

## Tamfelt Group's Financial Statement Bulletin for 2008



## **TAMFELT GROUP'S FINANCIAL STATEMENT BULLETIN FOR 2008**

- Net sales 164.7 million euros (167.5 million in 2007)
- Operating profit 19.5 million euros (25.9 million)
- Operating profit 11.8% of net sales (15.5%)
- Profit before tax million 17.4 euros (26.2 million)
- Earnings/share, 0.45 euros (0.76 euros)
- Equity/assets ratio 60.3% (66.5%)
- Return on net assets, 14.4% (22.7%)
- Return on equity, 11.3% (19.2%)
- Proposed dividend 0.16 euros per common share and 0.18 euros per preferred share

- Outlook: Weak business conditions, intensified price competition and struggle for market shares darken the outlook for the entire industry, including Tamfelt. Both the net sales as well as the operating profit are expected to fall appreciably in the current financial year. The major investments made in the last few years have improved Tamfelt's delivery performance, productivity and cost competitiveness. The expenditure will be significantly lower in the current period. The company's liquidity is expected to remain good.

Tamfelt is a world-leading supplier of technical textiles. The Group's main products are fabrics for the paper and pulp industries, mining and chemical industries, energy industry, wastewater treatment plants and commercial laundries. Tamfelt's biggest customer segment is the paper and pulp industry.

At the outset of 2008, Tamfelt incorporated its paper machine clothing and filter fabric businesses as Tamfelt PMC Corp. and Tamfelt Filtration Corp. The Group's parent company is Tamfelt Corp. The Group reports the PMC and Filtration businesses as a primary segment and the geographical segment as a secondary segment.

Tamfelt PMC's main focus market consists of wide and high-speed paper and board machines. Tamfelt PMC has production facilities at Tampere and Juankoski in Finland and at Tianjin in China.

Tamfelt Filtration's target segments include filterfabrics for causticization, iron pelleting and flue gas desulphurization processes. Around half of the net sales come from environmental business. Tamfelt Filtration runs manufacturing operations at Tampere in Finland, Ovar in Portugal, Belo Horizonte in Brazil, Łódź in Poland and Shanghai in China.

### **GROUP NET SALES**

The consolidated net sales were down 1.7 per cent at 164.7 million euros (167.5 million in 2007). Foreign operations accounted for 70.9 (68.9) per cent of the net sales.

### **GROUP FINANCIAL PERFORMANCE**

Tamfelt Group's consolidated operating profit was 19.5 million euros (25.9), corresponding to 11.8 per cent (15.5) of the net sales. Profit for the year was 12.3 million euros (20.8). Apart from tight price competition, the decline was attributed to high capital expenditure resulting from large investment costs over the past few years. In addition, increased personnel costs affected the year's financial performance. Return on net assets was 14.4 per cent (22.7) and return on equity was 11.3 per cent (19.2). Earnings per share were down at 0.45 euros. Earnings per share in 2007 were 0.76 euros.

### **GROUP CASH FLOWS AND FINANCING**

Tamfelt's cash flow from operations was 18.0 million euros (25.2). Net working capital was 41.1 million euros (36.0). Investments were 15.7 million euros (24.5). Consolidated interest-bearing liabilities were 35.4 million euros (17.5). Interest-bearing liabilities increased by 17.8 million euros (12.4). Dividends paid amounted to 14.7 million euros (16.6). At the end of the period, the Group had 10.7 million euros in liquid assets (6.3). The amount of unused, unwithdrawn credits was 21 million euros.

## **TAMFELT PMC – PAPER MACHINE CLOTHING**

- Net sales were 111.8 million euros (1-12/07: 113.7)
- Operating profit was 15.9 million euros (1-12/07: 21.2)
- Assets were 121.6 million euros (12/07: 114.0)
- Liabilities were 48.6 million euros (12/07: 26.0)
- Investments were 12.1 million euros (1-12/07: 20.7)
- Depreciation and impairment were 8.3 million euros (1-12/07: 7.2)

### **Business environment and key events**

Paper machine clothing (PMC) comprises forming fabrics, press felts and fabrics, shoe press belts and dryer fabrics. Tamfelt PMC is one of the leading suppliers of paper machine clothing for wide and high-speed paper machines in Europe. This is a target segment in which Tamfelt PMC's market shares grew in Europe, North America and Asia. High-quality technical expertise, customer support and laboratory services back up the supplies.

In 2008, demand for paper and board grew little. Growth faded totally away in Europe and North America. Modest growth continued in Asia and South America, just to slow down towards the end of the year.

Most investments in new paper and board manufacturing capacity are being made in China and Southeast Asia. A few projects are underway in Europe where, on the other hand, unprofitable overcapacity is being reduced. Substantial cost benefits induce pulp mills to focus their investments in South America.

In Asia, the demand for paper machine clothing continued to grow, whereas in Europe and Northern America it was slightly down from 2007. In the long term, the trend of the clothing market follows the evolution of the paper market. The specific consumption of clothing (consumption per paper ton produced), however, keeps declining, as improved clothing types are being engineered to enhance the papermaking process. Also, the new products are more durable and run longer. The specific consumption of clothing even shrinks as a result of technical development, as new paper machines are being built and old, less efficient units, are closed down.

The tightening competition is reflected in the profitability of the business. In 2008, major clothing suppliers ran into financial difficulties, and production capacity has been reduced in North America, Europe and Australia. New investments were made in Asia and South America.

Tamfelt PMC's net sales reached close to the figure of 2007. While sales volumes remained at the level of the previous year, reduced sales prices and, in part, the weakening U.S. dollar against the euro decreased the net sales. The operating profit was affected by higher production costs, fierce price competition and the start-up cost of the new forming and dryer fabric plant in China.

A new shoe press belt, BlackBelt, was launched in 2008. Its optimal structure is the result of a completely new material composition. Customers have shown great interest in the product.

Tamfelt continued to contribute as clothing supplier for a number of start-ups of new or rebuilt paper and board machines in Europe as well as in Asia – notably in China – and in North America.

### **New and outstanding orders**

The volume of sales orders decreased when compared to year 2007, particularly in the last quarter, especially the domestic orders shrank heavily. At the end of the year, Tamfelt PMC's order book was down 20 per cent on the beginning of 2008. Customers put off their machine investments and reduced their clothing inventories, which affected the company's order volume towards the end of the year. Other contributing factors were the closures of a number of paper lines in Finland.

### **Investments**

Tamfelt PMC's gross investments were 12.1 million euros (down from 20.7 million).

The company's forming and dryer fabric plant in Tianjin, China, which started up in spring 2008, was officially inaugurated in October 2008. The plant makes Tamfelt's spearhead products, which are successfully performing on some of the world's most challenging paper and board machines.

Tamfelt PMC's efforts to streamline production and to cut lead times continued with the modernization of key production machinery and with the purchase of new seaming machines.

## **TAMFELT FILTRATION – FILTER FABRICS**

- Net sales were 53.0 million euros (1-12/07: 53.8)
- Operating profit was 6.0 million euros (1-12/07: 7.1)
- Assets were 39.7 million euros (12/07: 39.1)
- Liabilities were 11.0 million euros (12/07: 8.0)
- Investments were 2.6 million euros (1-12/07: 3.0)
- Depreciation and impairment were 2.4 million euros (1-12/07: 2.2)

### **Business environment and key events**

Tamfelt Filtration enjoys a strong position in the filter fabric market for the paper and pulp industries. As a supplier to the mining and chemical industries, Tamfelt Filtration focuses on certain filter types and customer segments and has earned a significant share of the market. Tamfelt Filtration also makes dry filtration products and ironer felts for commercial laundries. The company is the world market leader in ironer felts.

In the period under review, filter fabrics for the forest industry were in good demand and grew considerably year-on-year. The overall demand from the mining and chemical industries for wet filtration products grew, but in the two final months demand and respectively sales were clearly lower than in the corresponding period in 2007. In geographical terms, growth concentrated in South America, Eastern Europe and Asia.

The demand for dry filtration products was clearly lower than a year ago. This was attributed to declining volumes in customer industries and tightening competition, as non-European players increase their presence in the European market.

The sales of ironer felts continued to grow at a brisk rate until a slight downturn occurred towards the end of the year.

More or less half of Tamfelt's filter fabric business serves environmental purposes. Increasing environmental awareness together with stricter environmental standards have boosted the demand for filter fabrics. This trend is expected to continue into the near future. High-quality filter fabrics are key in the reduction of emissions from fossil fuels, such as coal, and in various air and water filtration processes. Filtration equipment is also needed in the growing production of biofuels.

Tamfelt Filtration's net sales remained at the level of the year before. Operating profit was down year-on-year. In late 2008, customers decreased their capacity utilization rates and reduced their stocks and shipments were thus smaller than a year ago. The trend of the net sales was rising until the end of October, when the global recession turned it to a downswing.

### **New and outstanding orders**

At the end of 2008, Tamfelt Filtration's order backlog was down almost 14 per cent on the beginning of the year. The change took place during the last two months following a drop in the customers' sales demand.

### **Investments**

Tamfelt Filtration's gross investments were 2.6 million euros (down from 3.0 million). The most significant investments were made in the Tampere plant, including new weaving looms and a new textile calander, the largest of the industry.

## **RESEARCH AND DEVELOPMENT**

The cost of research and development in 2008 was 2.6 per cent (2.7) of Tamfelt's net sales. The company's R&D is conducted in collaboration with customers, material suppliers, paper machine and filter manufacturers as well as universities and research institutes. Joint initiatives are designed to improve filtration, paper quality, and the paper machine's runnability and economy. Extensive projects are under way to upgrade fabric structures, raw materials and processes.

## **RISKS AND UNCERTAINTY FACTORS**

Tamfelt's key customer base is formed by forest industry and mining industry operators. Economic fluctuations in the mining industry determine the operating capacity of mines, which affects Tamfelt Filtration's net sales. Forest industry is a major customer group for both PMC and Filtration. The rundown of forest industry capacity and the closure of lines inflict customer losses, particularly in Europe.

The overall economic instability increases risks related to currency management and the customers' ability to pay. Tamfelt is increasingly operating in the South American and Southeast Asian markets, where the risk of credit loss is higher.

Customers make clothing manufacturers compete for contracts and keep consolidating their purchases on an ever-smaller number of suppliers. Long-term contracts account for a major part of Tamfelt's sales. The declining specific consumption of clothing, together with increasing raw material prices and the rise of the overall cost level, result in price pressures and aggravate the business risk. Price risks are combated by improving productivity, by ensuring more effective capital spending and by enhancing the overall quality of performance. In certain raw materials, the Group is dependent on a small number of suppliers, which increases the risk related to the quality, availability and price of materials.

The paper and board industries are growing fastest in China and elsewhere in Asia. The pulp and mining industries are growing fastest in South America. Tamfelt's customers are increasingly relocating their production capacities to these regions. Clothing suppliers, too, are shifting operations to countries where cost levels are lower. In an effort to stay competitive, Tamfelt continues to improve its performance, cost structure and productivity.

If customer industries postpone their investments, an improvement of Tamfelt's sales trend will be at risk.

Tamfelt takes out insurances to cover the risk of damage involved in its activities, as far as this is deemed motivated financially or otherwise. The coverage includes insurance against material damage, business interruption and credit risk as well as product liability and completed operations liability coverage. Tamfelt focuses on identifying and reducing risks and risk-related damages. However, the company's business environment involves risks that cannot be covered by insurances or eliminated by other means.

## **PERSONNEL**

The average Group employment was 1,534 people (1,525). The parent company employed an average of 178 people (168). On the last day of the year, the Group employed 1,535 (1,496) and the parent company 175 (172) people. The Group employment grew by 39 people. The average length of employment in the Group was 13 years (13). At the end of 2008, the average personnel age was 42 years (42). Labour turnover at the Group level was 4.0 per cent (5.8). During the year, 44 employees moved to new jobs within the parent company. At the Group level, the average pension age was 59 years (59).

To ensure a good employer image and a continued supply of workforce, Tamfelt offered students internships and on-the-job training throughout the year. Many university students prepared their academic degree projects for Tamfelt.

Competence development focused on international cooperation and the sharing of empirical hands-on knowledge on the job. Investments in high-quality working conditions and continuous improvement of personnel well-being continued in the company. Tamfelt's annual personnel report provides more specific information on the company's employees.

In a stock exchange release of December 8, 2008, Tamfelt announced the start of joint consultations talks with all personnel groups at the Tampere plant.

## **ENVIRONMENT**

Tamfelt's environmental management system under the SFS-EN-ISO 14001 standard covering the Tampere and Juankoski plants was certified in 1998 and updated in 2006. The level of Tamfelt's environmental protection fulfils the current statutory requirements.

The goals and targets to support sustainable development have been published in Tamfelt's environmental policy. The company's manufacturing processes do not discharge any significant amounts of pollutants. The key objectives of Tamfelt's environmental management program are more efficient use of raw materials, reduction of slow-decaying landfill waste and the avoidance of unnecessary use of water and energy.

Major environmental initiatives in 2008 in Finland focused on more efficient use of raw material at the Tampere and Juankoski facilities, waste reduction, improved recycling, measures required by the environmental permit granted to the Tampere plant, efficient energy use, and emissions trading. Over the year, Tamfelt sold 14,000 emission allowances at the price of 309,750 euros. To cover the deficit, the company is prepared to buy 7,000 allowances. In Tamfelt Filtration's Brazilian, Chinese and Polish units, environmental management systems were being built to the ISO 14001 standard, and they are expected to be certified in 2009.

The recycling of cloth waste remained at the level of the previous year. Tamfelt continues to research into opportunities to improve the utilization of cloth waste. The total environmental expenditure was 0.2 per cent of the net sales.

Tamfelt's annual environmental report provides detailed information on the company's environmental performance.

## **FOREIGN BRANCHES**

In China, Tamfelt's business is supported by Tamfelt Shanghai Representative Office.

## **CHANGES IN SHARE CAPITAL**

At the end of 2008, Tamfelt's capital stock stood at 27,563,964.00 euros. The aggregate number of shares was 27,563,964, of which 10,119,198 were common shares and 17,444,766 preferred shares.

The Annual General Meeting of March 10, 2005 passed a resolution to grant options to the company's key executives. The 2005 option scheme entitles the option holders to subscribe for a total of 437,000 preferred shares, representing a maximum of 1.6 per cent of Tamfelt's share capital and 0.2 per cent of the voting power at the end of the year. Under the 2005 scheme, Tamfelt's capital stock can rise by a maximum of 437,000.00 euros. Subscription under this scheme began for E options on November 1, 2007 and it will begin for F options on November 1, 2009.

## **TREASURY SHARES**

The company held no treasury shares in 2008. The Board of Directors has no current authorization to decide on the acquisition or conveyance of treasury shares.

## **BOARD OF DIRECTORS, AUDITORS AND EXECUTIVE BOARD**

Tamfelt Corp.'s Annual General Meeting of March 18, 2008 elected Mikael von Frenckell, Martin Lilius, Jouko Oksanen, Vesa Kainu, Niklas Savander and Carl-Magnus Cedercreutz as ordinary members of the Board of Directors. At the organization meeting, Mikael von Frenckell was elected as Chairman and Niklas Savander as Deputy Chairman.

Authorized Public Accountants Jari Paloniemi and Veikko Terho were elected as the company's auditors, and Authorized Public Accountant Jukka Lahdenpää and authorized public accounting company Moore Stephens Rewinet Oy Ab as deputy auditors.

The Group's Executive Board 2008 consisted of Tamfelt Corp.'s President & CEO Jyrki Nuutila, Tamfelt PMC Corp.'s President Seppo Holkko, Tamfelt Filtration Corp.'s President Heikki Rehakka, Group Chief Financial Officer Kimmo Pärssinen, and, as personnel representatives Jarmo Järviö and Jaakko Räsänen, Chief shop stewards at the Tampere and Juankoski plants, respectively, and Pirkko Järvelä, clerical personnel representative.

On August 15, 2008 Tamfelt announced a change of President & CEO. The role was taken over by Reima Kerttula, M.Sc. (Eng.), on January 1, 2009. He succeeds Jyrki Nuutila, who retired on pension at December 31, 2008 according to an earlier agreement.

Since January 1, 2009 the members of the Group's Executive Board are Tamfelt Corp.'s President & CEO Reima Kerttula, Tamfelt PMC Corp.'s President Seppo Holkko, Tamfelt Filtration Corp.'s President Heikki Rehakka, Group Chief Financial Officer Kimmo Pärssinen, Group Human Resources Manager Tuire Leimu and Group Business Development Manager, who will be appointed later.

## **POST-REVIEW EVENTS**

Joint consultation negotiations based on the Act on Cooperation within Undertakings were concluded at the Tampere plant on January 28, 2009. The procedure involved all personnel groups.

In a negotiation proposal submitted in December 2008, the maximum need for personnel reduction was estimated at 160 people. After the negotiations the need was confirmed at 97. Besides, the personnel of the Tampere plant will be laid off for an average of three to six weeks on a staggered schedule. The total

outcome of lay-offs will be reviewed over the year to match sales demand. The consultations also lead to the decision not to extend fixed-term employment contracts.

The targeted cost savings are 10 million euros at the annual level to protect the company's competitive position and to prepare the business for the future. The savings will not be materialized in full in 2009.

The company will record in the first quarter accounts a one-off expense for the employments ending without work obligation. The estimated expense is around a million euros.

## **OUTLOOK**

The economic uncertainty following the global financial crisis has a significant impact on the growth of world economy. The rapid growth of developing economies will also slow down and restrain investment activity in these markets. The demand for paper and the output volumes of the forest industry will decrease and Tamfelt's manufacturing output is expected to follow the trend.

Metal prices continue a downward trend, and this will decrease the volumes of the mining industry and hit the demand for filter fabrics. On the other hand, keener environmental awareness and more stringent environmental standards worldwide will boost the demand for filter fabrics and open up new sales opportunities.

However, customers' suspended investment plans and rapidly weakening cash positions are a remarkable risk to Tamfelt's business as long as the current uncertainty and lack of confidence plague the global economy.

Weak business conditions, intensified price competition and struggle for market shares darken the outlook for the entire industry, including Tamfelt. Joint consultation talks have been concluded at the Tampere plant to adjust the performance to the realities of the current market environment. Austerity programs will be implemented in the company's other plants as well. Both the net sales as well as the operating profit are expected to fall appreciably in the current financial year.

The major investments made in the last few years have improved Tamfelt's delivery performance, productivity and cost competitiveness. The expenditure will be significantly lower in the current period. The company's liquidity is expected to remain good.

## **BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT**

The Board proposes to the Annual General Meeting that a dividend of 0.16 euros be paid on a common share and 0.18 euros on a preferred share.

No significant changes have taken place in the company's financial position after the closing of the financial year. The company's cash position is good and, according to the view of the Board of Directors, the proposed distribution of dividend will not endanger the company's solvency.

**CONSOLIDATED STATEMENT OF INCOME,  
IFRS**

Million euros	<b>10- 12 2008</b>	10- 12 2007	Change %	<b>1-12 2008</b>	1-12 2007	Change %
Net sales	<b>37.7</b>	41.9	-10.0	<b>164.7</b>	167.5	-1.7
Operating profit	<b>2.7</b>	7.3	-63.0	<b>19.5</b>	25.9	-24.8
Financial income and expenses	<b>-0.8</b>	0.4	-307.3	<b>-2.1</b>	0.3	-789.8
Profit before taxes	<b>1.9</b>	7.7	-75.7	<b>17.4</b>	26.2	-33.7
Income taxes	<b>-0.9</b>	-1.1	-15.2	<b>-5.1</b>	-5.4	-4.7
Profit for the period	<b>1.0</b>	6.6	-85.3	<b>12.3</b>	20.8	-41.2
Attributable to						
Equity holders of the parent	<b>1.0</b>	6.7		<b>12.4</b>	20.9	
Minority interest	<b>-0.1</b>	-0.1		<b>-0.2</b>	0.0	
Earnings per share calculated on profit attributable to equity holders of the parent (euros)						
Basic	<b>0.2</b>	0.2		<b>0.45</b>	0.76	
Diluted	<b>0.2</b>	0.2		<b>0.45</b>	0.75	



## CONSOLIDATED BALANCE SHEET, IFRS

Million euros	12/2008	%	12/2007	%
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	94.2		88.5	
Goodwill	0.3		0.3	
Other intangible assets	4.6		4.3	
Other financial assets	1.3		1.4	
Deferred tax assets	1.0		0.9	
	101.4	57	95.4	54
<b>Current assets</b>				
Inventories	35.5		33.0	
Trade and other receivables	30.7		30.3	
Financial assets at fair value through profit or loss	1.0		1.9	
Cash and cash equivalents	9.8		4.4	
	77.0	43	69.7	46
<b>Total assets</b>	178.4	100	165.1	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	
Share premium	1.0		1.0	
Translation differences	-1.1		-1.6	
Fair value reserve	-0.3		0.1	
Retained earnings	80.2		82.3	
	107.3		109.4	
Minority interest	0.1		0.2	
<b>Total equity</b>	107.4	60	109.6	70
<b>Non-current liabilities</b>				
Deferred tax liabilities	10.5		10.6	
Interest-bearing liabilities	18.3		11.7	
	28.8		22.3	
<b>Current liabilities</b>				
Trade and other payables	25.2		27.4	
Current interest-bearing liabilities	17.1		5.8	
	42.3		33.2	
<b>Total liabilities</b>	71.1	40	55.5	30
<b>Total equity and liabilities</b>	178.4	100	165.1	100

# **CONSOLIDATED STATEMENT OF CASH FLOWS**

Million euros	1-12 2008	1-12 2007
<b>Cash flow from operating activities</b>		
Profit for the period	12.3	20.8
Adjustments to profit	17.8	15.4
Change in working capital:		
Change in trade and other receivables	0.5	-0.6
Change in inventories	-2.4	-1.0
Change in trade and other payables	-2.3	-2.4
Change in provisions		0.0
Interest received	0.3	0.4
Interest paid	-2.0	-1.0
Other financial items, net	-0.4	0.9
Taxes paid	-5.8	-7.3
<b>Net cash flow from operating activities</b>	<b>18.0</b>	<b>25.2</b>
<b>Cash flow from investing activities</b>		
Investment in property, plant and equipment	-14.6	-23.1
Investment in intangible assets	-1.0	-1.2
Other investment		-0.2
<b>Net cash flow from investing activities</b>	<b>-15.6</b>	<b>-24.5</b>
<b>Cash flow from financing activities</b>		
Subscription for stock options		
Withdrawal of loans	23.0	16.7
Repayment of loans	-5.8	-4.3
Dividends paid	-14.7	-16.6
<b>Net cash flow from financing activities</b>	<b>2.5</b>	<b>-4.2</b>
Change in cash and cash equivalents	4.9	-3.4
Cash and cash equivalents at the beginning of period	6.3	9.8
Effect of exchange rate changes	0.2	0.1
Effect of changes in the fair value of investment	-0.7	-0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>10.7</b>	<b>6.3</b>

# STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Equity attributable to shareholders of the parent

Milj. euroa	Share capital	Share premium reserve	Translation differences	Fair value reserve and other reserves	Retained earnings	Total	Minority interest	Total equity
<b>Equity</b>								
<b>31.12.2006</b>	<b>27.6</b>	<b>1.0</b>	<b>-0.5</b>	<b>0.5</b>	<b>79.0</b>	<b>107.6</b>	<b>0.2</b>	<b>107.8</b>
Translation differences			-1.2			-1.2	0.0	-1.1
Change of accounting estimates					-1.1	-1.1		-1.1
Change of fair value, financial assets available for sale				-0.5		-0.5		-0.5
Tax on equity items				0.1		0.1		0.1
Counter-entry of share-based payments					0.1	0.1		0.1
Profit for the period					20.9	20.9	0.0	20.9
Total recognized income and expenses for the period			-1.2	-0.4	20.0	18.4	0.0	18.4
Dividends					-16.6	-16.6		-16.6
<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>
Translation differences			0.6			0.6	0.0	0.5
Change of accounting estimates				-0.5		-0.5		-0.5
Change of fair value, financial assets available for sale				-0.1		-0.1		-0.1
Tax on equity items				0.1		0.1		0.1
Counter-entry of share-based payments					0.1	0.1		0.1
Profit for the period					12.4	12.4	-0.2	12.3
Total recognized income and expenses for the period			0.6	-0.4	12.5	12.7	-0.2	12.5
Dividends					-14.7	-14.7		-14.7
<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>

**SEGMENT INFORMATION - Business segments, Million euros**

<b>10-12/08</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
External turnover	27.1	10.6		37.7
<b>Profit</b>				
Operating profit	4.4	-0.9	-0.8	2.7
Financing items			-0.8	-0.8
Taxes			-0.9	-0.9
Profit for the period				1.0
Investments	1.3	0.4	0.3	2.0
Depreciation and impairment	2.2	0.7	0.1	2.9
<b>10-12/07</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
External turnover	28.6	13.3		41.9
<b>Profit</b>				
Operating profit	6.5	1.7	-0.9	7.3
Financing items			0.4	0.4
Taxes			-1.1	-1.1
Profit for the period				6.6
Investments	5.4	0.9	0.0	6.4
Depreciation and impairment	1.8	0.8	0.1	2.7
<b>1-12/08</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
External turnover	111.8	53.0		164.7
<b>Profit</b>				
Operating profit	15.9	6.0	-2.4	19.5
Financing items			-2.1	-2.1
Taxes			-5.1	-5.1
Profit 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	14.4	74.0
<b>1-12/07</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
External turnover	113.7	53.8		167.5
<b>Profit</b>				
Operating profit	21.2	7.1	-2.3	25.9
Financing items			0.3	0.3
Taxes			-5.4	-5.4
Profit for the period				20.8
Investments	20.7	3.0	0.7	24.5
Depreciation and impairment	7.2	2.2	0.2	9.6
<b>Other data</b>				
Segment assets	114.0	39.1	12.0	165.1
Segment liabilities	26.0	8.0	21.5	55.5

**SEGMENT INFORMATION - Geographical segments**

Million euros	1-12 2008	1-12 2007
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**NET SALES**

Finland	55.9	57.6
Rest of Europe	65.1	68.2
Other countries	62.2	59.0
Elimination	-18.5	-17.2
<b>Consolidated</b>	<b>164.7</b>	<b>167.5</b>

**INVESTMENTS**

Finland	9.9	14.2
Rest of Europe	0.3	1.1
Other countries	5.4	9.1
<b>Consolidated</b>	<b>15.7</b>	<b>24.5</b>

**ASSETS**

Finland	139.7	136.2
Rest of Europe	17.4	15.3
Other countries	36.9	26.0
Elimination	-15.6	-12.4
<b>Consolidated</b>	<b>178.4</b>	<b>165.1</b>

**KEY FIGURES**

	10-12 2008	10-12 2007	1-12 2008	1-12 2007
Net sales	37.7	41.9	164.7	167.5
Operating profit	2.7	7.3	19.5	25.9
% of net sales	7.2	17.4	11.8	15.5
Profit before taxes and minority interest	1.9	7.7	17.4	26.2
Profit for the period	1.0	6.6	12.3	20.8
Return on equity, %	3.6	24.5	11.3	19.2
Return on net assets, %	7.9	26.6	14.4	22.7
Equity/Assets ratio at the end of the period, %	60.3	66.5	60.3	66.5
Gearing at the end of the period %	22.9	10.3	22.9	10.3
Gross investments	2.0	6.4	15.7	24.5
% of net sales	5.2	15.2	9.5	14.6
Average employment during the period	1 544	1 497	1 534	1 496
Earnings/share, diluted, euros	0.15	0.24	0.45	0.76
Equity/share, diluted, euros	3.89	3.95	3.89	3.95

**COLLATERALS AND CONTINGENT LIABILITIES**

Million euros	1-12 2008	1-12 2007
Contingent liabilities	0.4	0.7

**DERIVATIVE FINANCIAL INSTRUMENTS**

Million euros

Forward exchange contracts, not under hedge accounting

Fair value	4.6	2.7
Value of underlying assets	4.3	2.7

Electricity derivatives

Fair value	1.8	2.1
Trading value	2.3	1.7

Auditors' report on the financial statements was given on February 6, 2009. Figures are rounded to the nearest whole number. The Annual General Meeting will be held in Tampere at 4.00 p.m. on Wednesday, March 18, 2009. The dividend record date is March 23, 2009 and the proposed payment date is March 30, 2009.

TAMFELT CORP.

Reima Kerttula  
President & CEO

#### **BRIEFING**

Tamfelt will hold a briefing about the 2008 financial statements for the press and financial analysts at 14.00 p.m. on February 6, 2009 at the Restaurant Bank, Unioninkatu 20, Helsinki, Finland.

#### **INTERIM REPORTS IN 2009**

Interim reports will be released as follows:

- January-March April 28, 2009
- January-June August 6, 2009
- January-September October 27, 2009

#### **FURTHER INFORMATION**

February 6, 2009 Reima Kerttula, President & CEO, tel. +358 400 648 458 and Seppo Holkko, President Tamfelt PMC Corp., tel. +358 40 509 3319.

#### **DISTRIBUTION**

NASDAQ OMX Helsinki Ltd  
Main media  
[www.tamfelt.com](http://www.tamfelt.com)

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 1,500 people and its net sales in 2008 were 164.7 million euro. Founded in 1797, the company is one of the pioneers of Finnish industry.

*Published February 6, 2009 at 12.00 p.m.*