Building a better
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Auditor's report (Translation)

To the Annual General Meeting of Elenia Finance Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Elenia Finace Oyj for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and shall see to it 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 of the parent company are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors
In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position 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.

Helsinki, April 28, 2014

Ernst & Young Oy
Authorized Public Accountant Firm

MIKKO RYTILAHTI
Mikko Rytilahti
Authorized Public Accountant

Elenia Finance Oyj

Financial Statements

21 November 2013 - 31 December 2013

Business ID 2584057-5

Unofficial translation from Finnish to English

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1 Elenia Finance Group, Report of the Board of Directors 2013

Elenia Finance Group's business operations

Elenia Finance Group's purpose is facilitating financing and providing cash management and financial services for Elenia Group entities and parent companies.

Financing

Elenia Finance Oyj was established on 21 November 2013. The company established Elenia Finance (SPPS) S.a.r.l. in Luxembourg on 13 November 2013. In December 2013, Elenia Finance Oyj issued EUR 500 million of 2.875% fixed rate bonds due on December 2020 and EUR 150 million of 4.102% fixed rate bonds due on December 2030. The bonds are issued under a multicurrency bond program and are listed on the London Stock Exchange. The obligations of Elenia Finance under the programme are irrevocably and unconditionally guaranteed by Security Group (as defined in the Prospectus), including Elenia Oy and Elenia Lämpö Oy.

Number of employees

The Group employed two persons during 2013. Close cooperation with other Elenia Group companies is an integral part of the Elenia Finance Group's operations.

Financial result

Elenia Finance Group's total revenue in 2013 was EUR 37.7 thousand. EBITDA in 2013 was EUR - 87.1 thousand. Operating loss was EUR 647.4 million and the loss for the year was EUR 649.2 million.

Acquisitions and divestments

There were no material acquisitions or divestments during the period.

Corporate governance

Elenia Finance Oyj's Board of Directors convened five times in 2013. Members of the Board of Directors during the period were Tapani Liuhala (Chairman), Aapo Nikunen and Timo Talvitie.

Shares

The company has 100 outstanding shares. Each share entitles the holder to one vote at the Annual General Meeting and carries equal rights to dividends.

Registration of negative equity

The company has registered negative equity on 9 January 2014.

Corporate responsibility

Elenia Finance as a member of Elenia Group is subject to its health and safety policy. The policy stipulates that its employees and business partners must be provided the opportunity to work in a safe, healthy and motivating work environment. In addition to complying with applicable laws, regulations, codes of practice and industry standards, the Elenia Group promotes a culture of occupational health, wellbeing and safety in all of its activities by setting goals, targets and action programmes in accordance with the spirit of continuous improvement.

Environmental matters

In line with its strategy, the Elenia Finance Group takes safety and the environment into consideration in all decision-making, including through the development and use of Elenia Group's Environmental Policy for sustainable development.

Risks and risk management

During 2013, the risk management organisation at Elenia Group has been further developed. Within the Elenia Group, the Procurement Coordination and Risk Management team is responsible for coordinating risk management. This includes the identification, prioritisation and mitigation of risks in cooperation with business units and other group functions. The Procurement Coordination and Risk Management team of Elenia Group is also responsible for the insurance policies of the Elenia Finance Group and for handling claims made under such insurance policies through the services of an insurance broker.

Events after the balance sheet date

There have been no material events since the date of the balance sheet.

Outlook

As the company was established late 2013 Elenia Finance will continue to develop its business with special focus on monitoring its obligations under the financing platform.

The development of operations at Elenia Group has an effect on company's business and financial status. The company expects that obligations relating to outstanding bonds will be met by group contributions, subscription of additional equity and/or loans from the other group companies. The principal business of Elenia Group is electricity distribution, which is based on a license awarded by Energy Authority. In accordance with the terms of the license, the holder of license is awarded exclusive right in its geographical area to carry out electricity distribution business. In addition to electricity distribution, there are district heating operations at Elenia Group, which is also stable business.

The Board of Directors dividend proposal

The Board of Directors does not propose to declare a dividend.

Consolidated income statement

EUR 1,000	Note	21.11-31.12.2013
Revenue		38
Other operating income		-
Materials and services		-104
Employee benefit expenses	3	-8
Depreciation and amortisation	4	-647 330
Other operating expenses	2	-13
Operating profit		**-647 417**
Finance income		0
Finance costs		-820
Finance income and costs	5	**-820**
Loss before tax		**-648 237**
Income tax	6	-948
Loss for the period		**-649 184**

Consolidated statement of comprehensive income

EUR 1,000	21.11-31.12.2013
Loss for the period	**-649 184**
Other comprehensive income	
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	
Re-measurement gains (losses) on defined benefit plans	-
Income tax effect	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	
Net movement of cash flow hedges	-
Net (loss)/gain on available-for-sale financial assets	-
Income tax effect	-
Other comprehensive income for the period after tax	-
Total comprehensive income for the period	**-649 184**

Consolidated statement of financial position

	Note	31.12.2013
EUR 1,000		
Assets		
Non-current assets		
Investments	8	0
Total non-current assets		**0**
Current assets		
Trade receivables	7	38
Other current receivables	7	5 609
Cash and cash equivalents		84
Total current assets		**5 730**
Total assets		**5 730**
Equity and liabilities		
Equity		
Share capital		80
Retained earnings		-643 584
Total equity		**-643 504**
Non-current liabilities		
Bonds	8	644 468
Deferred tax liabilities	6	944
Total non-current liabilities		**645 412**
Current liabilities		
Trade payables	9	73
Accrued expenses	9	3 649
Other current liabilities	9	101
Total current liabilities		**3 822**
Total equity and liabilities		**5 730**

Consolidated statement of Cash Flows

EUR 1,000	21.11-31.12.2013
Cash flow from operating activities	
Loss for the period	-649 184
Adjustments	
Depreciation, amortisation and impairment	647 330
Other adjustments	1 847
Cash flow from operating activities	**-7**
Cash flow from investing activities	
Changes in investments	-647 330
Cash flow from investing activities	**-647 330**
Cash flow from financing activities	
Capital increase	93
Proceeds from long-term borrowings	650 000
Loan facility arrangement costs	-2 672
Cash flow from financing activities	**647 421**
TOTAL	**84**
Cash and cash equivalents 1.1.	0
Cash and cash equivalents 31.12.	84
Change in cash and cash equivalents	**84**

Cash and cash equivalents comprises of cash balance at bank accounts

Consolidated statement of changes in equity

EUR 1,000	Share capital	Reserve for invested non-restricted equity	Available for sale reserve (Fair value fund)	Cash-Flow hedge fund (Fair value reserve)	Retained earnings	Total equity
Equity at 1 January 2013	0	0	0	0	0	0
Comprehensive income						
Profit for the year					-649 184	-649 184
Other components of comprehensive income (adjusted by tax effect)						
Cash flow hedging						0
Available-for-sale financial assets						0
Change in defined benefit plans						0
Total comprehensive income for the period	0	0	0	0	-649 184	-649 184
Transactions with shareholders						
Increase	80				5 600	5 680
Total transactions with shareholders	80	0	0	0	5 600	5 680
Equity at 31 December 2013	**80**	**0**	**0**	**0**	**-649 184**	**-643 504**

Increase of EUR 5,600 thousand in retained earnings comprises of group contribution received from Elenia Heat Oy.

ACCOUNTING POLICIES APPLIED TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Description of business operations

Elenia Finance Oyj is a Finnish limited liability company domiciled in Helsinki (address: televisiokatu 4 A). Elenia Finance Oyj's parent company is Elenia Oy, a company duly incorporated under the laws of Finland and having its registered office at Patamäenkatu 7, 33900 Tampere.

The consolidated financial statements are consolidated in the financial statements of Elenia Oy, available at the following address: Patamäenkatu 7, 33900 Tampere..

Elenia Finance Group's purpose is to carry on financing activities and provide cash management and financing services to Elenia Group and parent companies.

The Board of Directors approved the financial statements on the 24 April 2014. The shareholders have the right either to approve, reject or change the financial statements in the Annual General Meeting.

2.1 Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) approved for application within the EU. The financial statements are compliant with the provisions of the Finnish Accounting Act and other regulations governing the preparation of financial statements in Finland.

The consolidated financial statements have been prepared based on original cost, except for available-for-sale financial assets, financial assets and liabilities recorded at fair value through profit or loss and derivative contracts used for hedging purposes.

All Group companies use the euro as their operating currency and all figures are reported in euros. The consolidated financial statements are presented in thousands of euros. There may be rounding discrepancies in the sum totals due to the presentation method used.

2.2 Comparability with previous year figures

As the Group was established 21 November 2013, no comparative data for 2012 is available.

2.3 New standards and amendments to and interpretations of existing standards

New accounting standards and amendments to and interpretations of existing standards are adopted by the Group on the date when their implementation becomes mandatory.

2.4 Consolidation principles

The consolidated financial statements comprise the parent company Elenia Finance Oyj and, as subsidiaries, all companies in which Elenia Finance Oyj directly or indirectly holds a share in excess of 50% of voting rights or otherwise has the power to govern the financial and operating policies of the corporation or business entity in question. Subsidiaries are included in the financial statements using the acquisition cost method. The acquisition cost is measured as the aggregate of the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Costs related to acquisitions are recorded on the income statement as other operating expenses. The excess of the cost of acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intercompany transactions, receivables and debts are eliminated in the consolidated financial statements.

Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the accounting policies adopted by the Group.

The subsidiaries do not have non-controlling interests.

2.5 Calculation principles

2.5.1 Translation differences

Transactions denominated in foreign currencies are translated using the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currencies outstanding on the date of closing the accounts are translated using the exchange rate quoted on the closing date. Exchange rate differences are recorded in financial income and expenses, or other business expenses, depending on the nature of the item in question.

2.5.2 Revenue recognition

Sales revenue from services is recognised for the period in which the service is produced.

2.5.3 Other operating income

Other operating income includes ordinary income from non-operating activities.

2.5.4 Borrowing costs

Currently Elenia Finance has not recognised the borrowing costs in balance sheet, as there are no qualifying assets.

2.5.5 Trade receivables

Trade receivables are recorded on the balance sheet at their nominal value. Impairment is recorded on trade receivables when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the agreements. Such evidence of impairment may include significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments. The impairment amount is measured as the difference between the asset's original balance sheet value and the estimated future cash flows. Trade receivables also include invoiced sales revenue based on estimates.

2.5.6 Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks.

2.5.7 Income taxes

The income tax payable for the period is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement due to items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Tax expense comprises the tax based on the company's taxable income for the period and the change in deferred taxes. Taxes are recognised through profit or loss, except where they are related to the statement of comprehensive income or items entered directly through equity.

In such cases, the tax effect is also recognised in the corresponding items. The tax based on taxable income for the period is calculated on the taxable income according to the applicable tax rate. The tax is adjusted for any tax related to previous periods.

Deferred tax is calculated on the basis of temporary differences between carrying value and taxable value. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

The most significant temporary differences result from adjustments based on fair value recorded in conjunction with business combinations, losses for the financial period and the differences in timing between taxation and amortisation as well as financial assets. Deferred tax assets are recognised to the extent that it is probable that they can be utilised against future taxable income.

Deferred tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets against current tax liabilities and it intends to realise the asset and settle the liability simultaneously.

2.5.8 Financial instruments – initial recognition and subsequent measurement

Classification of current and non-current assets and liabilities
An asset or a liability is classified as current when it is expected to be realised within twelve months after the balance sheet date or it is classified as financial assets or liabilities held at fair value through profit or loss. Liquid funds are classified as current assets.

All other assets and liabilities are classified as non-current assets and liabilities.

2.5.8.1 Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets are recognised on the trade date.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

2.5.8.1.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are categorised as held for trading unless they are designated as hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

2.5.8.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables also include trade receivables and other receivables. Loans are carried at amortised cost using the effective interest rate method less accumulated impairment. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

2.5.8.1.3 Available-for-sale financial investments

Available-for-sale financial investments include equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs.

2.5.8.1.4 Derecognition of financial assets

Financial assets are derecognised when the rights to the related cash flows have expired or have been transferred and the Group has transferred all substantial risks and rewards of ownership.

2.5.8.2 Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.5.8.2.1 Financial assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. (Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

2.5.8.2.2 Available for sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

2.5.8.3 Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

2.5.8.3.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments

entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.
Gains or losses on liabilities held for trading are recognised in the income statement.

2.5.8.3.2 Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the income statement

2.5.8.3.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

2.5.8.4 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.
For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

The transfers between levels of the fair value hierarchy shall be disclosed at the date of the event or change in circumstances that caused the transfer.

2.5.8.5 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. Currently, Elenia Finance does not have open dedivative agreements.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

2.5.8.5.1 Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as financial income or costs.
Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.5.9 Segment reporting

The Group consists only one segment.

2.5.10 New standards and changes to and interpretations of existing standards

Amendments to IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013. The amendments to IAS 32 are effective for annual periods beginning on or after 1 January 2014. These amendments have been endorsed by the EU in December 2012.

The amendments to IAS 32 clarify when an entity “currently has a legally enforceable right to set off the recognised amounts” and when offsetting is sufficiently simultaneous for the asset and liability to be netted. According to the estimate of the company’s management, the amendment will not have a material effect on the consolidated financial statements.

IFRS 9 Financial Instruments: Classification and Measurement

The effective date of IFRS 9 has been removed from the standard and a new date will be decided when the entire IFRS 9 project is closer to completion. IFRS 9 will completely replace the existing IAS 39 Financial Instruments: Recognition and Measurement.

The initial measurement of financial instruments is made at fair value for all financial assets. Financial assets that are debt instruments and to which the fair value option is not applied are measured following initial recognition either at amortised cost or fair value, depending on the company’s business model for the management of financial assets and contractual cash flows of the financial assets.

As a rule, all equity instruments are measured at fair value following the initial measurement, either through profit or loss or through other comprehensive income. All equity instruments held for trading are to be measured at fair value through profit or loss. Items that are recognised through other comprehensive income will no longer be recognised in the income statement if the entity has elected to measure it at fair value through other comprehensive income.

With regard to financial liabilities, the main amendment is that when applying the fair value option, the effect of changes in the entity's own credit risk on the fair value of the financial liability will be recognised through other comprehensive income. These changes in value recognised through other comprehensive income will no longer be recognised in the income statement. The other current IAS 39 provisions pertaining to financial liabilities will remain largely unchanged. The standard is still subject to endorsement by the EU.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements (revised)

The new standard and the amendments to IAS 27 are effective for annual periods beginning on or after 1 January 2013. The EU has endorsed the standard but its implementation will not become mandatory until 1 January 2014.

The new IFRS 10 standard on consolidated financial statements replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. IFRS 10 does not have an effect on how an entity is consolidated in a Group, but instead on whether an entity is to be consolidated in a Group according to a new definition of which entities are controlled. According to the estimate of the company's management, the new standard will not have an effect on the consolidated financial statements.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures (revised)

The new standard IFRS 11 and the amendments to IAS 28 are effective for annual periods beginning on or after 1 January 2013. The EU has endorsed the standard but its implementation will not become mandatory until 1 January 2014.

The new standard replaces the IAS 31 Interests in Joint Ventures standard and the SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures interpretation.

According to the new standard, more attention must be paid to the actual nature than the legal form of the arrangement in identifying joint ventures. A significant amendment to the previous treatment of joint ventures is that joint ventures in which the parties have the right to the net assets related to the venture (joint venture) can no longer be consolidated proportionately but only with the equity method. According to the estimate of the company's management, the new standard will not have an effect on the consolidated financial statements.

IFRS 12 Disclosures of Interests in Other Entities

The new standard is effective for annual periods beginning on or after 1 January 2013. The EU has endorsed the standard but its implementation will not become mandatory until 1 January 2014. The new standard compiles all of the requirements for notes to consolidated financial statements in a single standard and includes the requirements for notes concerning subsidiaries, joint ventures, associates and structured entities.

The standard must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

According to the estimate of the company's management, the new standard will result in more extensive information being provided on Group companies in the notes to the financial statements.

IFRS 13 Fair Value Measurement

The new standard is effective for annual periods beginning on or after 1 January 2013. The EU has endorsed the standard in December 2012.

The standard sets out a single definition of fair value applicable to all IFRS standards and a single approach to measuring fair value. It does not amend the regulations regarding when the reporting entity should measure an asset or liability at fair value. Furthermore, the standard significantly increases the notes to be disclosed on the use of fair values.

According to the estimate of the company's management, the new standard will not have a material effect on the consolidated financial statements.

Amendment: IAS 1 Presentation of Items of Other Comprehensive Income

The amended standard is effective for annual periods beginning on or after 1 July 2012.

Items of other comprehensive income will be classified with those that will be subsequently reclassified through profit or loss and those that will never be reclassified through profit or loss. The amendment has no impact on which items are recognised in comprehensive income or when the items are reclassified through profit or loss and when they are not. The EU has endorsed the amendment.

According to the estimate of the company's management, the amendment will not have a material effect on the consolidated financial statements.

Amendment: IAS 36 Recoverable amount disclosures for non-financial assets

The amended standard is effective for annual periods beginning on or after 1 January 2014.

The amendment clarifies the disclosure requirements in respect of assets for which the impairment has been recognised and for which the recoverable amount is determined using fair value less costs of disposal. The standard is still subject to endorsement by the EU.

According to the estimate of the company's management, the amendment will not have a material effect on the consolidated financial statements.

Amendment: IAS 39 Novation of derivatives and continuation of hedge accounting

The amended standard is effective for annual periods beginning on or after 1 January 2014.

The amendment allows the continuation of hedge accounting when a hedging instrument is novated to a central counterparty and certain conditions are met. The standard is still subject to endorsement by the EU.

According to the estimate of the company's management, the amendment will not have a material effect on the consolidated financial statements.

IFRIC 21 Levies

The interpretation is effective for annual periods beginning on or after 1 January 2014.

The interpretation clarifies that an entity recognises a liability for a levy (other than income taxes) when the activity that triggers the payments, as identified by the relevant legislation, occurs. The interpretation is still subject to endorsement by the EU.

Annual improvements to IFRSs (2009–2011 cycle)

The following annual improvements to IFRSs are effective for annual periods beginning on or after 1 January 2013. The EU has endorsed the amendments.

IFRS 1 First-time Adoption of IFRSs:

The amendment specifies how IFRS 1 is applied in a situation where the entity has previously applied IFRSs, then discontinued the application of IFRSs, and begins to apply IFRSs again.

In addition, the amendment specifies the treatment of borrowing costs capitalised based on the previous financial statements standards when adopting IFRSs.

IAS 1 Presentation of Financial Statements:

The amendment clarifies certain requirements for the presentation of comparison data.

IAS 16 Property, Plant and Equipment:

The amendment clarifies that significant spare parts and maintenance tools that meet the definition of property, plant and equipment, i.e. the entity expects to use them during more than one financial periods, are not inventory.

IAS 32 Financial Instruments: Presentation:

The amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting:

The amendment clarifies the requirements for information on assets and liabilities to be presented for operating segments in connection with interim reports so that the requirements are consistent with IFRS 8 Operating Segments.

The following amendments and interpretations will not have an effect on the consolidated financial statements:

Amendment: IFRS 1 Government Loans

Amendment: IFRS 1 First-time Adoption of IFRSs – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments: IFRS 10, IFRS 12, IAS 27 and IAS 28 concerning the consolidation of Investment entities in the consolidated financial statements

Amendment: IAS 12 Income Taxes – Deferred Taxes: Recovery of Underlying Assets

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

3 Critical accounting estimates and discretionary items

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are based on the management's best judgement on the reporting date. Estimates are made on the basis of historical experience and expectations of future events that are considered probable on the reporting date. However, actual results and timing may differ from these estimates. The Group's critical accounting estimates and discretionary items are described below.

3.1 Deferred taxes

The Group has deferred tax assets and liabilities which are expected to be realised through the income statement over certain periods of time in the future. The calculation of deferred tax assets and liabilities involves making certain assumptions and estimates regarding the future tax consequences attributable to differences between the carrying amounts of assets and liabilities as recorded in the financial statements and their tax basis. (Note 6)

Note 1

Accounting policies

The Elenia Finance Group's consolidated financial statements for the year ended 31 December 2013 have been prepared in accordance with IFRS.
The Elenia Finance Group was established on 21 November 2013 and this is also the Group's IFRS transition date.
The IFRS opening balance sheet was prepared for the date of establishment of the company 21 November 2013.

Note 2

Other operating income and expenses

Other operating expenses **EUR 1,000**	**2013**
External services	4
Other expenses	9
Total	**13**

Audit fees **EUR 1,000**	**2013**
Fees for other services	108
Total	**108**

Ernst & Young was appointed as the auditor until the Annual General Meeting held in the 2014 reporting period.

Fees for other services consist of assignments concerning the Group refinancing.

Note 3

Employee benefits expense

EUR 1,000	2013
Salaries and remuneration	-8
Pensions	
Defined contribution plans	-
Defined benefit plans	-
Social security costs	-
Total	**-8**

In 2013 the total remuneration paid by Elenia Finance Group to its employees consists of accrued short-term performance bonus schemes.
All employees of Elenia Finance Group are included within the scope of the performance bonus scheme.

Note 4

Depreciation, amortisation and impairment

EUR 1,000	**2013**
Impairment of investments in Elenia Holdings S.à.r.l.	-647 330
Total	**-647 330**

Note 5

Finance income and costs

EUR 1,000	**2013**
Interest expenses	
Loans	-798
Total interest	**-798**
Other finance costs	-22
Total finance costs	**-820**
Finance costs (net)	**-820**

Finance income and costs

Interest expenses include interest expenses on interest-bearing loans.

Note 6

Income tax

EUR 1,000	**2013**
Profit before tax	**-648 237**
Tax paid on the basis of the profit for the year	-3
Adjustments to taxes for previous periods	-
Deferred taxes	-944
Loss for the period	**-649 184**

Income tax rate

Tax on profit before tax deviates from the nominal tax calculated according to the tax rate as follows:

	2013
Profit before tax	**-648 237**
Tax calculated using the nominal tax rate	158 818
- tax-free income items	-
- expenses that are non-deductible in taxation	-158 602
- taxable income recognized directly in equity	-1 372
- share of the profits of associates	-
- adjustment of taxes based on previous periods	-
- unrecognized deferred tax assets from taxation losses	-3
- change in deferred tax rate	212
Income tax in the income statement	**-948**

The tax rate according to the income statement was 0.1%

Change in deferred tax receivables and liabilities in 2013

Deferred tax receivables **EUR 1,000**	Balance sheet 31.12.2012	Business combinations and acquisition of non-controlling interests	Recognised in the income statement	Recognised in other components of comprehensive income	Balance sheet 31.12.2013
Interest-bearing liabilities	-	-	-	-	0
Deferred tax receivable for the loss for the period	-	-	-	-	0
Defined benefit plans	-	-	-	-	0
Finance leases	-	-	-	-	0
Total	**0**	**0**	**0**	**0**	**0**
Offset by deferred tax liabilities					-
Deferred tax receivables total					**0**

Deferred tax liabilities **EUR 1,000**	Balance sheet 31.12.2012	Business combinations and acquisition of non-controlling interests	Recognised in the income statement	Recognised in other components of comprehensive income	Balance sheet 31.12.2013
Interest-bearing liabilities	-	-	944	-	944
Depreciation differences	-	-	-	-	0
Measurement of assets at fair value in acquisition	-	-	-	-	0
Available-for-sale financial assets	-	-	-	-	0
Total	**0**	**0**	**944**	**0**	**944**
Offset by deferred tax receivables					-
Deferred tax liabilities total					**944**

Note 7

Trade and other current receivables

EUR 1,000	2013
Trade receivables	38
Accrued income and prepaid expenses	5 609
Total trade and other receivables	**5 647**

The fair value of trade and other receivables does not materially differ from the values on the balance sheet

Breakdown of trade receivables by age

EUR 1,000	2013
Not fallen due	38
Due for 1–90 days	-
Due for 91-180 days	-
Due for more than 181 days	-
Total	**38**
Uncertain receivables	-
	38

All trade receivables are denominated in euro.

Credit losses are booked based on the recommendations by credit agencies or based on the official documents in case of debt restructuring of bankruptcies of the debtor.
The Group records uncertain receivables on a specific account.

Break-down of accrued income and prepaid expenses

EUR 1,000	2013
Group contribution receivable from Elenia Heat Oy	5 600
Other accrued income	9
	5 609

Note 8

Carrying amounts of financial assets and liabilities by category

Values at 31 December 2013							
Balance sheet item, EUR 1,000	Note	Loans and other receivables	Available-for-sale financial assets	Financial liabilities at amortised cost	Derivatives qualified for hedge accounting	Carrying amounts by balance sheet items	Fair value
Current financial assets							
Trade receivables and other non-interest-bearing receivables	7	38	-	-	-	38	-
Available-for-sale financial assets	10	-	0	-	-	0	-
Cash and cash equivalents		84	-	-	-	84	-
Total Current assets		**121**	**0**	**-**	**-**	**121**	**-**
Carrying amount by category		**121**	**0**	**-**	**-**	**121**	**-**
Non-current financial liabilities							
Bonds	10	-	-	-644 468	-	-644 468	-644 468
Total interest-bearing non-current liabilities		**-**	**-**	**-644 468**	**-**	**-644 468**	**-644 468**
Current financial liabilities							
Trade payables	9	-73	-	-	-	-73	-
Total current financial liabilities		**-73**	**-**	**-**	**-**	**-73**	**-**
Carrying amount by category		**-73**	**-**	**-644 468**	**-**	**-644 541**	**-644 468**

Cash at banks and on hand Elenia had short-term bank deposits amounting to EUR 83.6 thousand. All bank deposits were denominated in Euro.

Financial liabilities Interest-bearing liabilities grew by EUR 644.5 million during the year, and interest-bearing liabilities at the balance sheet date totalled EUR 644.5 million.

The fair value of short-term trade receivables and payables and cash and cash equivalents is not presented as the carrying amount is a reasonable approximation of fair value.

Note 9

Trade and other current payables

EUR 1,000	**2013**
Trade payables	73
Accrued expenses	
Interest expenses	798
Other accrued expenses	2 851
Other liabilities	
VAT liability	97
Other liabilities	4
Total	**3 822**

According to the management's estimate, the fair value of trade and other payables does not materially deviate from the balance sheet value.

Other accrued expenses comprise of deferred service purchases as well as deferred financing items.

Note 10

Fair value of financial assets and liabilities

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.
Due to the nature of terms of the bond programme of Elenia Finance Oyj, the investment in Elenia Holdings S.à.r.l. is not expected to generate return.

As at 31 December 2013, the Group held the following financial instruments carried at fair value in the statement of financial position:

Financial assets	**Level 1**		**Level 2**		**Level 3**		**Total**	
EUR 1,000	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Financial instruments, current assets								
Available-for-sale financial investments	-	-	-	-	0	-	0	-
Total	**-**	**-**	**-**	**-**	**0**	**-**	**0**	**-**

Financial liabilities	**Level 1**		**Level 2**		**Level 3**		**Total**	
EUR 1,000	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Financial instruments, non-current liabilities								
Interest-bearing liabilities	-644 468	-	-	-	-	-	-644 468	-
Total	**-644 468**	**-**	**-**	**-**	**-**	**-**	**-644 468**	**-**

Note 11

Commitments and contingencies

<u>Other commitments</u> **EUR 1,000**	**2013**
Registered floating charges:	
Provided on behalf of own and Group liabilities	**4 500 000**

Note 12

Equity

Share capital Note 4 in Parent company financial statements
The shares are issued and fully paid

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to equity holders of the parent by the average number of shares during the reporting period :

	2013
Profit attributable to equity holders of the parent, EUR	-649 184 209
Average number of shares, pcs	100
Earnings/share, EUR - basic= diluted	**-6 491 842**

Note 13

RELATED PARTY DISCLOSURES

Shareholders

All shares in Elenia Finance Oyj are owned by Elenia Oy.

Subsidiaries and associates

Elenia Finance Oyj owns all shares in Elenia Finance (SPPS) S.à.r.l. in Luxembourg.

Senior Management

Elenia Finance Oyj is managed by its Board of Directors. Elenia's senior management includes the Board of Directors. Elenia Finance has not had any business transactions with persons included in its senior management and Elenia Finance has not granted loans to these persons.

Business transactions

All transactions with related parties take place in an arm's length manner.

Group companies have intercompany transactions which are related to administrative services. These are eliminated upon consolidation.

Note 14

Events after the reporting period

There have been no material events since the date of the balance sheet.

Note 15

Financial risk management

The management of financial risks is based on the following principles. The Group's existing loan arrangements include guidelines and restrictions pertaining to financial risk management.

Currency risk

Elenia Finance operates in Finland and uses the euro as its primary operating currency. Elenia Finance's currency risk is based on purchases services denominated in currencies other than the euro. The purchases of services denominated in currencies other than the euro have a negative effect on Elenia Finance's result and cash flow in the event that the currencies in question appreciate against the euro. As the Group's purchasing operations are currently primarily denominated in euro, the currency risk related to purchasing is low.

Elenia Group has guidelines for the management of currency risk as part of the purchasing policy. According to the guidelines, currency risks that have an impact on profit or loss are hedged either operationally through contractual currency rate clauses or, if that is not possible, through forward contracts concluded by the Treasury unit.

Operating profit or finance costs do not include exchange rate differences.

Liquidity risk

Liquidity risk refers to the risk of the Group not having adequate liquid assets to finance its operations, pay interest and repay its loans.

The management of liquidity risk is divided into short-term and long-term liquidity management. Short-term liquidity risk is managed by cash flow planning that takes into account the expected trade receivables, trade payables and other known expenses for a period of two weeks. The adequacy of long-term liquidity is assessed by 12-month forecasts conducted monthly.

At the balance sheet date the Group had no unused credit facilities. Elenia Finance has a possibility to issue further bonds under its EUR 3 000 million Multicurrency Programme for the Issuance of Bonds. The Cash and cash equivalents amounted to 83.6 thousand euros.

Refinancing risk

In December 2013 Elenia Finance issued a EUR 500 million bond, which matures in 2020, and EUR 150 million bond, which matures in 2030. Elenia Finance Oyj used the proceeds of the Bonds to make an equity investment in Elenia Finance (SPPS) S.a.r.l., its wholly owned subsidiary. Elenia Finance (SPPS) then used part of those proceeds to acquire, for nominal value, 10% of the equity in Elenia Holdings S.a.r.l. and lended the remaining amount of the proceeds to Elenia Holdings through a subordinated profit-participating security (the SPPS). Elenia Holdings used the amounts under the SPPS to subscribe for additional equity in Elenia Oy. Both bonds are listed on London Stock Exchange. Elenia Oy and Elenia Heat Oy have given

EUR 650 million joint guarantees related to the loans from financial institutions and the Bond issues. The Group's financial structure has financial covenants relating to interest cover and leverage. The covenants are typical in corresponding arrangements. The company monitors the financial markets in order to carry out loan refinancing at an appropriate time, ahead of the due date of the current loans.

LOANS BY MATURITY

31.12.2013

EUR 1 000	Effective interest rate %	Maturity: Within 1 year	1-5 years	Over 5 years	Total
Bonds	2,88 %			500 000	500 000
Bonds	4,10 %			150 000	150 000
Total long-term interest-bearing liabilities					650 000
Interest-bearing liabilities total				**650 000**	**650 000**

Interest rate risk

Elenia Finance is exposed to interest rate risk mainly through its interest-bearing net debt. The objective of the Group's interest rate risk management is to limit volatility of interest expenses in the income statement. The interest rate risk is managed by withdrawing loans with fixed interest. At the balance sheet date all the loans were fixed rate loans.

A parallel shift in the interest rate curve would not have an effect to fixed interest rate loans or to finance costs in the income statement.

Credit and counterparty risk

Accepted financial counterparties are counterparties approved in existing loan agreements and other counterparties separately approved by the Board of Directors.

Trade receivables

The Group's trade receivables at the end of 2013 were EUR 47 thousand. No collateral security was received for trade receivables. No trade receivables were fallen due at the balance sheet date.

Capital management

Business planning includes assessing the adequacy of available capital in relation to the risks arising from business operations and the operating environment.

Elenia Finance Oyj

PARENT COMPANY FINANCIAL STATEMENTS

31.12.2013

Elenia Finance Oyj
Televisiokatu 4 A
00240 Helsinki
Business ID: 2584057-5

Table of content

Elenia Finance Oyj

Business ID: 2584057-5

Financial statements 31.12.2013

Income statement EUR	Note	21.11.-31.12.2013
Revenue		**37 739**
Materials and services		-103 717
Personnel expenses		-7 948
Depreciations and impairments		-647 340 500
Other operating expenses		-1 694
Operating profit		**-647 416 119**
Financial income and expenses	1	-5 541 777
Earnings before extraordinary items		**-652 957 896**
Group contributions		5 600 000
Earnings before appropriations and taxes		**-647 357 896**
Income tax		-
Net result for the period		**-647 357 896**

Elenia Finance Oyj
Business ID: 2584057-5

Financial statements 31.12.2013

Balance sheet, Parent company	Note	31.12.2013	
EUR			
Assets			
Non-current assets			
Investments			
Shares in group companies	2	0	0
Financial items			
Other non-interest bearing receivables		694 106	694 106
Total non current assets			**694 106**
Current assets			
Short-term receivables	3		
Trade receivables		46 797	
Other receivables		116 429	
Prepayments and accrued income		5 600 000	5 763 225
Cash and cash equivalents			79 996
Total non current assets			**5 843 221**
Total assets			**6 537 327**

Elenia Finance Oyj

Business ID: 2584057-5

Balance book
31.12.2013

Balance sheet, Parent company	**Note**		**31.12.2013**
EUR			
Equity and liabilities			
Capital and reserves			
Subscribed capital	4	80 000	
Retained earnings (profit /loss)		-	
Profit (Loss) for the year	4	-647 357 896	-647 277 896
Liabilities			
Long-term			
Bonds	5	650 000 000	650 000 000
Short term			
Trade liabilities to group companies		71 115	
Interest liabilities		798 311	
Accruals and deferred income		2 945 797	3 815 223
Total liabilities			**653 815 223**
Total equity and liabilities			**6 537 327**

CASH FLOW STATEMENT

€	**21.11.2013-31.12.2013**
Cash flow from operating activities	
Profit from operating activities	-652 957 896
Adjustments	
Depreciation	-
Finance income and expense	5 541 777
Other adjustments	647 416 115
Cash flow before change in net working capital	-4
Change in net working capital	
Change in non-interest bearing receivables (increase(-) / decrease (+))	-
Change in non-interest bearing liabilities (increase(+) / decrease (-))	-
Cash flow from operating activities before financial items and taxes	-4
Interest payments and payments for other finance costs	-
Interest income	-
Tax payments	-
Cash flow before extraordinary items	-
Cash flow from extraordinary items (net)	
Cash flow from operations (A)	**-4**
Cash flow from investing activities	
Investments in group companies' shares and other investments	-647 328 000
Cash flow from investing activities (B)	**-647 328 000**
Cash flow from financing activities:	
Share capital	80 000
Increase in long-term loans	650 000 000
Change in receivables	-
Interest and other finance costs paid	-2 672 000
Cash flow from financing activities (C)	**647 408 000**
Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	**79 996**
Cash and cash equivalents in the start of the accounting periond	0
Cash and cash equivalents in the start of the accounting periond + change	79 996
Cash and cash equivalents at the end of the accounting periond	79 996

Cash and cash equivalents comprises of cash balance at bank accounts

Notes to the financial statements at 31 December 2013

NOTES CONCERNING THE PREPARATION OF FINANCIAL STATEMENTS

Accounting policies

Valuation principles and techniques and accrual principles and methods applied when preparing the financial statements

Items denominated in foreign currencies

Transactions denominated in foreign currencies are translated using the exchange rate at the date of the transaction. Receivables and liabilities denominated in foreign currencies outstanding on the date of closing the accounts are translated using the exchange rate quoted on the closing date. Exchange rate differences are recorded in financial income and expenses, or other operating expenses, depending on the nature of the item in question.

Comparability with previous reporting period

Since Elenia Finance Oyj was established on 21 November 2013 comparison figures for 2012 are not available.

1 Finance income and costs

EUR 1,000	2013
Interest and other finance income, group companies	-
Interest and other finance income	-
Exchange rate differences	-
Interest and other finance expenses, group companies	-
Other interest expense	-798
Other finance costs	-4 743
Changes in fair value of interest rate hegdes	-
Total	**-5 542**
Interest income and costs, total	
Interest income	-
Interest expense	-798
Interest income and costs, net	**-798**

2 Investments

EUR 1,000	Shares in group companies
Acquisition cost 1.1.2013	-
Additions	647 341
Impairment	-647 341
Acquisition cost 31.12.2013	**0**

3 Receivables

EUR 1,000	2013
Short-term receivables	
Trade receivables from group companies	47
Other receivables	116
Group contribution receivables from Elenia Heat Oy	5 600
Total	**5 763**

4 Notes concerning equity on the balance sheet

EUR 1,000

Itemisation of equity	2013
Share capital at the beginning and end of the period	0
Change during the period	80
Share capital at the end of the period	80
Profit/loss for previous periods at the beginning of the period	0
Profit/loss for previous periods at the end of the period	0
Profit/loss for the year	-647 358
Total equity	**-647 278**

The company has no distributable funds.

The negative equity has been registered at the Trade Register on January 9th, 2014.

5 Bonds

LOANS BY MATURITY

31.12.2013

EUR 1 000	Effective interest rate %	Maturity: Within 1 year	Maturity: 1-5 years	Maturity: Over 5 years	Total
Bonds	2,88 %			500 000	500 000
Bonds	4,10 %			150 000	150 000
Total long-term interest-bearing liabilities					650 000
Interest-bearing liabilities total				**650 000**	**650 000**

6 Notes concerning personnel and members of corporate bodies
The company employed two people during the reporting period.

7 Salaries and remuneration of the Board of Directors
No salaries or remuneration were paid to the Board of Directors.

8 Board of Directors' proposal for the handling of profit
The loss for the period is EUR 647.4 million. The Board of Directors proposes that no dividend be distributed and the loss be transferred to the retained loss account.

9 Shares in the company
The company has one hundred shares, the nominal value of which is EUR 80 000,00. Each share entitles to one vote at a General Meeting, and they confer equal rights to dividends and the company's assets.

10 Collateral provided and liabilities
Floating charges provided on behalf of own and Group liabilities amount to EUR 4 500 million.

11 Subsidiaries and associates
Elenia Finance Oyj has fully owned subsidiary Elenia Finance (SPPS) S.à.r.l. regeistered in Luxembourg.

Signatures to the financial statements

Dates and signatures

Helsinki, 24 / 4 2014

TAPANI LIUHALA	AAPO NIKUNEN
Tapani Liuhala	Aapo Nikunen
Chairman of the Board of Directors	

TIMO TALVITIE
Timo Talvitie

AUDITOR'S NOTE

A report on the audit carried out has been issued today.

Helsinki, 28 / 4 2014

Ernst & Young Oy
Authorised Public Accountants

MIKKO RYTILAHTI
Mikko Rytilahti
Authorised Public Accountant

List of accounting books, types of receipts and storage methods

General journal		As ADP printouts
Nominal ledger		As ADP printouts
Balance sheet book		Separately bound
Balance sheet itemisation		Separately bound

	Type of receipt	Storage method
Bank receipts Nordea	7	As paper receipts
Memorandum receipts	18	As paper receipts