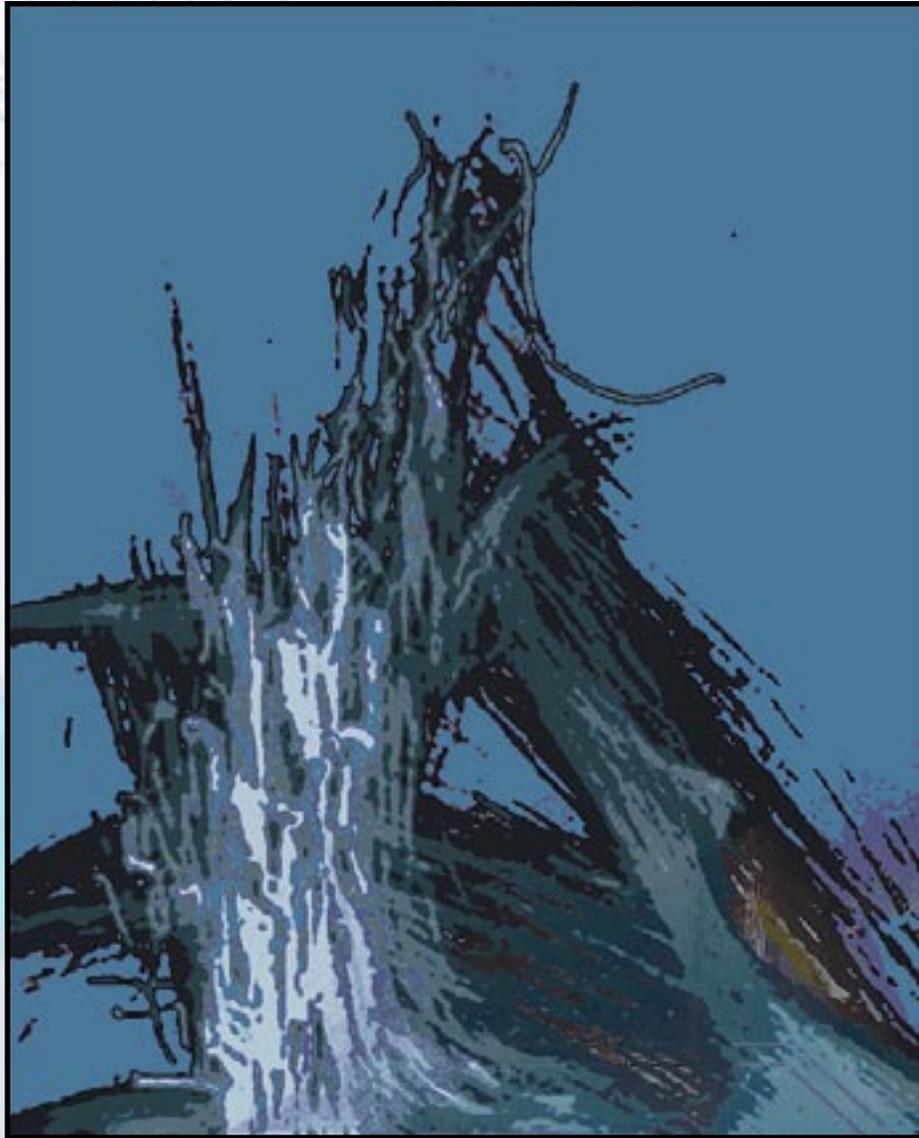




ELINI

Annual Report

2005



Annual Report 2005
of the Board of Directors
and of the Statutory Auditor
to be presented at
The Annual General Meeting
on 27th April 2006

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

	2005	2004
Net premium earned	720.813	587.532
Claims	-8.500	0
Expenses	-151.893	-153.799
Other income	220.000	224.999
Net investment result	293.531	211.751
Earnings before distribution to reserve for equalisation and catastrophies	1.073.951	850.483

Balance Sheet

Assets	14.567.390	2.670.300
Liabilities	59.750	322.749
Guarantee fund (including reserve for equalisation and catastrophies)	14.507.640	2.347.551

Contents

6	Members
7	Member Representatives & Status
9	Board of Directors
10	Advisory Committees
11	Management
13	Letter from the Chairman
14	Description of activities
16	Report of the Board of Directors
19	Corporate Governance Report
21	Statutory Auditor's Report
23	Balance Sheet and Income Statement
25	Notes to the Financial Statements

Members

AREVA
Belgoprocess NV
EDF
Electrabel SA
ENBW Kraftwerke AG
E.ON Kernkraft GmbH
E.ON Sweden AB
EPZ NV
Eurodif SA
FBFC International
Forsmarks Kraftgrupp AB
Fortum Power & Heat Oy
GKN NV
NOK
OKG Aktiebolag
Paks Nuclear Power Plant Ltd
Ringhals AB
RWE Power AG
SCK•CEN
SKB
Slovenske Elektrarne AS
Studsvik
Teollisuuden Voima Oy
Vattenfall Europe

Member Representatives & Status

Member	Representative	Status
Belgium		
Belgoproces NV	A. Boven	Insured
Electrabel SA	A. van den Abeele	Non Insured
FBFC International	F. Goens	Insured
SCK•CEN	C. Legrain	Insured
Finland		
Fortum Power & Heat Oy	H. Raumolin	Insured
Teollisuuden Voima Oy	K. Luotonen	Insured
France		
AREVA	P. Obert	Insured
EDF	J.L. Thébault	Insured
Eurodif SA	J.L. Carbonell	Insured
Germany		
ENBW Kraftwerke AG	C.D. Bölle	Non Insured
E.ON Kernkraft GmbH	K. Greimel	Non Insured
RWE Power AG	J. Haaf	Non Insured
Vattenfall Europe	H.H. Fahrenkamp	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
GKN NV	J.J. Post	Non Insured
Slovak Republic		
Slovenske Elektrarne AS	S. Haring	Non Insured
Sweden		
E.ON Sweden AB	B. Svensson	Insured
Forsmarks Kraftgrupp AB	L. Fagerberg	Insured
OKG Aktiebolag	C. Svensson	Insured
Ringhals AB	J. Edberg	Insured
SKB	B. Sundman	Insured
Studsvik	R. Atmer	Insured
Switzerland		
NOK	T. Erb	Non Insured

Board of Directors

José Luis Carbonell

Joachim Haaf

Bengt Svensson

Raoul Atmer

Claus-Dieter Bölle

J.W.M. Bongers

Jean-Marie Boudier

Alfons Boven

Matts Ekman

Thomas Erb

Hans-Henning Fahrenkamp

Freddy Goens

Klaus Greimel

Stefan Haring

Christian Legrain

Klaus Lutonen

Daniel Martenet

László Molnár

Philippe Obert

J.J. Post

Heikki Raumolin

Bo Sundman

Christer Svensson

Jean-Louis Thébault

Alec van den Abeele

Danny Van Welkenhuyzen

Marleen Vercammen

Chairman

Vice-Chairman

Vice-Chairman

External Director

External Director

Executive Committee

Executive Committee

Advisory Committees

Insurance Advisory Committee

B. Svensson *Chairman*
Y. Colleu
T. Erb
N. Feldman
K. Greimel
J. Haaf
M. Kautonen
B. Kockum
K. Luotonen
L. Molnár
P. Obert
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
R. Siilos

Communication Advisory Committee

C. Legrain	<i>Chairman</i>
K. Kainurinne	
C. Jorant	

Internal Audit Committee

A. Boven	<i>Chairman</i>
----------	------------------------

Executive Board Committee

J.L. Carbonell	<i>Chairman</i>
J. Haaf	<i>Vice-Chairman</i>
B. Svensson	<i>Vice-Chairman</i>
J.M. Boudier	<i>External Director</i>
A. Boven	<i>Chairman AIC</i>
M. Ekman	<i>Chairman FIAC</i>
C. Legrain	<i>Chairman CAC</i>
D. Martenet	<i>External Director</i>
D. Van Welkenhuyzen	<i>Executive Committee</i>
M. Vercammen	<i>Executive Committee</i>
L. Veuchelen	<i>Chairman LAC</i>

Management

Danny Van Welkenhuyzen
Managing Director

Marleen Vercammen
Financial Manager

Auditors

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

Actuary

Nicolai & Partners
Frilinglei 109
2930 Brasschaat

Letter from the Chairman

Dear ELINI Members,

It is with great satisfaction that I have once again the honour of presenting our Annual Report to you.

As you all know, the Revised Paris and Brussels Supplementary Conventions were approved on February 2004. These Revised Conventions increase the scope of the definition of a “nuclear damage”, including the economic loss, the loss of income and the costs of the measures of reinstatement due to the damage on the environment for example. But it has also to be underlined that one of the major changes of the Conventions is the increased liability to be covered by the nuclear operators and the extension of liability period to 30 years in the case of body injury.

The Revised Conventions are in the process of being transposed in the legislation of our countries and they will most likely be adopted in 2007.

We all foresee a need for additional insurance capacity in the commercial market and that even if the capacity to be covered can be reached, it might be difficult to include in the policies the above mentioned required extensions. That’s the very reason why we founded ELINI. But this requirement for additional capacity is not the only reason behind the creation of our Mutual, as we also wish to help you get premium savings, to increase the circulation of information among us and to give you more opportunities for networking.

2005 has been our second underwriting year after obtaining the license to insure nuclear liability risks on November 6th, 2003. I am glad to inform that this year three of us, SCK•CEN, FBFC International and EURODIF became Insured Members. On the other side, we could not admit any new Members. Nevertheless we will continue encouraging other companies within the nuclear industry to join.

Finally, I would also like to thank our management team for their excellent work throughout the year and I wish you all the best for 2006, looking forward to working together, strengthening and enlarging our Mutual.



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, 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 ratified by the General Meeting.

A new Member must take out or have the intention to take out at a later stage at least one insurance policy with unreserved acceptance of the rights and obligations included in the Articles of Association.

There are three kind of Members:

- Non Insured Members who do not take part in the constitution of the Guarantee Fund but pay an Administration Fee;
- Non Insured Members who take part in the constitution of the Guarantee Fund (Supportive Members);
- Insured Members who have an insurance policy and have contributed to the constitution of the Guarantee Fund.

Report of the Board of Directors To be presented to the Annual General Meeting of 27th April 2006

Dear Member,

We are pleased to present for your approval the financial statements of our Mutual for its third year of operations, which ended on 31st December 2005.

The Management of ELINI is responsible for the 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 our assets are safeguarded against loss from unauthorized use or disposal, and that the accounting records provide a reliable basis for the preparation of the financial statements.

We engaged Deloitte, with your approval, 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 maximum insurance capacity for the year 2005 amounted to € 74.128.790 and our own retention increased from € 10.000.000 in 2004 to € 15.000.000 in 2005.

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 increased from € 825.050 in 2004 to € 916.028 in 2005 and are the result of new insurance policies written in Belgium (SCK•CEN and FBFC International) and in France (Eurodif).

Reinsurance costs decreased from € 257.518 to € 195.215 due to the fact that we are buying a lower reinsurance capacity in 2005 of € 59.128.790 (€ 65.000.000 in 2004).

Claims

Provisions are made for the estimated cost of incurred losses on the basis of management estimates, based where appropriate on the information from the Members, their brokers, nuclear Pools, claims adjusters, independent consultants and other relevant sources.

A reserve of € 8.500 is constituted for the claims of Areva.

General expenses

General expenses decreased from € 153.799 in 2004 to € 151.893 in 2005 due to lower consultancy fees.

Investments

There were no long term investments made, the liquidities increased from € 11.729.184 in 2004 to € 14.404.889 in 2005 and they were invested in short term bank deposits, resulting in a financial income of € 211.751 in 2004 and € 293.531 in 2005.

Result

The € 1.073.951 surplus of 2005 before allocation, compares with an € 850.483 surplus for 2004 before allocation.

The technical surplus for 2005 of € 780.420 together with the part of the financial surplus earned on the technical reserves amounting to € 29.324 will be allocated to the reserve for equalization and catastrophies.

In accordance with our Articles of Association the Board of Directors proposes to the Annual General Meeting that the financial surplus for 2005 of € 264.207 be allocated to the Guarantee Fund.

Guarantee Fund

If you agree to our proposal, the Guarantee Fund and reserve for equalization now available to the Members to be used as insurance capacity will be € 14.507.640.

Looking forward to a good 2006 operational year, I take the opportunity of thanking you for your support.



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 seven 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, Insurance Advisory Committee and Executive Board 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, 2005, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of € 14.567(000) and an income statement resulting in a profit for the year of € 264(000).

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 company 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 company and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

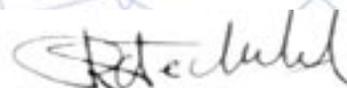
In our opinion, taking into account the applicable legal and regulatory requirements, the financial statements give a fair and true view of the company's assets, liabilities and financial position as of December 31, 2005 and the results of its operations for the year then ended, and the information given in the notes to the financial statements is adequate.

Additional attestations

We supplement our report with the following attestations which do not change the scope of 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, 2005 is in conformity with the association's bylaws and applicable law.

The Statutory Auditor,



March 4, 2006

ELINI Balance sheet as of December 31, 2005 and 2004

(Currency - Euro)

ASSETS

	<u>2005</u>	<u>2004</u>
E. Receivables		
I. Receivables from direct insurance :		
Insurers	50.354	0
II. Receivables from reinsurance	2.007	0
III. Other receivables	11.295	0
	-----	-----
	63.656	0
	-----	-----
F. Other assets		
I. Tangible Assets	3.265	4.610
II. Liquidities	14.404.889	11.729.184
	-----	-----
	14.408.154	11.733.794
	-----	-----
G. Transitory accounts		
I. Interests and rent	95.580	72.997
	-----	-----
Total	14.567.390	11.806.791

ELINI Balance sheet as of December 31, 2005 and 2004

(Currency - Euro)

LIABILITIES

	<u>2005</u>	<u>2004</u>
A. Equity		
I. Subscribed capital or equivalent fund, net of uncalled funds		
1. Guarantee fund - subscribed	13.047.624	10.816.228
2. Guarantee fund – uncalled	----- 0	----- 0
	13.047.624	10.816.228
V. Retained earnings		
1. Surplus (Deficit) of the period	----- 0	----- 0
	13.047.624	10.816.228
B. Subordinated loan	0	300.000
C. Technical reserves		
III. Reserve for claims payable	8.500	0
V. Reserve for equalisation and catastrophies	1.460.016	650.273
	----- 1.468.516	----- 650.273
G. Payables		
V. Other payables		
1. Fiscal and Social Payables		
a) Taxes	0	0
b) Social Payables	8.466	6.147
2. Other	17.919	12.119
	----- 26.582	----- 18.266
H. Transitory accounts	24.668	22.024
	----- 14.567.390	----- 11.806.791

The accompanying notes are an integral part of these balance sheets

ELINI Income statement for the year ended December 31, 2005

(Currency - Euro)

I. Income Statement

	<u>2005</u>	<u>2004</u>
1. Earned premiums net of reinsurance		
a) Gross premiums		
- Premiums written	916.028	825.050
b) Reinsurance premiums	(195.215)	(257.518)
	-----	-----
	720.813	567.532
2bis. Investment income		
b) Income from other investments	353.572	257.580
	-----	-----
	353.572	257.580
3. Other technical income net of reinsurance	220.000	224.999
4. Cost of claims, net of reinsurance (-)		
b) Variation of claims services reserve, net of reinsurance (increase -, decrease +)		
aa) Variation of the reserve for claims gross of reinsurance (increase - , decrease +)	(8.500)	0
bb) Variation of teh reserve for claims part of reinsurance (increase +, decrease -)	0	0
	-----	-----
	(8.500)	0
7. Net operating expenses (-)		
a) Acquisition expenses	(1.500)	0
c) Administrative expenses	(150.393)	(153.799)
reinsurance (increase -, decrease +)	-----	-----
	(151.893)	(153.799)
7bis. Expenses relating to investments (-)		
a) Expenses for managing investments	(60.038)	(45.549)
b) Adjustments to investment values	(3)	(280)
	-----	-----
	(60.041)	(45.829)
9. Variation in the reserve for equalization and catastrophies, net of reinsurance (increase - ,decrease +)	(809.744)	(650.273)
Surplus/(Deficit) of the period available for distribution	=====	=====
	264.207	200.210

Notes to the financial statements as of December 31, 2005 and 2004
(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, 2005, the total insurance capacity of ELINI was € 75.000.000 of which:

- 100% of any amount in excess of € 15.000.000 up to € 35.000.000 was reinsured by way of treaty reinsurance contract;
- 100% of any amount in excess of € 35.000.000 up to € 75.000.000 was reinsured by way of facultative reinsurance contract.

The risk of ELINI is thus limited to € 15.000.000 as of December 31, 2005.

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 € 264.207 being the surplus of the year 2005 to the Guarantee Fund.

The evolution of the Guarantee Fund over 2005 is as follows:

Guarantee Fund at December 31, 2004	10.816.2280
Transfer of the surplus of the year 2005	264.207
	<hr/>
Additional dotations from Members	1.967.189
	<hr/>
Guarantee Fund at December 31, 2005	13.047.624

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, 2005 and 2004, the Mutual association had invested its assets as follows:

	12/31/2005	12/31/2004
Cash (cash and term deposits)	1.468.713	650.273
	<hr/>	<hr/>
	1.468.713	650.273

4. Reserve for egalisation 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 egalisation 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' egalization and catastrophies reserve should reach € 15.000.000. 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 and an addition of 809.744 for the year 2005.

AGM 27 / 04 / 06 at the office in Brussels



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EUROPEAN LIABILITY
INSURANCE FOR THE
NUCLEAR INDUSTRY

ASSOCIATION
D'ASSURANCES
MUTUELLES

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