

# Interim Report 1-6/2009



## TAMFELT CORP'S INTERIM REPORT JANUARY-JUNE 2009 – SLIGHT SIGNS FOR THE BETTER, NEW STRATEGY TO OUTLINE TAMFELT'S FUTURE

### KEY FIGURES

	4-6 2009	1-3 2009	1-6 2009	1-6 2008
Net sales, million euro	<b>32.9</b>	30.6	<b>63.5</b>	84.6
Operating profit, million euro	<b>1.1</b>	-1.1	<b>0.1</b>	10.6
% of net sales	<b>3.4</b>	-3.5	<b>0.1</b>	12.5
Profit before taxes, million euro	<b>0.8</b>	-1.8	<b>-0.9</b>	9.8
Profit for the period, million euro	<b>0.3</b>	-1.3	<b>-1.0</b>	7.1
Earnings per share, euro	<b>0.01</b>	-0.05	<b>-0.03</b>	0.26
Return on equity, %	<b>1.3</b>	-5.1	<b>-1.9</b>	13.5
Return on net assets, %	<b>3.5</b>	-3.0	<b>0.2</b>	15.8
Equity to assets ratio, %	<b>57.1</b>	51.4	<b>57.1</b>	56.1

### TAMFELT'S NEW STRATEGY FOR MORE PROFITABLE BUSINESS OPERATIONS

In the changed and very challenging market situation, Tamfelt has updated the company strategy. The targets of the new strategy is improved competitiveness, profitability and increased shareholder value. To improve profitability, for example, some production will be transferred to China and Portugal. In the future, Tamfelt will concentrate in better utilizing the synergy of PMC (paper and board machine clothing) and Filtration business areas, in strengthening its position in the main market areas, and in increasing sales to new customers and in new areas.

According to the new strategy, Tamfelt will study the possibility to move part of dryer fabric manufacturing from Tampere, Finland and part of forming fabric manufacturing from Juankoski, Finland to Tianjin, China. The dryer fabric manufacturing remaining in Finland will mainly serve the European market, guaranteeing fast deliveries and good customer service. At present, Tamfelt is the only dryer fabric supplier with production in the Nordic countries.

The future focus in Tampere for PMC products will be on press felts and belts. As the markets revive, these manufacturing areas can be significantly increased by utilizing the existing machinery capacity.

To increase cost efficiency, production in China will be centered in the modern fabric factory premises in Tianjin. Tamfelt will close down the filter fabric factory in Shanghai, operating in rented premises and move the manufacturing to Tianjin. In addition to this, Tamfelt will study the possibility to move some filter fabric manufacturing from Finland and Poland to Tianjin, China. Local manufacturing in Brazil will also be increased. The manufacturing for the most demanding customer applications will stay in Tampere. All this aims to utilize the synergies in manufacturing and logistics.

The new strategy aims to increase Tamfelt's results gradually back to the level before the economic downturn by the year 2013. The steps now planned will reduce the number of personnel in the Group from the present 1400 to 1200 by 2013.

### SHORT-TERM OUTLOOK

To improve cost structure and delivery reliability, Tamfelt operations will in the future increasingly focus outside of Finland, especially in the Asian market. In China, the economic situation already shows slight signs of recovery, and this is expected to reflect in the demand for Tamfelt products. In early 2009, there has been increasing demand for urgent deliveries. Although this is mainly due to the running down of customer inventories, the demand is expected to recover and settle in a constant order inflow on the level of consumption.

The demand for Tamfelt products in the second half of 2009 is still expected to remain lower than in 2008. The demand is low for the products of Tamfelt's largest customer group, the paper and pulp industry, which reflects in the operating rates of machinery and shows in lower order backlog for Tamfelt. On the other hand, active sales and RTD are expected through new market areas and increased deliveries to board machines to compensate for the shortfall created by the closing of printing paper machines.

The operating rates in the mining industry are clearly lower than last year which shows directly in filter fabric demand. The price development of metals, however, has been positive. The better economic situation in the mining industry is expected to increase both operating rates and new investments, thus also increasing demand for filter fabrics.

Although the net sales and operating profit of Tamfelt are expected to be slightly better in the second half of 2009 than they were in the first half of the year, they are still expected to fall behind the level of 2008. The weak economic situation, tightened price competition, and fight for market shares still have a negative effect on the expected results of the whole business, including Tamfelt. Cost savings measures are being implemented in all units of Tamfelt Group, aiming for better profitability. Outsourcing of operations not within the company's core business is also considered.

The machinery in Tamfelt manufacturing units is modern and there is no need for new significant investments. The liquidity of the company is expected to stay good.

**Mr. Reima Kerttula, President and CEO:**

"In the second quarter, there were subtle signs of economic recovery. For Tamfelt, the second quarter of 2009 was slightly better than the first quarter, however, the January-June results of this year were still behind those of 2008.

I trust our new strategy enables better competitiveness and profitability. Our aim is to take advantage of the most interesting growth opportunities and to strengthen our position as the technology leader in technical textiles. An essential part of our strategy is to invest in multi-skilled personnel and in improving our production efficiency."

Attached is the detailed review of the results in January-June 2009, and the related figures.

**FOR MORE INFORMATION**

August 6, 2009 from 9:00 a.m. Finnish time: Mr. Reima Kerttula, President and CEO of Tamfelt Corp., tel. +358 400 648 458, and Mr. Kimmo Pärssinen, CFO of Tamfelt Corp., tel. +358 40 505 3755.

## INTERIM REPORT JANUARY-JUNE 2009

### BUSINESS FIELD OF THE GROUP

Tamfelt is a world-leading supplier of technical textiles. The Group develops, manufactures, and sells technical textiles to the applications of paper and pulp industries, mining and chemical industries, energy industry, waste water treatment, and commercial laundries. Tamfelt's biggest customer segment is the paper and pulp industry.

### GROUP NET SALES

Tamfelt Group's net sales fell 24.9% from the same period last year and was 63.5 million euros (1-6/08: 84.6). Operations outside Finland contributed to 74.9% of the Group's net sales (69.2).

### FINANCIAL PERFORMANCE

The Group's operating profit was 0.1 million euros or 0.1% of net sales (1-6/08: 10.6 million and 12.5%, respectively). The profit for the period was -1.0 million euros (1-6/08: 7.1). The reasons for the weaker results were decreasing of the market with lower demand, which has lead to increased price competition. Delivery volumes were clearly smaller than the year before. Return on net assets was 0.2% (15.8), and return on equity was -1.9% (13.5). Earnings per share were -0.03 euros. In the first half of 2008, earnings per share were 0.26 euros.

### CASH FLOW AND FINANCING

Tamfelt's cash flow from operations was 4.5 million euros (5.9). The net working capital was 41.7 million euros (41.4). Investments amounted to 3.9 million euros (10.1). The Group's liquid assets at the end of the reporting period were 13.5 million euros (38.8). The balance sheet and equity to assets ratio have remained steady.

### TAMFELT PMC: PAPER AND BOARD MACHINE CLOTHING

#### Summary of key figures of PMC business area 1-6/2009

- Net sales were 43.1 million euros (1-6/08: 57.4)
- Operating profit was 0.5 million euros (1-6/08: 7.4)
- Assets were 119.4 million euros (6/08: 121.0)
- Liabilities were 42.9 million euros (6/08: 31.0)
- Investments were 3.4 million euros (1-6/08: 7.7)
- Depreciation and impairment were 4.1 million euros (1-6/08: 3.9)

#### Business environment and main events

Tamfelt PMC's business is clothing for paper and board machines (forming and dryer fabrics, press felts and fabrics, and shoe press belts). Tamfelt PMC operates manufacturing units in Tampere and Juankoski, Finland, and in Tianjin, China.

The demand for paper and board in the first half of 2009 was lower than the record level in 2008. Manufacturing capacity cuts and continued shutdowns in the field are expected to reduce paper and board production volumes in 2009, compared to 2008. On the other hand, the price level of paper and board products has stayed level, even with some increase from 2008. Slight signs of recovery can be seen in the Chinese economy, and this is expected to reflect also in the demand for Tamfelt products in the long run. In the report period, Tamfelt PMC market shares stayed level, except in Europe where they fell slightly.

Investments in new manufacturing capacity in the paper and board industries decreased in early 2009. There are a few new paper and board machines starting up in Europe this year and next year, and some recovery can also be seen in China, thanks to stimulation measures, bringing in new delivery projects. Simultaneously, however, extra capacity has been closed down in Europe and in North America.

In the first half of 2009, the demand for paper machine clothing decline all over the world. The decline has, however, evened out recently. In long term, the development of the clothing market follows the trend in the paper market situation.

Tamfelt PMC's net sales were lower than in the first half of 2008. The lower sales volumes and prices affected the net sales. The clearly lower operating profit compared to the first half of 2008 was mainly due to lower sales volumes, continued high unit costs in production, and fierce price competition. In the second quarter, however, net sales improved a little from the first quarter of 2009.

#### **Orders received and order backlog**

The volume of orders received in January-June 2009 was approximately 30% lower than in the corresponding period in 2008. The order backlog is a little lower than at the end of 2008. The customers have reduced their inventories to a minimum, which is why the order volume is expected to rise to the level of consumption in the future.

The sales of BlackBelt, the shoe press belt launched in 2008, has continued good and in the second quarter the product was sold to new important reference applications. The volume of press felt orders increased in the second quarter.

#### **Investments**

There were no new decisions on larger investments.

### **TAMFELT FILTRATION: FILTER FABRICS**

#### **Summary of key figures of Filtration business area 1-6/2009**

- Net sales were 20.5 million euros (1-6/08: 27.3)
- Operating profit was 0.7 million euros (1-6/08: 4.2)
- Assets were 39.9 million euros (6/08: 44.1)
- Liabilities were 12.5 million euros (6/08: 9.9)
- Investments were 0.3 million euros (1-6/08: 1.8)
- Depreciation and impairment were 1.1 million euros (1-6/08: 0.9)

#### **Business environment and main events**

Tamfelt Filtration manufactures special products for wet and dry filtration processes and laundry felts for large commercial laundries. The company enjoys a strong position in the filter fabric market for paper and pulp industries. Other customer applications include desulphurization of coal power plants, iron pelletizing plants, and waste water treatment plants. In laundry felts, Tamfelt is the world market leader. Tamfelt Filtration operates manufacturing plants in Tampere, Finland; Ovar, Portugal; Belo Horizonte, Brazil; Łódź, Poland, and in Shanghai, China.

In the report period, the demand for all wet filtration products was clearly lower than at the same time in 2008. The demand fell in all main market areas, except in China.

The demand for dry filtration media and for laundry felts also fell from the year before, owing to lower operating rates and reduced inventories in the customer industries.

A significant part of Tamfelt's filter fabric business is environmental business. The economic recession has practically stopped the growth in the environmental business at the moment.

The net sales of Tamfelt Filtration fell from January-June last year due to the weak market situation. The operating profit in the first half of this year was also lower than in the corresponding period in 2008 due to lower operating rate. However, it did improve in the second quarter of 2009 compared to the first.

#### **Orders received and order backlog**

The volume of orders received was about one fourth lower than in Q2/2008. From the end of 2008, however, the order backlog has fallen only less than 2%. The situation seems to have stabilized, and slight improvement is expected towards the end of the year.

#### **Investments**

There were no new decisions on larger investments.

## **PERSONNEL**

At the end of June, Tamfelt employed 1,382 (1,518) people, which is 116 less than at the end of 2008. The number of personnel was reduced in part through the layoffs in Tampere and Juankoski as a result of the joint consultations. In the first half of 2009, the average employment at Tamfelt was 1,414 people. Tamfelt PMC employed 791 people and Tamfelt Filtration 402 people. 64% of the personnel work in Finland and 36% in other countries.

## **SHARE CAPITAL, SHARES AND OPTIONS**

At the end of June, Tamfelt's share capital amounted to 27,563,964.00 euros. The number of common shares was 10,119,198 and the number of preferred shares 17,444,766. The share price development is detailed in the tables below.

The company does not hold its own shares. The Board of Directors has no current mandate to decide on the acquisition or conveyance of the company's own shares.

The company has one valid option scheme to the company's key personnel, Option Scheme 2005. During the report period, no subscriptions were made on the basis of this stock option scheme.

After the report period, the Board of Directors have in their meeting of August 5, 2009 decided to propose to the extraordinary shareholders' meeting that the two classes of shares be combined through an amendment of the Articles of Association, using a directed free-of-charge share issue.

## **SHORT-TERM BUSINESS RISKS AND UNCERTAINTY FACTORS**

Tamfelt's main clientele is in the forest and mining industries. The cycle changes and development of these industries have direct effect on Tamfelt's order volumes and thus on the financial results. The capacity cuts and closing down of plants in the forest industry have cut Tamfelt's customer base. Possible postponed investments in the customer industries will also pose a risk for the development of Tamfelt sales. In the challenging market situation, financing risks with Tamfelt customers have increased.

The economic situation of the companies in the mining industry has improved recently thanks to good price development of metal prices, and the uncertainty factors have eased a little.

The customers make the clothing suppliers compete and concentrate their purchases to increasingly few suppliers. Long-term agreements are an important part of Tamfelt sales. To maintain competitiveness, Tamfelt develops the operations continually, and improves its profitability and capital efficiency.

The risks and uncertainty factors are described in more detail in connection with the Financial Statement Bulletin published on February 6, 2009. They are also listed in the Annual Report 2008.

## **SHORT-TERM OUTLOOK**

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The machinery in Tamfelt manufacturing units is modern and there is no need for new significant investments. The liquidity of the company is expected to stay good.

Juankoski, August 5, 2009

Tamfelt Corp.  
Board of Directors

- The Interim Report has been made according to the IFRS standards. Tamfelt Group has applied the following renewed standards since January 1, 2009: IAS 1.

- The comparison figures for 2008 have been changed due to changes in the calculating principles. The booking method of non-hedging derivative instruments referred to in the IFRS standard has been changed so that the profit or loss is booked in the income statement under the item which is the object of hedging. Exchange rate income and losses from operating activities are booked above the operating profit. Exchange rate income and losses from foreign currency denominated liabilities are booked in financing income and expenses. The change will improve the full-year profit of 2008 by 0.3 million euros. The effect of the change in the first two quarters of 2008 is 0.1 million euros.

- The figures in the Interim Report are rounded and unaudited.

**CONSOLIDATED STATEMENT  
OF INCOME. IFRS**

Million euros	<b>4-6 2009</b>	4-6 2008	Change %	1-6 2009	1-6 2008	Change %	1-12 2008
Net sales	<b>32.9</b>	42.8	-23.1	63.5	84.6	-24.9	165.0
Other operating income	<b>0.3</b>	0.3	-11.1	0.3	0.6	-44.7	0.8
Materials and services	<b>-8.5</b>	-10.2	-16.7	-15.0	-20.6	-27.1	-37.0
Expenses from employee benefits	<b>-14.4</b>	-17.4	-17.3	-29.5	-34.9	-15.7	-66.7
Depreciation and impairment	<b>-3.0</b>	-2.6	15.2	-5.9	-4.9	19.3	-10.8
Other operating expenses	<b>-6.3</b>	-7.8	-19.5	-13.4	-14.1	-4.7	-31.5
Operating profit	<b>1.1</b>	5.2	-78.4	0.1	10.6	-99.4	19.8
Financial income and expenses	<b>-0.3</b>	-0.4	-31.4	-1.0	-0.8	23.1	-2.4
Profit before taxes	<b>0.8</b>	4.8	-82.4	-0.9	9.8	-109.3	17.4
Income taxes	<b>-0.5</b>	-1.3	-62.0	-0.1	-2.7	-97.5	-5.1
Profit for the period	<b>0.3</b>	3.5	-90.0	-1.0	7.1	-113.8	12.3
Profit for the period attributable to:							
Equity holders of the parent	<b>0.4</b>	3.5		-0.9	7.1		12.4
Minority interest	<b>0.0</b>	0.0		-0.1	0.0		-0.2
Earnings/share (basic) EUR	<b>0.01</b>	0.13		-0.03	0.26		0.45
Earnings/share (diluted) EUR	<b>0.01</b>	0.13		-0.03	0.26		0.45
<b>COMPREHENSIVE INCOME STATEMENT</b>							
Profit for the period	<b>0.3</b>	3.5		-1.0	7.1		12.3
Other comprehensive income for the period after taxes:							
Exchange differences on translating foreign operations	<b>-0.3</b>	-0.2		-0.1	-0.6		0.3
Other comprehensive income items	<b>0.2</b>	0.3		0.1	0.3		-0.6
Total comprehensive income for the period	<b>0.3</b>	3.5		-1.0	6.7		12.0
Total comprehensive income for the period attributable to:							
Equity holders of the parent	<b>0.3</b>	3.5		-0.9	6.7		12.2
Minority interest	<b>0.0</b>	0.0		-0.1	0.0		-0.2



## CONSOLIDATED BALANCE SHEET, IFRS

Million euros	06/2009	%	06/2008	%	12/2008	%
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	92.2		93.0		94.2	
Goodwill	0.3		0.3		0.3	
Other intangible assets	4.2		4.5		4.6	
Other financial assets	1.2		1.4		1.3	
Deferred tax assets	1.0		0.9		1.0	
	<b>98.9</b>	55	100.1	55	101.4	57
<b>Current assets</b>						
Inventories	32.5		37.2		35.5	
Trade and other receivables	33.7		35.6		30.7	
Financial assets at fair value through profit or loss	1.2		1.5		1.0	
Cash and cash equivalents	12.3		7.0		9.8	
	<b>79.7</b>	45	81.3	45	77.0	43
<b>Total assets</b>	<b>178.6</b>	100	181.4	100	178.4	100
<b>Equity and liabilities</b>						
<b>Issued capital and reserves attributable to equity holders of the parent</b>						
Share capital	27.6		27.6		27.6	
Share premium	1.0		1.0		1.0	
Translation differences	-1.2		-2.4		-1.1	
Fair value reserve	-0.2		-0.6		-0.3	
Retained earnings	74.6		74.8		80.2	
	<b>101.7</b>		100.4		107.3	
Minority interest	0.0		0.3		0.1	
<b>Total equity</b>	<b>101.7</b>	57	100.7	56	107.4	60
<b>Non-current liabilities</b>						
Deferred tax liabilities	10.4		10.5		10.5	
Interest-bearing liabilities	38.1		27.7		18.3	
	<b>48.4</b>		38.2		28.8	
<b>Current liabilities</b>						
Trade and other payables	24.5		31.4		25.2	
Current interest-bearing liabilities	4.0		11.1		17.1	
	<b>28.5</b>		42.5		42.3	
Total liabilities	76.9	43	80.7	44	71.1	40
<b>Total equity and liabilities</b>	<b>178.6</b>	100	181.4	100	178.4	100

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Million euros	1-6 2009	1-6 2008	1-12 2008
<b>Cash flow from operating activities</b>			
Profit/loss for the period	-1.0	7.1	12.3
Adjustments to profit	8.0	8.8	17.8
Change in working capital:			
Change in trade and other receivables	-2.1	-5.2	0.5
Change in inventories	3.0	-4.1	-2.4
Change in trade and other payables	-0.3	3.2	-2.3
Change in provisions			
Interest received	0.1	0.1	0.3
Interest paid	-1.0	-0.7	-2.0
Other financial items, net	0.0	0.0	-0.4
Taxes paid	-2.2	-3.3	-5.8
<b>Net cash flow from operating activities</b>	<b>4.5</b>	<b>5.9</b>	<b>18.0</b>
<b>Cash flow from investing activities</b>			
Investment in property, plant and equipment	-3.9	-10.1	-14.6
Investment in intangible assets			-1.0
<b>Net cash flow from investing activities</b>	<b>-3.9</b>	<b>-10.1</b>	<b>-15.7</b>
<b>Cash flow from financing activities</b>			
Withdrawal of loans	20.0	30.0	23.0
Repayment of loans	-13.0	-8.8	-5.8
Dividends paid	-4.8	-14.7	-14.7
<b>Net cash flow from financing activities</b>	<b>2.2</b>	<b>6.5</b>	<b>2.5</b>
Change in cash and cash equivalents	2.8	2.3	4.8
Cash and cash equivalents at the beginning of the period	10.7	6.4	6.3
Effect of exchange rate changes	0.0	-0.1	0.2
Effect of changes in the fair value of investments	0.0	-0.1	-0.7
<b>Cash and cash equivalents at the end of the period</b>	<b>13.5</b>	<b>8.5</b>	<b>10.8</b>

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Million euros	Equity attributable to shareholders of the parent							
	Share capital	Share premium reserve	Trans-lation diffe-rences	Fair value reserve and other reser-ves	Retained earnings	Total	Minor-ity interest	Total equity
<b>Equity</b>								
<b>31.12.2007</b>	<b>27.6</b>	<b>1.0</b>	<b>-1.6</b>	<b>0.1</b>	<b>82.3</b>	<b>109.3</b>	<b>0.2</b>	<b>109.6</b>
Total comprehensive income			-0.7			-0.7	0.1	-0.6
Change of fair value, derivatives				-0.9		-0.9		-0.9
Change of fair value, financial assets for sale				0.0		0.0		0.0
Tax on equity items				0.2		0.2		0.2
Counter-entry of share-based payments					0.1	0.1		0.1
Profit/loss for the period					7.1	7.1	0.0	7.1
Total recognized income and expenses for the period			-0.7	-0.7	7.2	5.8	0.1	5.9
Dividends					-14.7	-14.7		-14.7
<b>Equity</b>								
<b>30.6.2008</b>	<b>27.6</b>	<b>1.0</b>	<b>-2.4</b>	<b>-0.6</b>	<b>74.8</b>	<b>100.4</b>	<b>0.3</b>	<b>100.7</b>
<b>Equity</b>								
<b>31.12.2008</b>	<b>27.6</b>	<b>1.0</b>	<b>-1.1</b>	<b>-0.3</b>	<b>80.2</b>	<b>107.3</b>	<b>0.1</b>	<b>107.4</b>
Total comprehensive income			-0.1			-0.1	0.0	-0.1
Change of fair value, derivatives				0.1		0.1		0.1
Change of fair value, financial assets for sale				0.0		0.0		0.0
Tax on equity items				0.0		0.0		0.0
Counter-entry of share-based payments					0.1	0.1		0.1
Profit/loss for the period					-0.9	-0.9	-0.1	-1.0
Total recognized income and expenses for the period			-0.1	0.1	-0.8	-0.9	0.0	-0.9
Dividends					-4.8	-4.8		-4.8
<b>Equity</b>								
<b>30.6.2009</b>	<b>27.6</b>	<b>1.0</b>	<b>-1.2</b>	<b>-0.2</b>	<b>74.6</b>	<b>101.7</b>	<b>0.0</b>	<b>101.7</b>

**SEGMENT INFORMATION – Business segments**

Million euros

<b>4-6/09</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
<b>External turnover</b>	22.6	10.3	0.0	32.9
Profit/loss				
Operating profit	0.8	0.7	-0.3	1.1
Financing items			-0.3	-0.3
Taxes			-0.5	-0.5
Profit/loss for the period				0.3
Investments	0.4	0.1	0.0	0.5
Depreciation and impairment	2.0	0.5	0.5	3.0
<b>4-6/08</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
<b>External turnover</b>	29.3	13.6	0.0	42.8
Profit/loss				
Operating profit	3.8	2.0	-0.5	5.2
Financing items			-0.4	-0.4
Taxes			-1.4	-1.3
Profit/loss for the period				3.5
Investments	5.5	1.1	0.5	7.1
Depreciation and impairment	2.2	0.4	0.1	2.6
<b>1-6/09</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
<b>External turnover</b>	43.1	20.5		63.5
Profit/loss				
Operating profit	0.5	0.7	-1.1	0.1
Financing items			-1.0	-1.0
Taxes			-0.1	-0.1
Profit/loss for the period				-1.0
Investments	3.4	0.3	0.2	3.9
Depreciation and impairment	4.1	1.1	0.7	5.9
Other data				
Segment assets	119.4	39.9	19.3	178.6
Segment liabilities	42.9	12.5	21.5	76.9
<b>1-6/08</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
<b>External turnover</b>	57.4	27.3		84.6

Profit/loss				
Operating profit	7.4	4.2	-1.0	10.6
Financing items			-0.6	-0.6
Taxes			-2.7	-2.7
Profit/loss for the period				7.1
Investments	7.7	1.8	0.6	10.1
Depreciation and impairment	3.9	0.9	0.1	4.9
<b>Other data</b>				
Segment assets	121.0	44.1	16.2	181.4
Segment liabilities	31.0	9.9	39.8	80.7
<b>1-12/08</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
<b>External turnover</b>	112.1	53.0		165.0
Profit/loss				
Operating profit	16.2	6.0	-2.4	19.8
Financing items			-2.4	-2.4
Taxes			-5.1	-5.1
Profit/loss for the period				12.3
Investments	12.1	2.6	1.0	15.7
Depreciation and impairment	8.3	2.4	0.2	10.8
<b>Other data</b>				
Segment assets	121.6	39.7	17.0	178.4
Segment liabilities	48.6	11.0	11.4	71.1

#### SEGMENT INFORMATION – Geographical segments

Million euros	<b>1-6 2009</b>	1-6 2008	1-12 2008
<b>NET SALES</b>			
Finland	<b>19.0</b>	29.8	56.0
Rest of Europe	<b>29.1</b>	39.6	65.1
Other countries	<b>22.5</b>	33.0	62.5
Elimination	<b>-7.1</b>	-17.8	-18.5
Consolidated	<b>63.5</b>	84.6	165.0
<b>INVESTMENTS</b>			
Finland	<b>2.0</b>	5.5	9.9
Rest of Europe	<b>0.2</b>	0.3	0.3
Other countries	<b>1.7</b>	4.3	5.4
Consolidated	<b>3.9</b>	10.1	15.7
<b>ASSETS</b>			
Finland	<b>137.7</b>	131.9	139.7
Rest of Europe	<b>18.2</b>	22.8	17.4
Other countries	<b>35.2</b>	35.9	36.9
Elimination	<b>-12.5</b>	-9.2	-15.6
Consolidated	<b>178.6</b>	181.4	178.4

**KEY FIGURES**

	<b>4-6 2009</b>	4-6 2008	1-6 2009	1-6 2008	1-12 2008
Net sales	<b>32.9</b>	42.8	63.5	84.6	165.0
Operating profit	<b>1.1</b>	5.2	0.1	10.6	19.8
% of net sales	<b>3.4</b>	12.2	0.1	12.5	12.0
Profit before taxes and minority interest	<b>0.8</b>	4.8	-0.9	9.8	17.4
Profit/loss for the period	<b>0.3</b>	3.5	-1.0	7.1	12.3
Return on equity, %	<b>1.3</b>	13.2	-1.9	13.5	11.3
Return on net assets, %	<b>3.5</b>	15.5	0.2	15.8	14.4
Equity/Assets ratio at the end of the period, %	<b>57.1</b>	56.1	57.1	56.1	60.3
Gearing at the end of the period %	<b>28.1</b>	29.9	28.1	29.9	22.9
Gross investments	<b>0.5</b>	7.1	3.9	10.1	15.7
% of net sales	<b>1.6</b>	16.6	6.1	11.9	9.5
Average employment during the period	<b>1 388</b>	1 533	1 414	1 518	1 534

**COLLATERALS AND CONTINGENT LIABILITIES**

Million euros

	<b>1-6 2009</b>	1-6 2008	1-12 2008
Contingent liabilities	<b>20.3</b>	0.7	0.4

**DERIVATIVE FINANCIAL INSTRUMENTS**

Million euros

Forward exchange contracts, not under hedge accounting

Fair value	<b>3.2</b>	-	4.6
Value of underlying assets	<b>2.8</b>	-	4.3

Electricity derivatives

Fair value	<b>1.5</b>	2.4	1.8
Trading value	<b>1.9</b>	1.6	2.3

**SHARE INFORMATION**

	<b>1-6 2009</b>	1-6 2008	1-12 2008
Earnings/share, diluted, euros	<b>-0.03</b>	0.26	0.45
Equity/share, diluted, euros	<b>3.74</b>	3.66	3.95
Share history, euros			
Low paid, common share	<b>5.16</b>	9.24	6.50
preferred share	<b>3.95</b>	7.60	5.04
High paid, common share	<b>7.38</b>	12.00	12.00
preferred share	<b>5.25</b>	11.30	11.30
Closing rate, common share	<b>6.45</b>	9.50	7.30
preferred share	<b>4.00</b>	7.70	5.10
Market capitalization at the end of the period, Million euros	<b>135.0</b>	230.5	161.8
Turnover, % of total number,			
common share	<b>0.9</b>	0.5	0.8
preferred share	<b>6.5</b>	4.1	7.6

**INTERIM REPORTS IN 2009**

Tamfelt's Interim Report for January-September will be published on October 27, 2009.

**DISTRIBUTION**

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*Tamfelt is a world-leading supplier of technical textiles. The company's main products are clothing products for the paper and pulp as well as mining and chemical industries. The Group employs about 1,400 people and its net sales in 2008 were 165.0 million euro. Founded in 1797, the company is one of the pioneers of Finnish industry.*

*Published August 6, 2009 at 08.30 a.m.*