the Board were Olli Arola, Martti Haapamäki, Kyösti Jääskeläinen, Esa Kaunisto and Jari Lepistö. The Chairman of the

Board was Heikki Miilumäki and the Vice Chairman Jorma Rasinmäki.

## CEO

The CEO was M. Sc. Rami Vuola.

## Auditors

In the General Meeting the community of chartered accountants Ernst & Young Oy was elected Ordinary Auditors during the period until the Ordinary General Meeting in 2014, with CA Mikko Ryttilahti and CA Tatu Huhtala as main responsible Auditors and CA Ari Lehto and CA Kristian Berg as Vice Auditors.

## Personnel

The central responsibility of the personnel includes electricity acquisition, and the efficient management of power plant and network operational assets. The objective is to create added value for the company's shareholders by governing the assets and supervising the operational entities connected to these. Maintaining the know-how of the personnel has a central role in ensuring the continuous development of the operations.

Over the year the average number of group employees was 55 (32). At the end of 2013, EPV Energy had 37 (36) employees, EPV Alueverkko 3 (3) and Tornion Voima Oy 17 (2) employees. Of the group's total personnel, 43 are officials and 14 employees. At the beginning of the year, the subsidiary Tornion Voima Oy employed 12 operating personnel, who transferred from the service of Outokumpu Stainless Oy. The operating services were previously acquired from Outokumpu Stainless.

## CURRENT LEGAL PROCESSES

The company has no current legal processes.

## Events following the financial year

The company is unaware of any significant events following the financial year.

## Risk assessment

According to Teollisuuden Voima Oyj, based on the progress reports received from the AREVA-Siemens-Consortium (supplier), which is constructing the plant unit as a fixed-price turnkey project, TVO announced in February 2013 that the company will prepare for the possibility that the start of the commercial electricity generation of the OL3 plant unit may be postponed until 2016.

In February 2014, TVO announced that it had not received the requested overall schedule update for the Olkiluoto 3 project from the supplier. Information about the start-up date of the electricity generation at the Olkiluoto 3 plant unit is pending on the finalization of the supplier's schedule clarification.

In 2013, the supplier updated its claim to the ICC arbitration proceedings concerning the delay of the project. The updated quantification until the end of June 2011 is in total EUR 2.7 billion. TVO has considered and found the earlier claim by the supplier to be without merit, scrutinizes the updated claim and will respond to it in due course.

## Near future prospects

The company's most crucial task is to ensure that the electricity supplied to its shareholders remains competitive. This requires a continuous follow-up of the operating environment and influencing the development of existing generation resources. In addition the company must maintain its capacity to make new investments should the operating environment change.

At the end of February 2014, the hydrological water reserves of the

Nordic countries were approximately 2 TWh above the average. The market price of emission rights for 2014 was about EUR 5 per ton of carbon dioxide. At the same time, the average electricity price on the derivatives market for the rest of 2014 was approximately EUR 41 per megawatt hour, and for 2015 EUR 39 per megawatt hour. Correspondingly, the future price of coal for the rest of 2014 was approximately USD 82 per ton. Crucial factors having an impact on the price of electricity include the prolonged economic instability in Europe, and the uncertainty of future decisions on the reduction of carbon dioxide emissions, as well as the development of the water resource situation in the Nordic countries.

Due to the prevailing Nordic market situation and the economic uncertainty in the beginning of 2014, the generation of the resources owned by EPV has been lower than the average generation year. It is difficult to predict the generation volumes for the rest of the year, particularly in condense generation.

On 22 January 2012, the European Commission published its proposal for the new climate and energy

subsidy package, valid until 2030. The central starting points of the package are the European competitiveness, energy safety and climate targets. The main target is the mandatory reduction of greenhouse gases, and other targets have been cost-efficiently proportioned in relation. The emission reduction target is set at 40% less than in 1990. No mandatory targets have been set for renewable energy and energy efficiency, but there are recommendations that can be applied nationally. The further processing of the Commission's proposal is followed with great interest in the field. The use of one steering mechanism would clarify the investment praxis in the field, and would create conditions for long-term investments to be made. Regarding renewable energy, the policy of the Commission leaves room for interpretation and insecurity for developments to come.

Environmental legislation is becoming increasingly complex, comprehensive and demanding. The Environmental Protection Act amended according to the proposal is left open to interpretations in several aspects. This causes obscurity and puts pressure on the permit handlers, which will proba-

bly lead to ambiguous permit decisions which are hard to predict, and in turn lead to complaints. Also, the preparation of permit applications is hampered by these requirements.

EPV Energy participates in a development project, which investigates the utilization of liquefied natural gas (LNG) in industrial processes, energy production and shipping. The aim of the Tornio ManGa LNG project is to build an LNG terminal in Röyttä, Tornio. The Finnish-Swedish development project applies for subsidies from the Swedish and Finnish states, as well as from the European Union.

### THE BOARD'S PROPOSITION FOR DISTRIBUTION OF PROFITS

The Board proposes to the General Shareholders' Meeting that the net profit of the parent company, EUR 391,557.01, is assigned to the closing account of the previous accounting periods and that no dividends are to be paid.



# Financial statements

# Consolidated income statement €

	<b>1.1.-31.12.2013</b>	<b>1.1.-31.12.2012</b>	Notes
<b>TURNOVER</b>	<b>219 119 158,60</b>	<b>179 717 513,86</b>	1
Share of the partnership companies' result	511 914,07	-322 507,95	
Other income	2 036 632,86	2 430 275,44	2
Materials and services	-128 369 968,11	-93 649 768,78	3
Personnel expenses	-4 821 904,83	-3 190 266,25	4
Depreciation and impairment charges	-7 859 058,39	-7 736 331,36	5
Other expenses	-69 033 259,93	-69 062 077,28	6
<b>RESULT</b>	<b>11 583 514,27</b>	<b>8 186 837,68</b>	
Financial income and expenses	-3 934 758,28	15 613 672,12	7
<b>RESULT BEFORE TAXES</b>	<b>7 648 755,99</b>	<b>23 800 509,80</b>	
Direct taxes paid	-78 674,53	-1 122 981,05	8
Minority interest	-1 343 820,08	-342 461,13	
<b>RESULT OF THE FINANCIAL YEAR</b>	<b>6 226 261,39</b>	<b>22 335 067,63</b>	

# Consolidated balance sheet €

	31.12.2013	31.12.2012	Notes
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	15 926 151,50	14 517 806,86	9
Tangible assets	153 009 672,41	142 227 768,36	10
Investments			12
Holdings in group companies	263 570,01	263 570,01	
Holdings in associated companies	168 990 033,24	136 612 887,53	
Other holdings and interests	10 190 572,03	10 189 739,03	
<b>NON-CURRENT ASSETS IN TOTAL</b>	<b>348 379 999,19</b>	<b>303 811 771,79</b>	
<b>CURRENT ASSETS</b>			
Inventories	3 179 769,61	1 025 946,33	13
Long-term receivables	61 094 049,24	39 074 120,23	14
Current receivables	39 848 241,57	39 875 576,89	15
Cash and cash equivalents	14 240 353,54	34 933 602,64	
<b>CURRENT ASSETS IN TOTAL</b>	<b>118 362 413,96</b>	<b>114 909 246,09</b>	
	<b>466 742 413,15</b>	<b>418 721 017,88</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
			16
Share capital	11 519 851,10	11 317 495,00	
Share issue	944 950,10	383 883,80	
Share premium reserve	57 849 805,02	57 849 805,02	
Revaluation reserve	1 244 855,67	1 244 855,67	
Statutory reserve	5 272 584,10	5 272 584,10	
Invested unrestricted equity reserve	102 354 502,74	72 381 900,27	
Retained result	68 513 911,97	46 178 844,34	
Result of the financial year	6 226 261,39	22 335 067,63	
<b>EQUITY IN TOTAL</b>	<b>253 926 722,09</b>	<b>216 964 435,83</b>	
<b>MINORITY INTEREST</b>	<b>6 821 182,39</b>	<b>5 443 254,71</b>	
<b>LIABILITIES</b>			
Imputed tax liabilities	7 766 297,07	7 722 858,55	17
Non-current liabilities	156 986 871,76	131 122 168,72	18
Current liabilities	41 241 339,84	57 468 300,07	19
<b>LIABILITIES IN TOTAL</b>	<b>205 994 508,67</b>	<b>196 313 327,34</b>	
	<b>466 742 413,15</b>	<b>418 721 017,88</b>	

# Consolidated cash flow statement €

	<b>2013</b>	2012
<b>OPERATIONS</b>		
Result	11 583 514,27	8 186 837,68
Adjustments to operating result <sup>1)</sup>	7 386 531,06	7 333 814,61
Change in working capital <sup>2)</sup>	-6 376 847,45	-171 114,74
Dividends received	120 279,00	19 800 426,12
Interest received	411 078,40	758 505,99
Interest paid	-1 779 920,72	-3 134 322,17
Other financial income and expenses	-2 686 194,96	-1 763 337,82
Taxes	-1 128,42	-1 657,68
<b>CASH FLOW FROM OPERATIONS</b>	<b>8 657 311,18</b>	<b>31 009 151,99</b>
<b>INVESTMENTS</b>		
Acquisition of shares	-23 239 787,00	-1 265 625,00
Investments in intangible and tangible assets	-20 208 173,81	-15 164 894,65
Investment support	324 278,00	-9 676 800,00
Proceeds from sales of non-current assets	549 710,12	1 290 276,75
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-42 573 972,69</b>	<b>-24 817 042,90</b>
<b>FINANCING</b>		
Withdrawals of long-term loans	29 480 507,70	18 858 228,71
Repayment of long-term loans	-30 095 159,48	-20 744 309,93
Share issue	13 838 064,40	4 516 300,00
<b>CASH FLOW FROM FINANCING</b>	<b>13 223 412,62</b>	<b>2 630 218,78</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-20 693 248,89</b>	<b>8 822 327,87</b>
Liquid assets 1 January	34 933 602,64	26 111 274,77
<b>LIQUID ASSETS 31 DECEMBER</b>	<b>14 240 353,54</b>	<b>34 933 602,64</b>
<b><sup>1)</sup> ADJUSTMENTS TO OPERATING RESULT</b>		
Interest in partnership companies' result	-511 914,07	322 507,95
Depreciation and write-downs	7 859 058,39	7 736 331,36
Gain (-) or loss (+) from divestment of non-current assets	39 386,74	-725 024,70
	7 386 531,06	7 333 814,61
<b><sup>2)</sup> CHANGE IN WORKING CAPITAL</b>		
Increase (-) or decrease(+) in non-interest-bearing receivables	-5 385 442,78	-4 512 162,72
Increase (-) or decrease(+) in inventories	-2 153 823,28	-1 025 946,33
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	1 162 418,61	5 366 994,31
	-6 376 847,45	-171 114,74

# Parent company's income statement. €

	<b>1.1.-31.12.2013</b>	1.1.-31.12.2012	Notes
<b>TURNOVER</b>	<b>148 595 231,46</b>	<b>125 825 355,95</b>	1
Other income	3 028 710,77	3 098 002,41	2
Materials and services	-82 553 156,76	-59 753 273,87	3
Personnel expenses	-3 442 956,63	-2 814 466,18	4
Depreciation and impairment charges	-1 861 029,92	-2 239 566,11	5
Other expenses	-63 340 383,01	-63 851 245,02	6
<b>RESULT</b>	<b>426 415,91</b>	<b>264 807,18</b>	
Financial income and expenses	-2 528 635,24	17 508 692,01	7
<b>RESULT BEFORE EXTRAORDINARY ITEMS</b>	<b>-2 102 219,33</b>	<b>17 773 499,19</b>	
Extraordinary items			
Received group subventions	3 221 312,14	3 193 437,35	
<b>RESULT BEFORE APPROPRIATIONS AND TAXES</b>	<b>1 119 092,81</b>	<b>20 966 936,54</b>	
Appropriations			
Change in depreciation difference	-727 535,80	-1 192 431,66	
Direct taxes paid	0,00	0,00	8
<b>RESULT OF THE FINANCIAL YEAR</b>	<b>391 557,01</b>	<b>19 774 504,88</b>	

# Parent company's balance sheet €

	<b>31.12.2013</b>	31.12.2012	Notes
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	7 446 892,74	5 795 794,95	9
Tangible assets	28 007 752,70	28 878 318,76	10
Investments			12
Holdings in group companies	36 133 970,83	33 698 970,83	
Holdings in associated companies	157 696 643,84	125 605 713,84	
Other holdings and interests	10 190 572,03	10 189 739,03	
<b>NON-CURRENT ASSETS IN TOTAL</b>	<b>239 475 832,14</b>	<b>204 168 537,41</b>	
<b>CURRENT ASSETS</b>			
Long-term receivables	61 061 282,48	39 043 687,47	14
Current receivables	50 096 744,39	40 741 642,09	15
Cash and cash equivalents	11 789 964,91	30 113 541,19	
<b>CURRENT ASSETS IN TOTAL</b>	<b>122 947 991,78</b>	<b>109 898 870,75</b>	
	<b>362 423 823,92</b>	<b>314 067 408,16</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			16
Share capital	11 519 851,10	11 317 495,00	
Share issue	944 950,10	383 883,80	
Share premium reserve	57 849 805,02	57 849 805,02	
Revaluation reserve	1 244 855,67	1 244 855,67	
Statutory reserve	5 272 584,10	5 272 584,10	
Invested unrestricted equity reserve	102 354 502,74	72 381 900,27	
Retained result	35 093 966,69	15 319 461,81	
Result of the financial year	391 557,01	19 774 504,88	
<b>EQUITY IN TOTAL</b>	<b>214 672 072,43</b>	<b>183 544 490,55</b>	
<b>APPROPRIATIONS</b>			
Depreciation	<b>15 873 074,19</b>	<b>15 145 538,39</b>	
<b>LIABILITIES</b>			
Non-current liabilities	106 806 773,00	71 891 874,05	18
Current liabilities	25 071 904,30	43 485 505,17	19
<b>LIABILITIES IN TOTAL</b>	<b>131 878 677,30</b>	<b>115 377 379,22</b>	
	<b>362 423 823,92</b>	<b>314 067 408,16</b>	

# Parent company's cash flow statement €

	2013	2012
<b>OPERATIONS</b>		
Result	426 415,91	264 807,18
Adjustments to operating result <sup>1)</sup>	1 674 718,29	1 514 541,41
Change in working capital <sup>2)</sup>	4 136 800,29	-7 047 825,62
Dividends received	167 879,00	19 800 426,12
Interest received	674 293,72	829 733,96
Interest paid	-1 102 525,04	-1 609 148,60
Other financial income and expenses	-2 268 282,92	-1 512 319,47
<b>CASH FLOW FROM OPERATIONS</b>	<b>3 709 299,25</b>	<b>12 240 214,98</b>
<b>INVESTMENTS</b>		
Acquisition of shares	-25 674 787,00	-1 265 625,00
Investments in non-current assets	-2 702 740,14	-2 565 910,41
Profit from disposal of intangible and tangible assets	485 490,12	1 290 276,75
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-27 892 037,02</b>	<b>-2 541 258,66</b>
<b>FINANCING</b>		
Withdrawals of long-term loans	29 049 906,95	16 464 261,40
Increase (-) or decrease(+) in interest-bearing receivables	-19 675 759,18	-3 423 465,23
Increase (+) or decrease (-) in short term interest-bearing liabilities	-20 574 362,82	-16 814 309,93
Received group subventions	3 221 312,14	3 193 437,35
Share issue	13 838 064,40	4 516 300,00
<b>CASH FLOW FROM FINANCING</b>	<b>5 859 161,49</b>	<b>3 936 223,59</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-18 323 576,28</b>	<b>13 635 179,91</b>
Liquid assets 1 January	30 113 541,19	16 478 361,28
<b>Liquid assets 31 December</b>	<b>11 789 964,91</b>	<b>30 113 541,19</b>
<b><sup>1)</sup> ADJUSTMENTS TO OPERATING RESULT</b>		
Depreciation and write-downs	1 861 029,92	2 239 566,11
Gain (-) or loss (+) from divestment of non-current assets	-186 311,63	-725 024,70
	1 674 718,29	1 514 541,41
<b><sup>2)</sup> CHANGE IN WORKING CAPITAL</b>		
Increase (-) or decrease(+) in non-interest-bearing receivables	5 201 022,34	-10 989 714,10
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	-1 064 222,05	3 941 888,48
	4 136 800,29	-7 047 825,62

## The scope of the consolidated financial statement

The EPV Energy Group consists of EPV Energy Ltd and its subsidiaries. The registered domicile of the parent company of the group, EPV Energy Ltd, is Vaasa. The consolidated financial statement incorporates all subsidiaries and partnership companies, excluding Voimapiha Oy.

EPV Energy Ltd owns all the shares in the A series of Suomen Energiavarat Oy. The financial statement has not been incorporated in the consolidated financial statement, since Suomen Energiavarat Oy has been founded for a certain purpose, and the shares in the A series owned by EPV do not entitle to any dividends. The partnership company Voimapiha Oy has not been incorporated in the consolidated financial statement either, since the shares in the A series owned by EPV do not entitle to any dividends.

## The basis of preparation for the consolidated financial statement

Apart from Vaskiluodon Teollisuuskiinteistöt Oy, the subsidiaries have all been incorporated in accordance with the acquisition cost method. The subsidiaries are companies founded by the parent company. Vaskiluodon Teollisuuskiinteistöt Oy has been incorporated with the equity method.

The internal business transactions of the group and the internal claims and debts have been eliminated.

The minority interests have been separated from the result of the financial year and the equity, and presented as a separate item in the income statement and the balance sheet.

The accumulated depreciation has been divided into unrestricted equity and imputed tax liabilities. The alteration in depreciation in the income statement has been divided into the result of the financial year and the change in imputed tax liabilities. The decreased corporate income tax is recognized in profit or loss. The decreased tax has had a great impact on the result where the partnership companies are concerned.

## The partnership companies have been incorporated with the equity method.

A share of the partnership companies' result and alteration in depreciation excluding imputed tax liabilities equivalent to the group's interest is included in the income statement. In the balance sheet, the share of the partnership company's equity and the accumulated depreciation excluding imputed tax liabilities are presented as share value.

## Non-current assets

The non-current assets have been entered in the balance sheet at the original direct acquisition cost reduced from planned depreciation and received supports. The made book values are aimed at land areas. The depreciations according to plan have been calculated according to the estimated useful economic lives.

The depreciation periods are:

Intangible rights (main grid connection fees)	20 years
Other long-term expenses	5-40 years
Goodwill	5-15 years
Buildings and construction	20-54 years
Machinery and equipment	5-52 years
Transmission and distribution network	30 years

The direct acquisition costs for bog areas planned for peat production concerning wasteland and standing crop have been entered under land areas. The remaining direct acquisition costs for bog areas have been entered as pending peat acquisitions.

Once the bog area is prepared, the pending peat acquisitions of the area which has been granted a permit are entered as peat resources, which are depreciated by the use of substance depreciation.

The expenses directly linked to the wind power projects have been entered as pending acquisitions. They are part of preparatory investments. The prerequisites for completing the projects are investigated annually and separately for each project.

## Valuation of inventories

Inventories are mainly evaluated as direct acquisition costs according to the FIFO principle. Should the probable acquisition cost of the inventories be lower than the original acquisition cost on the date of the financial statements, the difference is not entered as a cost due to the absorption principle.

## Emission rights

The acquisition of emissions reduction and the indirect expenses in connection with these have been entered under intellectual property rights and presented as emission rights. Gratuitous emission rights are assets not included in the balance sheet.

## Feed-in tariff system

The feed-in tariff system covers the fluctuating generation subsidy, or feed-in tariff, based on the electricity market price or emission rights price, granted for wind, biogas, wood chip and wood-based fuel power plants.

The subsidies granted based on the feed-in tariff system have been added to the company's turnover.

## Derivatives management

The interest rate tying period of the floating-rate loans has been extended with an interest rate swap, interest rate cap and floor agreements. The interests connected to these agreements have been performance-based divided, and they are presented as net amounts in the main group of financial income and expenses. The nominal values and fair values of the derivative agreements are presented in the notes.

## Pension benefits

The pension benefits for the company personnel have been arranged for by an external pension insurance company.

## The comparability of former financial statements

The financial income and expenses for 2012 included non-recurring dividend yields of MEUR 19.7.

During the financial year, the average number of group employees increased from 32 to 55.

	Group		Parent company	
	2013	2012	2013	2012
<b>1 .TURNOVER</b>				
Sales of electricity	156 216	123 950	143 237	118 572
Sales of heat	22 218	21 104	1 358	3 033
Other operations	40 685	34 663	4 000	4 220
	<b>219 119</b>	<b>179 717</b>	<b>148 595</b>	<b>125 825</b>
<b>2. OTHER INCOME</b>				
Rental income	535	567	534	560
Profits from sale of fixed assets	67	917	245	917
Other income	1 435	946	2 250	1 621
	<b>2 037</b>	<b>2 430</b>	<b>3 029</b>	<b>3 098</b>
<b>3. MATERIALS AND SERVICES</b>				
Energy purchases and transfer payments	106 834	80 394	77 562	59 033
Fuels	17 732	13 087	0	0
Emission rights purchases	5 334	346	4 596	346
Purchases during the financial year	129 900	93 827	82 157	59 379
Storage increase (-) or decrease (+)	-2 154	-1 026	0	0
External services	624	849	396	374
	<b>128 370</b>	<b>93 650</b>	<b>82 553</b>	<b>59 753</b>
<b>4. PERSONNEL EXPENSES</b>				
Wages and salaries	3 917	2 590	2 780	2 278
Pension expenses	757	504	555	451
Other personnel expenses	148	96	108	85
	<b>4 822</b>	<b>3 190</b>	<b>3 443</b>	<b>2 814</b>
Salaries and fees paid to the CEO and the Board of Directors	405	405	394	392
Average number of personnel	55	32	36	28
<b>5. DEPRECIATION AND IMPAIRMENT CHARGES</b>				
Depreciation according to plan				
Intangible assets	460	400	60	0
Other capitalised long-term expenses	618	505	276	210
Buildings and construction	637	584	91	85
Machinery and equipment	4 863	4 874	226	644
Transmission and distribution network	1 281	1 373	1 208	1 301
	<b>7 859</b>	<b>7 736</b>	<b>1 861</b>	<b>2 240</b>

	Group		Parent company	
	2013	2012	2013	2012
<b>6. OTHER EXPENSES</b>				
Fixed energy purchases	60 505	58 832	60 909	60 854
External services	4 666	5 873	1 247	1 579
Administrative expenses	587	873	363	424
Rents	1 585	1 608	118	191
Materials and equipment	783	621	177	190
Other personnel expenses	450	233	359	319
Commitment expenses and public payments	397	349	108	101
Other expenses	60	673	59	192
	<b>69 033</b>	<b>69 062</b>	<b>63 340</b>	<b>63 851</b>
Auditor's fees				
Auditing fees	52	52	31	35
Certificates and opinions	2	2	2	2
Tax services	13	0	9	0
Other fees	14	14	8	7
	81	68	50	44
<b>7. FINANCIAL INCOME AND EXPENSES</b>				
Dividend income				
From associated companies	-	-	48	48
From others	120	19 753	120	19 753
	120	19 753	168	19 801
Other interest and financial income				
From group companies	-	-	265	124
From partnership companies	21	67	21	67
From others	411	725	409	672
	432	792	695	863
Interest expenses and other financial expenses				
To group companies	-18	-9	0	0
To others	-4 469	-4 922	-3 392	-3 155
	-4 487	-4 931	-3 392	-3 155
Total financial income and expenses	<b>-3 935</b>	<b>15 614</b>	<b>-2 529</b>	<b>17 509</b>
<b>8. DIRECT TAXES PAID</b>				
Income taxes on extraordinary items	-	-	789	782
Income taxes on the actual operations	1	2	-789	-782
Change in deferred tax liabilities	78	1 121	-	-
	<b>79</b>	<b>1 123</b>	<b>0</b>	<b>0</b>

	Group		Parent company	
	2013	2012	2013	2012
<b>9. INTANGIBLE ASSETS</b>				
<b>Intangible rights</b>				
Acquisition cost 1 January	40	38	40	38
Increase	1 214	2	1 200	2
Acquisition cost 31 December	1 254	40	1 240	40
Planned depreciation	-60	0	-60	0
<b>Book value 31 December</b>	<b>1 194</b>	<b>40</b>	<b>1 180</b>	<b>40</b>
<b>Goodwill</b>				
Acquisition cost 1 January	6 000	6 000	0	0
Acquisition cost 31 December	6 000	6 000	0	0
Accumulated depreciation and impairment charges 1 January	-1 600	-1 200	0	0
Depreciation of the financial year	-400	-400	0	0
<b>Book value 31 December</b>	<b>4 000</b>	<b>4 400</b>	<b>0</b>	<b>0</b>
<b>Emission rights</b>				
Acquisition cost 1 January	4 981	4 044	4 981	4 044
Increase	799	1 524	799	1 524
Decrease	-452	-587	-452	-587
Acquisition cost 31 December	5 328	4 981	5 328	4 981
<b>Book value 31 December</b>	<b>5 328</b>	<b>4 981</b>	<b>5 328</b>	<b>4 981</b>
<b>Other capitalised long-term expenses</b>				
Acquisition cost 1 January	7 854	6 674	2 536	2 418
Increase	942	130	440	118
Investment support	-16	1 051	0	0
Acquisition cost 31 December	8 780	7 854	2 976	2 536
Accumulated depreciation and impairment charges 1 January	-2 758	-2 253	-1 761	-1 552
Depreciation of the financial year	-618	-505	-276	-210
<b>Book value 31 December</b>	<b>5 404</b>	<b>5 096</b>	<b>939</b>	<b>774</b>
<b>Intangible assets in total</b>				
Acquisition cost 1 January	18 876	16 756	7 557	6 500
Increase	2 954	1 656	2 439	1 644
Investment support	-16	1 051	0	0
Decrease	-452	-587	-452	-587
Acquisition cost 31 December	21 362	18 876	9 544	7 557
Accumulated depreciation and impairment charges 1 January	-4 358	-3 453	-1 761	-1 551
Depreciation of the financial year	-1 078	-905	-336	-210
<b>Book value 31 December</b>	<b>15 926</b>	<b>14 518</b>	<b>7 447</b>	<b>5 796</b>

	Group		Parent company	
	2013	2012	2013	2012
<b>10. TANGIBLE ASSETS</b>				
<b>Land and water areas</b>				
Acquisition cost 1 January	4 332	4 099	2 210	2 210
Increase	82	233	0	0
Decrease	-58	0	0	0
Acquisition cost 31 December	4 356	4 332	2 210	2 210
<b>Book value 31 December</b>	<b>4 356</b>	<b>4 332</b>	<b>2 210</b>	<b>2 210</b>
Revaluation included in the acquisition cost of land areas				
Revaluation 1 January	1 682	1 682	1 682	1 682
Revaluation 31 December	1 682	1 682	1 682	1 682
The revaluation is based on the presumable transfer price.				
Deferred tax share of the revaluation	336	412	336	412
<b>Buildings and construction</b>				
Acquisition cost 1 January	18 150	15 638	5 049	4 989
Increase	488	760	82	60
Investment support	-3	1 752	0	0
Acquisition cost 31 December	18 635	18 150	5 131	5 049
Accumulated depreciation and impairment charges 1 January	-5 630	-5 046	-3 991	-3 906
Depreciation of the financial year	-637	-584	-91	-85
<b>Book value 31 December</b>	<b>12 368</b>	<b>12 520</b>	<b>1 048</b>	<b>1 058</b>
<b>Machinery and equipment</b>				
Acquisition cost 1 January	108 466	98 119	10 801	11 658
Increase	1 834	2 244	248	38
Investment support	-12	9 000	0	0
Decrease	-25	-897	-16	-895
Acquisition cost 31 December	110 263	108 466	11 033	10 801
Accumulated depreciation and impairment charges 1 January	-23 473	-19 462	-7 928	-8 146
Accumulated depreciation from deduction	19	864	16	862
Depreciation of the financial year	-4 863	-4 875	-226	-644
<b>Book value 31 December</b>	<b>81 946</b>	<b>84 993</b>	<b>2 895</b>	<b>2 873</b>
Book value share of machinery and equipment 31 December	80 640	83 624	2 771	2 750

	Group		Parent company	
	2013	2012	2013	2012
<b>Transmission network</b>				
Acquisition cost 1 January	32 732	35 277	32 510	35 055
Increase	3 623	884	511	884
Decrease	0	-3 429	0	-3 429
Acquisition cost 31 December	36 355	32 732	33 021	32 510
Accumulated depreciation and impairment charges 1 January	-10 380	-12 189	-10 158	-11 966
Accumulated depreciation from deduction	0	3 109	0	3 109
Depreciation of the financial year	-1 208	-1 300	-1 208	-1 300
<b>Book value 31 December</b>	<b>24 767</b>	<b>22 352</b>	<b>21 655</b>	<b>22 353</b>
<b>Other tangible assets</b>				
Acquisition cost 1 January	1 081	1 081	0	0
Acquisition cost 31 December	1 081	1 081	0	0
Accumulated depreciation and impairment charges 1 January	-285	-212	0	0
Depreciation of the financial year	-72	-72	0	0
<b>Book value 31 December</b>	<b>725</b>	<b>797</b>	<b>0</b>	<b>0</b>
<b>Pending peat acquisitions</b>				
Acquisition cost 1 January	3 829	3 373	0	0
Increase	729	456	0	0
Acquisition cost 31 December	4 558	3 829	0	0
<b>Book value 31 December</b>	<b>4 558</b>	<b>3 829</b>	<b>0</b>	<b>0</b>
<b>Advance payments and acquisitions in progress</b>				
Acquisition cost 1 January	13 405	6 522	386	72
Increase	13 279	8 100	97	329
Decrease	-2 394	-1 218	-284	-15
Acquisition cost 31 December	24 290	13 405	199	386
<b>Book value 31 December</b>	<b>24 290</b>	<b>13 405</b>	<b>199</b>	<b>386</b>
<b>Tangible assets in total</b>				
Acquisition cost 1 January	181 995	164 109	50 956	53 984
Increase	20 036	12 677	938	1 312
Investment support	-15	10 752	0	0
Decrease	-2 477	-5 543	-300	-4 340
Acquisition cost 31 December	199 539	181 995	51 594	50 956
Accumulated depreciation and impairment charges 1 January	-39 766	-36 908	-22 078	-24 020
Accumulated depreciation from deduction	19	3 973	16	3 971
Depreciation of the financial year	-6 781	-6 831	-1 525	-2 030
<b>Book value 31 December</b>	<b>153 010</b>	<b>142 228</b>	<b>28 007</b>	<b>28 878</b>

	Group		Parent company	
	2013	2012	2013	2012
<b>11. CAPITALISED INTEREST COSTS</b>				
Machinery and equipment				
Capitalised during the financial year	0	71	0	0
Including capital interest costs	1 390	1 464	0	0
<b>12. INVESTMENTS</b>				
<b>Interest in group companies</b>				
Acquisition cost 1 January	264	264	33 699	33 699
Increase	0	0	2 435	0
Acquisition cost 31 December	264	264	36 134	33 699
<b>Book value 31 December</b>	<b>264</b>	<b>264</b>	<b>36 134</b>	<b>33 699</b>
<b>Interest in associated companies</b>				
Acquisition cost 1 January	136 613	136 983	125 606	125 606
Increase	32 615	0	32 329	0
Decrease	-238	-370	-238	0
Acquisition cost 31 December	168 990	136 613	157 697	125 606
<b>Book value 31 December</b>	<b>168 990</b>	<b>136 613</b>	<b>157 697</b>	<b>125 606</b>
<b>Other holdings and interests</b>				
Acquisition cost 1 January	10 190	8 924	10 190	8 924
Increase	1	1 266	1	1 266
Acquisition cost 31 December	10 191	10 190	10 191	10 190
<b>Book value 31 December</b>	<b>10 191</b>	<b>10 190</b>	<b>10 191</b>	<b>10 190</b>
<b>Investments in total</b>				
Acquisition cost 1 January	147 066	146 171	169 494	168 229
Increase	32 616	1 265	34 765	1 265
Decrease	-238	-370	-238	0
Acquisition cost 31 December	179 444	147 066	204 021	169 494
<b>Book value 31 December</b>	<b>179 444</b>	<b>147 066</b>	<b>204 021</b>	<b>169 494</b>
<b>13. INVENTORIES</b>				
Power plant fuels	<b>3 180</b>	<b>1 026</b>	<b>0</b>	<b>0</b>
<b>14. NON-CURRENT RECEIVABLES</b>				
Loan receivables	23 724	16 268	23 724	16 268
Unpaid equity capital	37 066	21 678	37 066	21 678
Other long-term receivables	304	1 128	271	1 098
	<b>61 094</b>	<b>39 074</b>	<b>61 061</b>	<b>39 044</b>
Receivables from associated companies				
Loan receivables	23 723	16 266	23 723	16 266

**INVESTMENTS**

Company name	Domicile	Group interest %	Group voting share %	Parent company interest %	Holdings of parent company	
					Pcs.	Book value
<b>HOLDINGS IN GROUP COMPANIES</b>						
EPV Alueverkko Oy	Vaasa	100,0	100,0	100,0	150	3
EPV Bioturve Oy	Vaasa	100,0	100,0	100,0	1 000	6 150
EPV Tase Oy	Vaasa	100,0	100,0	100,0	500	500
EPV Tuulivoima Oy (A)	Vaasa	100,0	100,0	100,0	1 000	4 750
EPV Tuulivoima Oy (B)	Vaasa	100,0	100,0	100,0	1 000	1 933
Tornion Voima Oy	Tornio	100,0	100,0	100,0	7 500	15 008
Vaskiluodon Teollisuuskiinteistöt Oy	Vaasa	100,0	100,0	100,0	4 000	264
EPV Teollisuusverkot Oy (A)	Vaasa	90,0	90,0	90,0	90	3
Rajakiiri Oy (A)	Tornio	60,2	60,2	60,2	602	452
Rajakiiri Oy (A1)	Tornio	60,2	60,2	60,2	8 829	6 622
Rajakiiri Oy (B)	Tornio	60,2	60,2	60,2	602	452
<b>HOLDINGS IN ASSOCIATED COMPANIES</b>						
EPM Metsä Oy	Vaasa	50,0	50,0	50,0	200 000	174
Rapid Power Oy	Vaasa	50,0	50,0	50,0	5 000	26 804
Suomen Merituuli Oy	Helsinki	50,0	50,0	50,0	1 000	1 000
Vaskiluodon Voima Oy	Vaasa	50,0	50,0	50,0	300	505
Voimapiha Oy (A)	Helsinki	16,7	32,7	16,7	200 000	20 000
Pohjolan Voima Oy (A)					692 549	
Pohjolan Voima Oy (B)					230 558	
Pohjolan Voima Oy (B2)					135 097	
Pohjolan Voima Oy (C2)					11 624	
Pohjolan Voima Oy (C)					1 016 188	
Pohjolan Voima Oy (H)					302 142	
Pohjolan Voima Oy (M)					52 798	
Pohjolan Voima Oy (V)					224 735	
				7,1	2 665 691	41 150
Pohjolan Voima Oy (B2), letter of right of subscription					162 321	9 090
Teollisuuden Voima Oyj (A)					44 562 213	
Teollisuuden Voima Oyj (B)					44 562 203	
Teollisuuden Voima Oyj (C)					2 246 704	
				6,6	91 371 120	58 974
<b>OTHER SHARES AND HOLDINGS OWNED BY THE PARENT COMPANY</b>						
Suomen Energiavarat Oy (A)	Vaasa			100,0	4 400	3
Suomen Energiavarat Oy (B)	Vaasa			3,9	1 176	4 998
Mervento Oy (B, D)				9,9	674	3 666
Innopower Oy (A,C)				9,8	12 580	1 280
Powest Oy (E)				1,0	13 206	89
Others						155
						204 021

	Group		Parent company	
	2013	2012	2013	2012
<b>15. CURRENT RECEIVABLES</b>				
Trade receivables	25 479	29 424	13 321	19 042
Loan receivables	0	0	30 842	16 894
Unpaid equity capital	2 413	903	2 413	903
Prepayments and accrued income *)	6 569	7 251	3 362	3 576
Other receivables	5 387	2 298	159	327
	<b>39 848</b>	<b>39 876</b>	<b>50 097</b>	<b>40 742</b>
Receivables from group companies				
Trade receivables	-	-	51	-42
Loan receivables	-	-	30 841	16 894
Prepayments and accrued income	-	-	63	51
Other receivables	-	-	49	167
	-	-	31 004	17 070
Receivables from associated companies				
Trade receivables	819	237	42	48
Prepayments and accrued income	2 815	3 076	2 815	3 075
Other receivables	31	22	30	16
	3 665	3 335	2 887	3 139
*) Constituents included in the short-term prepayments and accrued income				
Accrued electricity purchases	2 797	3 242	2 797	3 242
Accrued electricity sales	978	66	9	66
Accrued heat sales	170	141	0	0
Accrued energy support	1 932	3 127	0	0
Accrued peat tax	0	104	0	0
Accrued interest income	18	16	81	65
Accrued VAT	15	13	0	0
Accrued investment subventions	0	293	0	0
Others	658	248	476	203
	6 569	7 251	3 362	3 576

	Group		Parent company	
	2013	2012	2013	2012
<b>16. SHAREHOLDERS' EQUITY</b>				
Equity capital 1 January	11 317	11 113	11 317	11 113
Increase in equity capital	202	204	202	204
Equity capital 31 December	11 520	11 317	11 520	11 317
Share issue 1 January	384	588	384	588
Unregistered unpaid equity capital	763	0	763	0
Transfer to equity capital	-202	-204	-202	-204
Share issue 31 December	945	384	945	384
Share premium reserve 1 January	57 850	57 850	57 850	57 850
Share premium reserve 31 December	57 850	57 850	57 850	57 850
Revaluation reserve 1 January	1 245	1 245	1 245	1 245
Revaluation reserve 31 December	1 245	1 245	1 245	1 245
Statutory reserve 1 January	5 273	5 273	5 273	5 273
Statutory reserve 31 December	5 273	5 273	5 273	5 273
Invested unrestricted equity reserve 1 January	72 382	72 382	72 382	72 382
Investment in the invested unrestricted equity reserve	29 973	0	29 973	0
Invested unrestricted equity reserve 31 December	102 355	72 382	102 355	72 382
Retained result 1 January	68 514	46 179	35 094	15 319
Retained result 31 December	68 514	46 179	35 094	15 319
Result of the financial year	6 226	22 335	391	19 775
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>253 927</b>	<b>216 964</b>	<b>214 672</b>	<b>183 544</b>
Depreciation difference				
Depreciation difference share entered under equity capital	<b>31 065</b>	<b>23 799</b>	-	-

<b>Estimation of distributable funds 31 December</b>				
Retained result	-	-	35 094	15 319
Result of the financial year	-	-	391	19 775
Invested unrestricted equity reserve	-	-	102 355	72 382
	<b>-</b>	<b>-</b>	<b>137 840</b>	<b>107 476</b>

NOTES TO THE BALANCE SHEET (1 000 €)

EQUITY CAPITAL ACCORDING TO SERIES OF SHARES		pcs	1 000 €
A1 series <sup>*)</sup>	The shares in the A and B series of the company Teollisuuden Voima Oyj or other shares replacing these entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 1, Olkiluoto 2 and Olkiluoto 3 nuclear power plant units	3 434 300	5 838
A2 series	The shares in the B series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 1 and Olkiluoto 2 nuclear power plant units of Teollisuuden Voima Oyj	250 000	425
A3 series <sup>*)</sup>	The shares in the B2 series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 3 nuclear power plant unit of Teollisuuden Voima Oyj	466 950	794
A4 series <sup>*)</sup>	The shares in the company Teollisuuden Voima Oyj entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 4 nuclear power plant unit	49 320	84
A5 series <sup>*)</sup>	The shares in the company Pohjolan Voima Oy entitle the holder to electricity generated by means of nuclear power at the Olkiluoto 4 nuclear power plant unit	18 659	32
B series	The shares in the company Teollisuuden Voima Oyj and the shares in the C2 series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated mainly at the Meri-Pori coal power plant	64 653	110
C series	The shares in the M series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated by Mussalon Voima Oy	20 517	35
D1 series	The shares in the company Vaskiluodon Voima Oy or other shares replacing these entitle the holder to electricity generated at the thermal power plant units in Vaasa and Seinäjoki	562 500	956
D2 series	The shares in the V series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated at the power plants of Vaskiluodon Voima Oy in Vaasa and Seinäjoki	113 091	192
E1 series	The shares in the A series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated in Finland by means of hydropower	543 375	924
E2 series	The shares entitle the holder to the electricity supplied by the partnership company Rapid Power Oy, generated by means of hydropower in Norway and transmitted to Finland	265 440	451
E3 series	The shares in the A series of the company Voimapiha Oy or other shares replacing these entitle the holder to electricity generated mainly by means of hydropower in Sweden	110 000	187
F series	The shares in the C series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated at the power plants in Tahkoluoto and Kristinestad	197 964	337
G series	The shares in the H series of the company Pohjolan Voima Oy or other shares replacing these entitle the holder to electricity generated by means of peaking power. In addition, the shares in the G series entitle the holder to the potential profit of the other operations of the company, which are not included in the other series, in order to cover the costs for electricity generation resources in the G series	302 400	514
P1 series	The shares entitle the holder to the emission reduction rights acquired from a third party and obligate the holder to compensate for the fixed costs of the company concerned arising from the acquisition of the rights in relation to the holder's shares in the P1 series, as well as for the variable costs in relation to the received rights	74 000	126
P2 series	The shares entitle the holder to the emission reduction rights acquired from a third party, based on acquisition decisions made in 2011 or at a later date, and obligate the holder to compensate for the fixed costs of the company concerned arising from the acquisition of the rights in relation to the holder's shares in the P2 series, as well as for the variable costs in relation to the received rights	43 800	74
T series	The shares in the company Tornion Voima Oy or other shares replacing these entitle the holder to electricity generated by means of thermal power at the power plant in Tornio	120 000	204
W1 series	The shares in the A and C series of the company Innopower Oy and the shares in Rajakiiri Oy or other shares replacing these entitle the holder to electricity generated by means of wind power	86 971	148
W2 series	The shares in the company EPV Tuulivoima Oy or other shares replacing these entitle the holder to electricity generated by means of wind power	47 456	81
W3 series	The shares in the company Suomen Merituuli Oy or other shares replacing these entitle the holder to electricity generated by means of wind power	4 987	8
W4 series <sup>*)</sup>	The shares in the B series of the company EPV Tuulivoima Oy or other shares replacing these entitle the holder to electricity generated by means of wind power	0	0
The shareholders in each of the series are responsible for the fixed costs of the series in relation to their holdings and for the variable costs in relation to the amount of energy supplied		6 776 383	11 520

**\*) Unregistered share issues**

date of general shareholders' meeting	Series of shares	Directed share issue		Share capital 1000 €	invested unrestricted equity reserve 1000 € <sup>***)</sup>
		Number pcs	Total subscription price 1 000 € <sup>***)</sup>		
<b>Unpaid</b>					
29.11.2011	A4	157 278	15 728	267	15 460
29.11.2011	A5	59 503	5 950	101	5 849
31.5.2013	A1	196 598	19 660	334	19 326
31.5.2013	A3	123 149	12 315	209	12 106
<b>Paid</b>					
23.9.2013	W4	19 325	1 933	33	1 900
		<b>555 853</b>	<b>55 585</b>	<b>945</b>	<b>54 640</b>

<sup>\*\*\*)</sup> TEUR 14,171 of the balance profits will be transferred to the invested unrestricted equity reserve

	Group		Parent company	
	2013	2012	2013	2012
<b>17. ACCUMULATED APPROPRIATIONS</b>				
Depreciation difference of deferred tax liabilities	<b>7 766</b>	<b>7 723</b>	<b>3 175</b>	<b>3 711</b>
<b>18. NON-CURRENT LIABILITIES</b>				
Bank loans	89 640	72 957	39 500	13 727
Other non-current liabilities	67 347	58 165	67 307	58 165
	<b>156 987</b>	<b>131 122</b>	<b>106 807</b>	<b>71 892</b>
Liabilities to associated companies				
Other non-current liabilities	67 307	58 165	67 307	58 165
<b>Liabilities which are due later than after five years</b>				
Bank loans	31 346	40 867	0	0
Other non-current liabilities	61 442	58 165	61 442	58 165
	<b>92 788</b>	<b>99 032</b>	<b>61 442</b>	<b>58 165</b>
<b>19. CURRENT LIABILITIES</b>				
Bank loans	3 930	24 504	0	20 574
Advances received	103	0	0	0
Trade payables	23 480	22 352	16 131	15 690
Accruals and deferred income *)	6 434	5 849	5 080	5 178
Other current liabilities	7 295	4 763	3 861	2 044
	<b>41 241</b>	<b>57 468</b>	<b>25 072</b>	<b>43 486</b>
Liabilities to group companies				
Trade payables	-	-	715	599
Accruals and deferred income				
Liabilities to associated companies	14 557	14 003	14 130	13 494
Trade payables	3 487	3 574	3 487	3 574
Other current liabilities	3 690	910	3 690	910
	21 734	18 487	21 307	17 978
*) Constituents included in the short-term prepayments and accrued income				
Accrued indirect taxes	113	102	0	0
Accrued electricity sales	3 504	3 577	3 504	3 577
Accrued electricity purchases	0	663	0	663
Accrued interest income	1 272	863	1 025	593
Accrued emission rights	422	66	0	0
Accrued fuel acquisition	661	394	499	343
Accrued personnel expenses	462	184	52	2
Others	6 434	5 849	5 080	5 178

	<b>Group</b>		<b>Parent company</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
<b>20. PLEDGED COLLATERALS ON THE BEHALF OF OTHERS</b>				
Pledge of bank account	0	203	0	203
<b>21. COMMITMENTS</b>				
Overall responsibility of accounts with overdraft facility according to account agreements	27 000	28 500	13 000	19 000
Leasing contract payments				
Payments during the following financial year	3	4	0	0
Guarantees				
For associated companies' liabilities	10 037	9 673	10 037	9 673
For other companies' liabilities	1 638	1 638	1 638	1 638
Other commitments				
Other own commitments	2 616	4 310	390	4 310
<b>22. DERIVATIVE AGREEMENTS</b>				
Interest rate swaps (nominal value)	135 000	122 000	113 000	96 000
Fair value	-3 885	-6 177	-3 065	-4 915
Electricity derivatives				
Amount GWh	175,3	219,1	0,0	0,0
Fair value EUR 1000	-1 480	-353	0	0
<b>23. EMISSION RIGHTS</b>				
<b>Emissions trading period</b>	<b>2013-2020</b>	<b>2012</b>		
	<b>tn CO<sub>2</sub></b>	<b>tn CO<sub>2</sub></b>		
Granted emission rights	435 182	265 620		
Annual level allocation	73 478	265 620		
<b>Emission rights utilization</b>	<b>2013</b>	<b>2012</b>		
	<b>tn CO<sub>2</sub></b>	<b>tn CO<sub>2</sub></b>		
Emissions	333 825	197 535		
Gratuitous emission rights 1 January*	-73 478	-265 620		
Purchased emission right reductions (CER)	-175 000	0		
Purchased emission rights	-8 746	-88 855		
Deficit (+)/surplus (-)	76 601	-156 940		
Gratuitous granted emission rights available on 31 December	555 448	279 091		

\*) The gratuitous emission rights for the emission trading period 2013–2020 are yet unverified by the European Commission.

# Signatures for the report of the Board of Directors and financial statements

## PROPOSITION FOR ENTRY OF THE ANNUAL RESULT

The distributable funds of the parent company are EUR 137,840,026.44, of which the result of the financial year is EUR 391,557.01.

The Board of Directors proposes to the General Shareholders' Meeting that no dividends are to be paid and that the result is added to the equity.

Vaasa, 11 March 2014

**Heikki Miihimäki**

Chairman

**Miipetra Kumpula-Natri**

**Hannu Linna**

**Pekka Manninen**

**Markku Pernaa**

**Jorma Rasinmäki**

**Anders Renvall**

**Eero Seesvaara**

**Kaj Skåtar**

**Markku Vartia**

**Rami Vuola**

CEO

# Auditor's report

## To the General Shareholders' Meeting of EPV Energy Ltd

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of EPV Energy Ltd for the year ended on 31 December, 2013. The financial statements comprise the Group's and parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

### Responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of these in accordance with effective laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO is responsible for that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance of whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate under the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance 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.

### Opinion

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

### Opinions based on the decisions of the General Shareholders' Meeting

We support that the financial statements should be adopted. The proposal by the Board of Directors for the disposal of the profit for the period, as well as for the distribution of other unrestricted equity as stated in the balance sheet, is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the CEO should be discharged from liability for the financial period audited by us.

Vaasa, 12 March 2014

ERNST & YOUNG OY

Community of chartered accountants

**Mikko Ryttilahti**

CA

**Tatu Huhtala**

CA

# Financial statements of EPV Alueverkko Oy

**Differentiated financial statements for the electricity network operations  
of EPV Alueverkko Oy in accordance with 32 § of the Electricity Market Act.**

The complete financial statements of EPV Alueverkko Oy are available  
at the website of EPV Energy Ltd: [www.epv.fi](http://www.epv.fi) and at the website of EPV Alueverkko Oy: [www.epa.fi](http://www.epa.fi)

# Income statement. €

EPV ALUEVERKKO OY

	<b>1.1.-31.12.2013</b>	<b>1.1.-31.12.2012</b>
<b>TURNOVER</b>	<b>38 297 942,45</b>	<b>33 717 524,98</b>
Other income	288 508,52	17 140,70
Materials and services	-28 501 574,61	-23 974 138,11
Personnel expenses	-281 514,70	-303 444,87
Other expenses	-6 519 505,76	-6 235 293,26
<b>RESULT</b>	<b>3 283 855,90</b>	<b>3 221 789,44</b>
Financial income and expenses	-61 747,26	-26 694,41
<b>RESULT BEFORE EXTRAORDINARY ITEMS</b>	<b>3 222 108,64</b>	<b>3 195 095,03</b>
Extraordinary items		
Given group subventions	-3 221 312,14	-3 193 437,35
<b>RESULT BEFORE APPROPRIATIONS AND TAXES</b>	<b>796,50</b>	<b>1 657,68</b>
Appropriations and taxes	-796,50	-1 657,68
<b>RESULT OF THE FINANCIAL YEAR</b>	<b>0,00</b>	<b>0,00</b>

# Balance sheet €

EPV ALUEVERKKO OY

	31.12.2013	31.12.2012
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Tangible assets	8 540 134,11	5 891 690,33
<b>NON-CURRENT ASSETS IN TOTAL</b>	<b>8 540 134,11</b>	<b>5 891 690,33</b>
<b>CURRENT ASSETS</b>		
Current receivables	8 411 692,72	7 695 421,04
<b>CURRENT ASSETS IN TOTAL</b>	<b>8 411 692,72</b>	<b>7 695 421,04</b>
	<b>16 951 826,83</b>	<b>13 587 111,37</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	2 522,82	2 522,82
Retained result	90 370,63	90 370,63
Result of the financial year	0,00	0,00
<b>EQUITY IN TOTAL</b>	<b>92 893,45</b>	<b>92 893,45</b>
<b>LIABILITIES</b>		
Non-current liabilities	1 743 951,53	1 313 350,78
Current liabilities	15 114 981,85	12 180 867,14
<b>LIABILITIES IN TOTAL</b>	<b>16 858 933,38</b>	<b>13 494 217,92</b>
	<b>16 951 826,83</b>	<b>13 587 111,37</b>

# Cash flow statement €

EPV ALUEVERKKO OY

	<b>2013</b>	2012
<b>OPERATIONS</b>		
Result	3 283 855,90	3 221 789,44
Adjustments to operating result <sup>1)</sup>	89 968,24	-1 128 384,40
Interest paid	-61 872,30	-30 051,12
Interest received	125,04	3 356,71
Taxes paid	-796,50	-1 657,68
<b>CASH FLOW FROM OPERATIONS</b>	<b>3 311 280,38</b>	<b>2 065 052,95</b>
<b>INVESTMENTS</b>		
Network construction	-4 514 300,69	-5 211 033,96
Proceeds from sales of tangible and intangible assets	1 865 856,91	0,00
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-2 648 443,78</b>	<b>-5 211 033,96</b>
<b>FINANCING</b>		
Withdrawals of long-term loans	430 600,75	1 313 350,78
Increase (+) or decrease(-) in short-term interest-bearing liabilities	2 127 874,79	2 959 745,94
Given group subventions including interest	-3 221 312,14	-3 251 984,87
<b>CASH FLOW FROM FINANCING</b>	<b>-662 836,60</b>	<b>1 021 111,85</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>0,00</b>	<b>-2 124 869,16</b>
Liquid assets 1 January	0,00	2 124 869,16
<b>LIQUID ASSETS 31 DECEMBER</b>	<b>0,00</b>	<b>0,00</b>
<sup>1)</sup> <b>CHANGE IN WORKING CAPITAL</b>		
Increase (-) or decrease(+) in non-interest-bearing receivables	-716 271,68	-1 957 577,10
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	806 239,92	829 192,70
	89 968,24	-1 128 384,40



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