

## BOARD'S ANNUAL REPORT

Fennovoima Oy was founded and started its operations during the summer 2007. The goal of the company is to construct and operate a new nuclear power plant in Finland by 2020. Constructing a new nuclear power plant in Finland requires a positive decision-in-principle made by the Government and ratified by the Parliament.

At this stage the operations of the company focus on preliminaries, e.g. environmental impact assessment process and the suitability of alternative nuclear power plants, which are required by the application. In addition, the company is preparing for the procurement and construction phases of the nuclear power plant project.

### Financial status

During financial period 2007 Fennovoima Oy did not record any sales. The loss of the financial period was EUR 1.7 million.

Fennovoima's total assets were EUR 8.7 million and equity ratio was 95 %. The company has a strong financial solidity and its liquidity is good.

The board proposes that the loss of the financial period is transferred to the accumulated profit/loss account and that no dividends are distributed.

### Administration and management

In the extraordinary shareholders' meeting of Fennovoima Oy on July 17<sup>th</sup> 2007 Håkan Buskhe, Henry Fagerström, Tom Niemi, Juha Rantanen, Pekka Rantanen, Dirk Steinheider and Stefan Storholm were elected as board members. Juha Rantanen was elected as Chairman.

In the extraordinary shareholders' meeting on December 13<sup>th</sup> 2007 it was decided to supplement the composition of the board so that from December 13<sup>th</sup> 2007 onwards the board consists of the following ordinary members: Juha Rantanen (Chairman), Jari Annala, Håkan Buskhe, Henry Fagerström, Pertti Laukkanen, Harri Natunen, Dirk Steinheider, Stefan Storholm and Pekka Rantanen. In the same meeting Johan Ahlgren, Mikko Rintamäki and Antti Vilkuna were elected as deputy members of the board.

Tapio Saarenpää has been the CEO of the company from August 1<sup>st</sup> 2007.

PricewaterhouseCoppers Oy, Authorized Public Accountants, with Juha Tuomala, Authorized Public Accountant, being the principal auditor, has been acting as the company auditor.

### Corporate structure

The owners of Fennovoima Oy are Voimaosakeyhtiö SF (66 %) and E.ON Nordic AB (34 %). Fennovoima Oy is part of Voimaosakeyhtiö SF Group.

### Shares and share capital increases

Fennovoima Oy has one share series and 1,600 shares in total. The amount of shares was not changed during the financial period.

During the financial period the board decided on three payable share capital subscriptions where the share capital was increased in total with EUR 1.0 million. In connection to the share capital increase the owners invested altogether EUR 9.0 million in the free invested equity reserve.

### **Main activities during the financial period**

Fennovoima Oy was registered in the trade register on July 11<sup>th</sup> 2007. During the financial period the company established an office in Helsinki and recruited a CEO and permanent staff.

The site studies concerning possible locations for a nuclear power plant as well as an environmental impact assessment in Kristinnankaupunki, Pyhäjoki, Ruotsinpyhtää and Simo have been started. At the potential site locations the company has entered into land rental agreements and land purchase pre-agreements.

### **Level of research and development activities**

During the financial period Fennovoima Oy has started significant research and development activities. The cost of the research and development activities has been EUR 0.4 million forming 21 % of the company's total costs.

The most important research and development projects during the financial period have been the feasibility studies of the alternative nuclear power plant locations as well as the environmental impact assessment at four locations and associated separate studies.

These research and development projects are continuing during 2008 and the results are estimated to be essential both for the coming operations of the company and for carrying out the whole nuclear power plant project. During the financial period 2008 the company is expected to start additional significant research and development projects that relate for example to the feasibility of different nuclear power plant designs.

### **Main activities after the end of the financial period**

On January 30<sup>th</sup> Fennovoima Oy submitted an environmental impact assessment program (EIA program) regarding a new nuclear power plant to be built in Finland to the Ministry of Employment and the Economy. Together with the Ministry Fennovoima Oy organized events for the public in Kristiinankaupunki, Pyhäjoki, Ruotsinpyhtää and Simo.

At the beginning of 2008 Fennovoima Oy has opened local offices in all above-mentioned four municipalities.

### **Forecast for 2008**

Fennovoima Oy is not expected to record any sales during the next coming years and therefore the operations will continue to be unprofitable. During the financial period 2008 the company's operations will continue to grow and therefore the costs are expected to be significantly higher than the realized costs of the financial period 2007. The company's loss is expected to grow in 2008.

During the financial period 2008 the company is expected to enter into considerable land purchase and lease agreements to secure the control of a number of alternative sites for the new nuclear power plant.