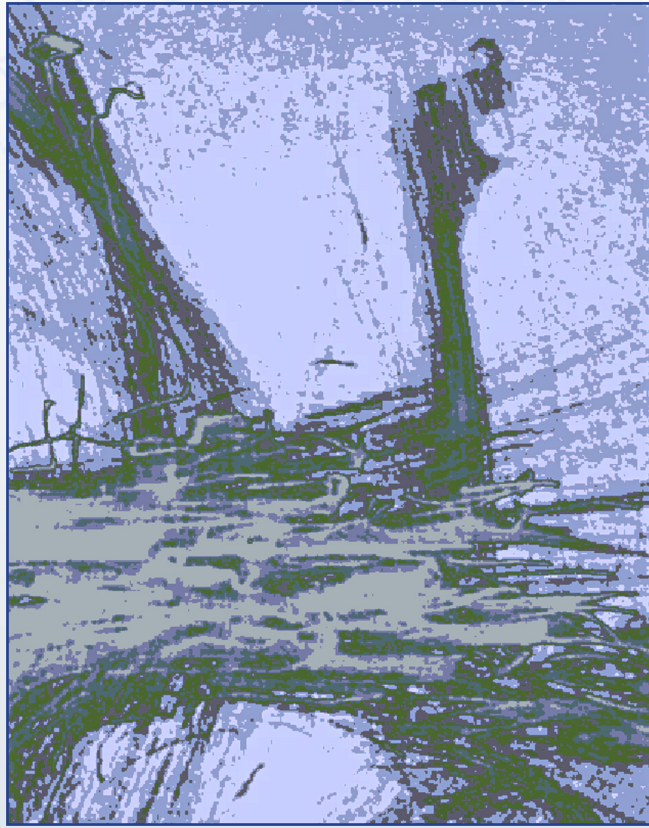




ELINI

ANNUAL REPORT 2004





Annual Report 2004
of the Board of Directors
and of the Statutory Auditor
to be presented at
The Annual General Meeting
on 28th April 2005

Insurance company authorised by decision of the Management committee CBFA on the 6th november 2003.

To underwrite "Liability" (branch 13)

(Moniteur Belge 04.12.2003 - Code 2275)

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Belgium

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Financial Highlights

In euro

Statement of Earnings

	2004	2003
Net premium earned	567.532	0
Claims	0	0
Expenses	-153.799	-161.490
Other income	224.999	0
Net investment result	211.751	5.041
Earnings before distribution to reserve for equalisation and catastrophies	850.483	-156.449

Balance Sheet

Assets	11.806.791	2.670.300
Liabilities	340.290	322.749
Guarantee fund (including reserve for equalisation and catastrophies)	11.466.501	2.347.551



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Members

AREVA
Belgoprocess NV
EDF
Electrabel SA
EnBW Kraftwerke AG
E.ON Kernkraft GmbH
EPZ NV
Eurodif Production SA
Fortum Power & Heat Oy
Forsmarks Kraftgrupp AB
Gemeenschappelijke Kernenergiecentrale Nederland NV
NOK
OKG Aktiebolag
Paks Nuclear Power Plant Ltd
Rinhals AB
RWE Power AG
SKB
SCK-CEN
Slovenske Elektrarne AS
Studsvik
Sydkraft AB
Teollisuuden Voima Oy
Vattenfall Europe



Member Representatives & Status

Member	Representative	Status
Belgium		
Belgoprocess NV	A. Boven	Insured
Electrabel SA	A. van den Abeele	Non Insured
SCK-CEN	C. Legrain	Non Insured
Finland		
Fortum Power & Heat Oy	H. Raumolin	Insured
Teollisuuden Voima Oy	P. Simola	Insured
France		
AREVA	P. Obert	Insured
EDF	J.L. Thébault	Insured
Eurodif Production	J.L. Carbonell	Non Insured
Germany		
EnBW Kraftwerke AG	C.D. Bölle	Non Insured
E.ON Kernkraft GmbH	K. Greimel	Non Insured
Vattenfall Europe	H.H. Fahrenkamp	Non Insured
RWE Power AG	J. Haaf	Non Insured

Member Representatives & Status

Member	Representative	Status
Hungary		
Paks Nuclear Power Plant Ltd	L. Molnár	Non Insured
The Netherlands		
EPZ NV	J.W.M Bongers	Non Insured
Gemeenschappelijke Kernenergiecentrale Nederland NV	J.J. Post	Non Insured
Slovak Republic		
Slovenske Elektrarne AS	S. Haring	Non Insured
Sweden		
Forsmark Kraftgrupp AB	L. Fagerberg	Insured
OKG Actiebolag	C. Svensson	Insured
Ringhals AB	J. Edberg	Insured
SKB	B. Sundman	Insured
Studsvik	R. Atmer	Insured
Sydskraft AB	B. Svensson	Insured
Switzerland		
NOK	T. Erb	Non Insured



Board of Directors

José Luis Carbonell	Chairman
Pertti Simola	Vice-Chairman
Joachim Haaf	Vice-Chairman
Raoul Atmer	
Claus-Dieter Bölle	
J.W.M. Bongers	
Jean-Marie Boudier	External Director
Alfons Boven	
Matts Ekman	
Thomas Erb	
Hans-Henning Fahrenkamp	
Klaus Greimel	
Stefan Haring	
Christian Legrain	
Daniel Martenet	External Director
László Molnár	
Philippe Obert	
J.J. Post	
Heikki Raumolin	
Bo Sundman	
Bengt Svensson	
Christer Svensson	
Jean-Louis Thébault	
Alec van den Abeele	
Danny Van Welkenhuyzen	Executive Committee
Marleen Vercammen	Executive Committee

Advisory Committees

Insurance Advisory Committee

B. Svensson Chairman
Y. Colleu
T. Erb
N. Feldman
K. Greimel
J. Haaf
B. Kockum
K. Luotonen
G.J. Mensink
L. Molnár
P. Obert
J. Sipinen
A. van den Abeele

Finance and Investment Advisory Committee

M. Ekman Chairman
G. Ferriot
U. Krane
D. Martenet
M. Vercammen

Legal Advisory Committee

L. Veuchelen Chairman
M. Beyens
R. Danielsson
T. Erb
A-S. Herzog
B. Lehmann
R. Lions
K. Luotonen
L. Molnár
S. Ordéus
S.C. Ridder
M. Schmans
T. Vanden Borre



Communication Advisory Committee

C. Legrain Chairman
C. Jorant
K. Kainurinne

Internal Audit Committee

A. Boven Chairman

Management

Danny Van Welkenhuyzen
Managing Director

Marleen Vercammen
Financial Manager

Auditors

Deloitte & Partners
Berkenlaan 8b
B 1831 Diegem
Represented by
Mr. Rik Neckebroeck
Réviseur d'Entreprise

Actuary

Nicolaï & Partners
Frilinglei 109
2930 Brasschaat

Letter from the Chairman

Dear ELINI Members,

It is with great pleasure that I, for the first time as Chairman of our Mutual, have the honour to present the Annual Report to you.

The approval of the Revised Paris and Brussels Supplementary Conventions by the States Parties on February 2004 reiterates the need of a Mutual like ELINI in the insurance market. The increased liability to be covered by the nuclear operators, the extension of liability period to 30 years and the extension of the definition of nuclear damage are proofs of that. After the implementation in the national laws, probably by the end of 2007, of the Revision of these Conventions there will be a need of additional capacity. This can be provided, up to a certain limit by our Mutual.

The year 2004 has been a very busy and eventful year for ELINI. It has been the first underwriting year of the Mutual after obtaining our license to insure nuclear liability risks (branch 13) on November 6th, 2003.

I am happy to welcome three new Members within the Association but have also the regret to state that one of our Founding Members decided to opt out of it during 2004. Nevertheless I will continue to encourage companies within the nuclear industry to join ELINI. At December 31st, 2004 we had 23 Members.

I want also to thank Mr. Jean-Marie Boudier, our previous Chairman, for all his work alongside Danny Van Welkenhuyzen and the rest of our management team, in setting up the Mutual and getting your companies to join us.

I wish you all the best for 2005 and look forward to working together strengthening and enlarging ELINI.



José Luis Carbonell
Chairman of the Board



Description of activities

ELINI is a Belgian mutual insurance association formed in December 2002 to provide insurance capacity for nuclear liability risks to its Members. The present Members of ELINI include nuclear facilities in Belgium, Finland, France, Germany, Hungary, The Netherlands, The Slovak Republic, Sweden and Switzerland.

The capacity provided by ELINI is independent of that provided by the various nuclear pools.

The main benefits to Members of ELINI include:

Additional insurance capacity in view of the Revised Paris and Brussels Supplementary Conventions.

Alternative insurance capacity for terrorism cover and 30 years prescription period.

Potential for contribution savings.

Information exchange and data centre for nuclear insurance matters.

Underwriting & Claims Handling

ELINI's current portfolio is principally based on nuclear liability risks cover, in accordance with the decision of the Member, with the existing pools and any other markets as coinsurer or reinsurer or leader with the exception in those countries where a 100 % policy is taken out by the Member.

The prices of the insurance coverages will be in accordance with own rating tables so that Members of the Mutual will derive immediate benefit from reduced contributions.

It is not expected that ELINI, as a relatively small member of the liability market, deals with claims in the event of a catastrophe. If there is an incident of offsite release of radiation, the government will inevitably seize control of the logistics and the whole insurance market will be mobilized. As an insurer, ELINI will contribute to the cost in accordance with the provisions of the Member's insurance policy.

Article 25 of the Articles of Association provides for additional contributions from Members if required to meet claims.

Reinsurance

ELINI can purchase reinsurance cover to supplement capacity and to spread risk as the Board deems appropriate.

Management Structure

ELINI is a mutual association constituted in Brussels under Belgian law and authorised by decision of the Management Committee of the CBFA on the 6th November 2003.

The strategic management of the Association is the responsibility of the Board of Directors which, with the exception of those powers expressly reserved for the Annual General Meeting, has full managerial authority.

The administration and day to day management of the association is the responsibility of the Managing Director together with the Executive Committee.

Membership

Only companies or authorities in the private or public sector operating, controlling or owing nuclear installations, or their representatives, and which have an insurable interest, can be Members of the Association.

Election of a new Member shall be submitted to the Board of Directors and shall become effective when determined by the General Meeting.

A new Member shall underwrite at least one insurance policy (immediately or in a three years period) with the Association and shall unconditionally accept the Articles of Association.

There are two kind of Member:

- Insured Members who have an insurance policy and have contributed to the constitution of a part of the Guarantee Fund;
- Non Insured Members who have a three year period to become Insured Members and who have the possibility to choose between the payment of a prefunding in the Guarantee Fund or the payment of administrative fees.



Report of the Board of Directors To be presented to the Annual General Meeting of 28th April 2005

Dear Member,

We are pleased to present to you the financial statements of our Mutual for its second year of operations ended on 31st December 2004 for your approval.

The Management of ELINI is responsible for all information contained in the financial statements and other sections of the annual report. The Management considers that the financial statements and related information have been prepared in accordance with generally accepted accounting principles appropriate in the circumstances. These financial statements include amounts that are based on Management's judgment and best estimates.

ELINI maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded against loss from unauthorized use of disposal and that the accounting records provide a reliable basis for the preparation of financial statements.

We engaged Deloitte, with the approval of Members, as the independent auditors to audit the financial statements and to express their opinion thereon. Their opinion is based on procedures considered by them to be sufficient to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position, cash flows and results of operations. Their report is set forth on page 17.

Capacity

The insurance capacity in the first year of operation amounted to € 75.000.000 and the own retention was € 10.000.000.

Contributions

The contributions written and reinsurance premiums ceded are reflected in earnings on a pro-rata basis over the terms of each policy. Unearned contributions represent the portion of contributions written which are applicable to the non-expired term of the policies in force.

Net contributions for 2004 amounted to € 825.050 and are the result of insurance policies written in Belgium, Finland, France and Sweden.

Reinsurance cost amounted to € 257.518 due to buying reinsurance capacity of € 65.000.000.

General expenses

General expenses decreased from € 161.490 in 2003 to € 153.799 in 2004 due to lower consultancy fees.

claims adjusters, independent consultants and other relevant sources.

Investments

There were no long term investments made and the liquidities amounting to € 11.729.184 were invested in short term bank deposits resulting in a financial income of € 211.751.

Result

The € 850.483 surplus for 2004 before allocation compares with € 156.449 loss in 2003.

The technical surplus for 2004 of € 638.733 together with the part of the financial surplus earned on the technical reserves amounting to € 11.540 will be allocated to the reserve for equalization and catastrophies.

In accordance with the Articles, the Board of Directors proposes to the Annual General Meeting that the financial surplus of € 200.210 and the carry forward deficit of previous year of € 156.449 be allocated to the guarantee fund.

Guarantee Fund

The guarantee fund and reserve for equalization now available to the members to be used as insurance capacity is € 11.466.501.



José Luis Carbonell
Chairman of the Board



Corporate Governance Report

To ensure the appropriate level of corporate governance, the Board has put in place arrangements which it believes are suitable for a Mutual carrying on insurance business and enable the Mutual to comply with the Royal Decree of 12 august 1994 and the communication D171 of 31 march 1999.

The relevant principles of governance are applied to the mutual in the following way :

The Board

There are currently 26 Board Members, including the Chairman and the two Vice-Chairmen, twenty two of them are representing the nuclear Members, two External Directors and the two members of the Executive Committee.

All of the Board Members are nominated by the Annual General Meeting for a three-year period and eligible for re-appointment.

The Board meets four times a year and at other times as may be necessary.

Board Committees

The Board has a schedule of matters that it reserves for itself. These matters cover approval of accounts, significant changes to accounting policies, changes to the Membership of the Board and its Committees, recommendations of the strategy to be applied to the Members of the Association, approval of the annual operating budget.

In addition the Board has appointed six Advisory Committees. These Committees report to the Board at each of their Meetings. The terms of reference for the Executive Committee, Internal Audit Committee, Finance and Investment Advisory Committee, Legal Advisory Committee, Communication Advisory Committee and Insurance Advisory Committee, which are reviewed annually, have been agreed by the Members and the Board. The nomination of members within these Committees must be approved by the Board.

Corporate Governance Report

Board and Committee papers

Appropriate and timely management information is circulated to Directors in good time before the Meetings.

Annual General Meeting

The sections of the Articles of Association relating to the Annual General Meeting have been complied with.

Internal control

The board is ultimately responsible for the mutual's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against misstatements or loss.

Control procedures

The Mutual have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include reviews by management as well as internal and external audits.

Risk identification

The Executive Committee is responsible for the identification and evaluation of the risk underwritten. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including regulatory requirements and/or authorities.

Monitoring and corrective actions

The Mutual is producing a Code of Business Conducts, which will provide practical guidance for all staff.

The internal auditor reports to the internal audit committee on the effectiveness of the procedures.



Statutory Auditor's Report

EUROPEAN LIABILITY INSURANCE FOR THE NUCLEAR INDUSTRY

In accordance with the legal and statutory requirements, we are pleased to report to you on our audit assignment which you have entrusted to us.

We have examined the financial statements for the year ending December 31, 2004, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of € 11.806.791 and an income statement resulting in a profit of the year of € 200.210.

Unqualified audit opinion on the financial statements

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement taking into account the legal and statutory requirements applicable to financial statements on insurance companies in Belgium.

In accordance with these standards we have taken into account the administrative and accounting organization of your association as well as the procedures of internal control. The responsible officers of the association have clearly replied to all our requests for information and explanations. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the accounting policies used, the significant estimates made by the association and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the applicable legal and regulatory requirements, the financial statements give a fair and true view of the association's assets, liabilities and financial position as of December 31, 2004 and the results of its operations for the year then ended, and the information given in the notes to the financial statements is adequate.

Additional certifications

We supplement our report with the following certifications which do not modify our audit opinion on the financial statements :

- Regardless of formal aspects of minor importance the books and records of the association are maintained and the financial statements are established in conformity with the applicable Belgian law and regulations on insurance companies;
- Our examinations did not make us aware of any transactions or decisions which would represent a violation of the association's bylaws ;
- The proposed distribution of the results for the year ended December 31, 2004 is in conformity with the association's bylaws and applicable law.

The Statutory Auditor,

A handwritten signature in black ink, appearing to read "Rik Neckebroeck", is placed below the text "The Statutory Auditor,".

Rik Neckebroeck
March 11, 2005

Balance sheet as of December 31, 2004 and 2003 (currency - Euro)

ASSETS

	<u>31/12/2004</u>	<u>31/12/2003</u>
E. Receivables		
III. Other receivables	0	24
	-----	-----
	0	24
	-----	-----
F. Other assets		
I. Tangible Assets	4.610	0
II. Liquidities	11.729.184	2.657.334
	-----	-----
	11.733.794	2.657.334
	-----	-----
G. Transitory accounts		
I. Interests and rent	72.997	12.942
	-----	-----
Total	11.806.791	2.670.300



Balance sheet as of December 31, 2004 and 2003 (currency - Euro)

LIABILITIES

	<u>31/12/2004</u>	<u>31/12/2003</u>
A. Equity		
I. Subscribed capital or equivalent fund, net of uncalled funds		
1. Guarantee fund - subscribed	10.816.228	10.708.718
2. Guarantee fund – uncalled	0	(8.204.718)
	-----	-----
	10.816.228	2.504.000
V. Retained earnings		
1. Surplus (Deficit) of the period	0	(156.449)
	-----	-----
	10.816.228	2.347.551
B. Subordinated loan	300.000	300.000
C. Technical reserves		
V. Reserve for equalisation and catastrophies	650.273	0
G. Payables		
V. Other payables		
1. Fiscal and Social Payables		
a) Taxes	0	0
b) Social Payables	6.147	0
2. Other	12.119	11.647
	-----	-----
	18.266	11.647
H. Transitory accounts	22.024	11.102
	-----	-----
	11.806.791	2.670.300

Income statement for the year ended December 31, 2004 and 2003

(Currency – Euro)

	<u>2004</u>	<u>2003</u>
1. Earned premiums net of reinsurance		
a) Gross premiums		
- Premiums written	825.050	0
b) Reinsurance premiums	(257.518)	0
	-----	-----
	567.532	0
2bis. Investment income		
b) Income from other investments	257.580	12.942
	-----	-----
	257.580	12.942
3. Other technical income net of reinsurance	224.999	0
7. Net operating expenses (-)		
c) Administrative expenses	(153.799)	(161.490)
	-----	-----
	(153.799)	(161.490)
7bis. Expenses relating to investments (-)		
a) Expenses for managing investments	(45.549)	(7.814)
b) Adjustments to investment values	(280)	(87)
	-----	-----
	(45.829)	(7.901)
9. Variation in the reserve for equalization and catastrophies, net of reinsurance (increase -, decrease +)	(650.273)	0
Surplus/(Deficit) of the period available for distribution	200.210	(156.449)
	=====	=====



Notes to the financial statements as of December 31, 2004 and 2003

(Currency – Euro)

1. Activity of the Association and summary of the main accounting principles

The association's objective is to insure the civil liability (Branch 13) of its Insured Members in the context of and limited to the responsibility specified in the Convention of Paris on civil liability in the area of nuclear energy and/or specified in the national legislations of the countries where the Convention of Paris is not applicable.

By a decision of the Belgian Prudential Authority taken on November 6, 2003, the association has been granted the agreement to execute insurance activities of the branch "Civil Liability" (Branch 13).

At December 31, 2004, the total insurance capacity of ELINI was 75.000.000 of which:

- 100% of any amount in excess of € 10.000.000 up to € 30.000.000 was reinsured by way of treaty reinsurance contract;
- 100% of any amount in excess of € 30.000.000 up to € 75.000.000 was reinsured by way of facultative reinsurance contract;

The risk of ELINI is thus limited to € 10.000.000 as of December 31, 2004.

The accounting principles of ELINI can be summarized as follows:

a) Overview of the amortization rates applied

Other assets-tangible fixed assets:

- Installations, electronic equipment and office tools: 33,33% per year
- Furniture: 10% per year
- Vehicles: 20% per year

b) Technical provisions

The association constitutes technical provisions based on premiums received not earned, claims payable and a reserve for equalisation and catastrophies in accordance with articles 10 and 11 of the Royal Decree of February 22, 1991 relating to regulations applicable to insurance companies.

c) Foreign exchange rate contracts

The foreign exchange rate contracts are converted in Euro using the exchange rate as of the balance sheet date. The exchange gains are deferred whereas the exchange losses are recorded in the income statement.

d) Accounts payable and receivable in foreign currency

The foreign currency denominated accounts are converted in Euro using the exchange rate as of the balance sheet date.

The foreign currency denominated accounts of the income statement are converted into Euro on a monthly basis using the exchange rate in force at the end of the previous month.

Except for the unrealised exchange gains on the bonds and other fixed securities, the shares and other non-fixed interest securities and the foreign exchange rate contracts, as mentioned in point a), b) and c), the unrealised exchange gains and losses are recorded in the income statement under the caption "Investment income" and "Expenses relating to investments".

2. Guarantee fund

The Board of Directors proposes to the Annual General Meeting to allocate € 200.210 being the surplus of the year 2004 and -156.449 being the retained loss of 2003, to the Guarantee Fund.

The evolution of the Guarantee Fund over 2004 is as follows:

Guarantee Fund at December 31st, 2003	2.504.000
Transfer of the surplus of the year 2004	200.210
Transfer of the retained loss of year 2003	-156.449
Additional dotations from Members	8.268.467
	<hr/>
Guarantee Fund at December 31, 2004	10.816.228

3. Representative assets

The assets that represent the technical provisions have to be invested in accordance with the rules set out in Article 10 of the Royal Decree of February 22, 1991.

As of December 31, 2004 and 2003, the Mutual association had invested its assets as follows:

	31/12/2004	31/12/2003
Cash (cash and term deposits)	650.273	0
	<hr/>	<hr/>
	650.273	0



4. Reserve for equalisation and catastrophies

In application to Article 11, §1, A, 3° of the Royal Decree dated February 22, 1991 on the general rules on the control of insurance companies, the association started in 2004 to build a reserve for equalisation and catastrophies. The purpose thereof is to create a reserve that would iron out variations in claims or would cover exceptional risks. Based on the current regulation, the Associations' equalization and catastrophies reserve should reach 10.000.000. The yearly movement however depends on the income or loss of the association before (net) investment income. An income results in an addition to the reserve for the amount of the income, and a loss results in a usage of the reserve for the amount of the loss. The application of this rule resulted in an addition of 650.273 for the year 2004.

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EUROPEAN LIABILITY
INSURANCE FOR THE
NUCLEAR INDUSTRY

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D'ASSURANCES
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