

# Financial Statement Bulletin for 2009



## TAMFELT CORP.'S FINANCIAL STATEMENT BULLETIN FOR 2009

### KEY FIGURES

	10-12 2009	7-9 2009	1-12 2009	1-12 2008
Net sales, million euros	36.7	29.9	130.2	165
Operating profit, million euros	0.0	1.5	1.5	19.8
% of net sales	0.0	4.9	1.2	12.0
Pre-tax profit, million euros	0.1	1.2	0.4	17.4
Net profit, million euros	0.1	1.0	0.0	12.3
Earnings per share, euros	0.00	0.03	0.01	0.41
Return on equity, %	0.3	3.5	0.0	11.3
Return on net assets, %	0.5	4.6	1.4	14.4
Equity/Assets ratio, %	60.5	59.4	60.5	60.3

### Key events in 2009

Tamfelt Corp. (Tamfelt) and Metso Corporation (Metso) signed a combination agreement on November 5, 2009, after which Metso made a public tender offer to purchase all Tamfelt shares. The offer was carried out in the form of a share exchange, whereby Metso offered three (3) new shares issued by Metso for each ten (10) Tamfelt's shares. Metso offered 0.35 euros for each stock option issued by Tamfelt. Tamfelt's Board of Directors unanimously recommended Tamfelt's shareholders to accept the share exchange offer.

The term of the exchange offer for all the shares and stock options issued by Tamfelt expired on December 18, 2009. In the final outcome, Metso's shareholding and voting rights in Tamfelt rose to 98 per cent. All of Tamfelt's current stock options were tendered to Metso in the offer. All the conditions of the offer having been fulfilled, Metso implemented the offer on December 23, 2009. Thus Metso became Tamfelt's parent company.

Metso intends to acquire all the shares issued by Tamfelt. Having acquired more than nine-tenths (9/10) of all Tamfelt shares and the votes conferred by these, Metso has presented a demand for redemption according to the Finnish Companies Act. Tamfelt announced on Feb 2, 2010 having resolved to apply for the termination of trading as well as delisting of all the shares from the Helsinki Stock Exchange. In the application, Tamfelt requests that trading with Tamfelt's shares is terminated and the shares be delisted from the official list of the Helsinki Stock Exchange as soon as possible after Metso has gained title to all the shares in Tamfelt. This is expected to happen during spring 2010.

### President & CEO Reima Kerttula:

"Integration with Metso opens up completely new possibilities for Tamfelt to develop its products and operations. We must seek global growth more vigorously than ever and I trust that we shall have excellent opportunities to do this as part of the Metso Corporation.

During the ongoing strategy period, we work hard to increase our income level to where it was before the recession. An essential tool in this effort is to invest heavily on production efficiency. The development of new products and the acquisition of new markets and new customers continue to be counted as our key success factors in this challenging environment.

Joining forces with Metso on product development as well as global sales network front gives us new opportunities for achieving the set objectives faster."

Following pages feature a review of Tamfelt's 2009 performance and the related financial data.

### FURTHER INFORMATION

Tamfelt Corp.'s President & CEO Reima Kerttula, tel. +358 400 648 458 and Tamfelt Corp.'s Chief Financial Officer Kimmo Pärssinen tel. +358 40 505 3755.

## TAMFELT CORP.'S FINANCIAL STATEMENT BULLETIN FOR 2009

### BUSINESS FIELD OF THE GROUP

Tamfelt is a world-leading supplier of technical textiles. The Group develops, manufactures and sells technical textiles for various applications in 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.

### GROUP NET SALES

The consolidated net sales were 130.2 million euros, a decrease of 21.1 per cent from previous year (165.0 million in 2008). Foreign operations accounted for 75.2 per cent (70.7) of the net sales.

### FINANCIAL PERFORMANCE

Tamfelt Group's consolidated operating profit without one-off items was 3.3 million euros (19.8), corresponding to 2.6 per cent (12.0) of the net sales. The reported operating profit was 1.5 million euros, encumbered by 1.8 million euros of one-off expenses for the combination with Metso. The net profit for the period was 0.0 million euros (down from 12.3 million). Besides the one-off expenses, the weaker year-on-year figures resulted from lower delivery volumes and tough price competition.

During 2009 special attention was paid on ensuring cash flow. The cost savings program carried out during the year, to ensure future competitiveness and business prospects, helped to achieve cost savings of 14.5 million euros. The programme included joint consultation negotiations that resulted in a one-off expense of around one million euros recorded in the first quarter 2009 for employments terminated without work obligation.

Return on net assets was 1.4 per cent (14.4) and return on equity 0.0 per cent (11.3). Earnings per share were 0.01 euros (0.41).

### CASH FLOWS AND FINANCING

Tamfelt's cash flow from operations was 18.5 million euros (18.0). Net working capital was 34.2 million euros (41.1). Investments were 5.2 million euros (15.7). The Group's interest-bearing loans were 35.8 million euros (35.4). Dividend payments amounted to 4.8 million euros (14.7). The company's cash and cash equivalents at the end of the period were 20.5 million euros (10.7). The amount of unused, unwithdrawn credits was 21 million euros. The balance sheet and the equity/assets ratio remained stable.

### TAMFELT PMC - PAPER AND BOARD MACHINE CLOTHING

#### Summary of the key figures of the PMC business area 1-12/2009

- Net sales 88.6 million euros (1-12/08: 112.0)
- Operating profit 3.1 million euros (1-12/08: 16.1)
- Assets 108.5 million euros (12/08: 121.6)
- Liabilities 49.6 million euros (12/08: 48.6)
- Investments 4.0 million euros (1-12/08: 12.1)
- Depreciation and impairment 8.9 million euros (1-12/08: 8.3)

#### Business environment and main events

Tamfelt PMC's line of business consists of paper machine clothing (forming and dryer fabrics, press felts and fabrics and shoe press belts) for paper and board machines. Tamfelt PMC has production facilities at Tampere and Juankoski in Finland and in Tianjin, China. Tamfelt's merger with Metso enables competitive, more comprehensive solutions and offers to common clientele. One of the intended consequences of the move was to have Tamfelt serve as the principal clothing supplier for the start-ups of machinery supplied by Metso. Tamfelt will also benefit of Metso's global sales network as the merger progresses.

Throughout 2009, the demand for paper and board stayed below the record level of 2008. This resulted in production capacity cuts and shutdowns in the forest industry especially in Finland and rest of the Europe. As a result the paper and board output was behind the previous year 2008.

Investments in new manufacturing capacity decreased in the paper and board industries. This, together with stock reductions and low rates of capacity utilization, has a direct impact on the market for paper machine clothing, which shrank worldwide. The decline steadied, however, as the year advanced. Towards the end of the year, cautious signs of an abating recession and a slight increase of new investments and rebuilds could be discerned, especially in China. This should affect the demand for Tamfelt's products before long. Tamfelt PMC's market shares remained unchanged during the reporting period.

The demand for paper machine clothing was around 20 per cent down year-on-year. The tightening competition is reflected in profitability. The financial problems of major clothing suppliers persisted, and production capacity was scaled back in North America, Europe and Australia. A number of business structural arrangements occurred; Tamfelt's integration with Metso being one of the most significant. Together, the two companies will be better placed to strengthen their global market position, notably in the services business. Above all, focus on the improvement of operations in China and also in North and South America must be enhanced. Growth is also sought from new, developing markets and new product applications.

Tamfelt PMC's net sales were 20.9 per cent down year-on-year. Cost savings programs and improved efficiency had a positive impact on the profit for the last quarter, which improved on the third quarter, but was definitely lower than the figures for 2008.

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

By the end of the year, Tamfelt PMC's order backlog had slimmed down 20 per cent from the beginning of 2009. Towards the end of the period, however, more orders started to flow in, and the volumes grew from the level of the early year.

#### **Investments**

Tamfelt PMC's gross investments in 2009 were 4.0 million euros (12.1). Tamfelt PMC continued to invest in improved production efficiency and shorter lead times by modernizing key production machinery. A new weaving loom was purchased to the Chinese operation.

### **TAMFELT FILTRATION – INDUSTRIAL FILTER FABRICS**

#### **Summary of the key figures of the Filtration business area 1-12/2009**

- Net sales 41.6 million euros (1-12/08: 53.0)
- Operating profit 2.6 million euros (1-12/08: 6.0)
- Assets 36.2 million euros (12/08: 39.7)
- Liabilities 9.7 million euros (12/08: 11.0)
- Investments 0.7 million euros (1-12/08: 2.6)
- Depreciation and impairment 3.0 million euros (1-12/08: 2.4)

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

Tamfelt Filtration manufactures filter fabrics for wet and dry filtration processes and ironer felts for commercial laundries. The company enjoys a strong position in the global filter fabric market for paper, pulp and mining industries, as well as in ironer felt market. Tamfelt is the world market leader in ironer felts. Other major applications include wastewater treatment plants, desulphurization in coal-fired power stations, and dust removal in incineration plants. Tamfelt Filtration operates manufacturing plants in Tampere, Finland; Ovar, Portugal; Belo Horizonte, Brazil; Łódź, Poland, and in Shanghai, China.

Metso's established position in the global paper and pulp industry as well as mining and energy industry offers the Filtration business remarkable synergy and growth opportunities in the company's key markets.

In 2009 the demand for wet filtration products declined in all major markets with the exception of China. In the last quarter of the year, the market recovered slightly, and this trend is expected to continue in 2010.

The demand for dry filtration fabrics and ironer felts was below the level of the previous year following low capacity utilization and stock curtailment in the customer industries. The market for dry filtration products, however, steadied at the end of the year and a slight upturn is now expected. The delivery volumes of ironer felts have adjusted to the global demand.

A significant share of Tamfelt's filter fabric business today serves environmental purposes. Here, too, Metso's strength in environmental technology promises good prospects for further development of this field of business.

Tamfelt Filtration's net sales were 21.5 per cent down year-on-year. Operating profit was less than half of the level of the previous year, yet clearly positive.

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

By the end of 2009, Tamfelt Filtration's order backlog grew and was almost 7 per cent higher than in the beginning of the year. Particularly wet filtration products' order volume improved. The order backlog for filter fabrics is typically short.

### **Investments**

Tamfelt Filtration's gross investment in 2009 was 0.7 million euros (2.6). The highest capital expenditure was in the Portuguese plant.

## **RESEARCH AND DEVELOPMENT**

The cost of research and development was 3.1 per cent (2.6) of Tamfelt's net sales. In the new integrated operation, technical textiles will be developed as an integral part of Metso's R&D on fibre and paper technology. Tamfelt will have improved opportunities for cooperation with customers, equipment and raw material suppliers as well as universities and research institutes.

## **RISKS AND UNCERTAINTY FACTORS**

Tamfelt's key customer base consists of forest industry and mining industry operators. Economic fluctuations and business trends in these industries have a direct impact on the order volumes and financial performance. Capacity cuts, closures of forest industry operations and downtime have reduced Tamfelt's traditional customer base. In the current challenging market situation, customers' financial risks are higher than before.

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 share of Tamfelt's sales. To maintain competitive strength, Tamfelt focuses on improving productivity and capital spending efficiency. Tamfelt is actively developing new spearhead products and improved service concepts.

Metso is a world-leading manufacturer of paper and board machines, and the integration will help improve Tamfelt's crisis management ability. At this stage, it is difficult to estimate the impacts on sales and the financial performance - they will only become visible in the second half of the year.

Tamfelt takes out insurances to cover the risk of damage involved in the 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. We focus on identifying and reducing risks and risk-related damages. However, the business environment involves risks that cannot be covered by insurances or eliminated by other means.

A more detailed description of the risks and internal control is published later in Tamfelt's Financials Report 2009.

## **PERSONNEL**

In January-December 2009, Tamfelt employed an average of 1,383 people (down from 1,534). Tamfelt PMC employed 761 and Tamfelt Filtration 439 people. On the last day of the year, the number of employees was 1,328 (1,535). Sixty-nine per cent of them worked in Finland and 31 per cent abroad. The Group headcount was reduced after the joint consultation negotiations held at the Tampere and Juankoski plants in early 2009 and the adjustments made in the foreign units.

The average length of employment at Tamfelt was 13 years (13). At the end of 2009, the average personnel age was 41 years (42). Labour turnover was 4.3 per cent (7.5). During the year, 54 employees moved to new jobs in the domestic units. The average pension age was 61 years (59).

Change management in personnel issues was one of the key focus areas in 2009. All supervisors received training in the subject, including constructive coaching for the management of temporary and permanent lay-off situations.

## **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 2009. 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 programme are to improve the use of raw materials, to cut slow-decaying landfill waste and to avoid unnecessary consumption of water and energy.

Major environmental initiatives in 2009 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. In Tamfelt Filtration's Brazilian and Polish operations, environmental management systems were being built to the ISO 14001 standard.

The recycling of cloth waste improved a little in 2009 compared to the level of previous year. The use of cloth waste for energy production increased during 2009. Tamfelt continues to research into possibilities to improve the use of cloth waste. The total environmental expenditure in 2009 was 0.2 per cent of the net sales.

## **FOREIGN BRANCHES**

The Tamfelt Shanghai Representative Office was closed on December 31, 2009.

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

### **Combination of the two series of shares**

In the beginning of 2009, Tamfelt's share capital stood at 27,563,964.00 euros. The aggregate number of shares was 27,563,964 of which 10,119,198 were common (TAFKS) and 17,444,766 preferred (TAFPS) shares.

At the extraordinary meeting of shareholders held on August 31, 2009, the Tamfelt Board of Director's proposed that the two series of shares be combined into one. The meeting passed a decision to that effect, and there is now only one series of shares; each share carries one vote and equal rights. A free share issue was targeted to the holders of common shares. Contrary to the shareholders' preferential rights, the shareholders of common shares got one free new share against each four common shares. The combination of the series into one and the targeted free issue resulted into four common shares being converted into five shares in the company. The targeted free issue consisted of 2,529,799 new shares.

As a result of the targeted free issue and the combination of the series, Tamfelt's total share stock grew into 30,093,763 shares. Trading in the new and combined shares began on September 4, 2009 under the new code TAF1V.

The targeted free issue did not affect the company's share capital, which amounted to 27,563,964,00 euros at the end of the year. The trend of the share is shown in the tables at the end of this bulletin.

### **Combination agreement between Tamfelt and Metso and Metso's public tender offer for all of Tamfelt's shares and stock options**

Tamfelt and Metso signed a combination agreement on November 5, 2009, after which Metso made a public tender offer to purchase all Tamfelt shares. The offer was carried out in the form of a share exchange, whereby Metso offered three (3) new shares issued by Metso against ten (10) Tamfelt's shares. Metso offered 0.35 euros for each stock option issued by Tamfelt.

Tamfelt's Board of Directors recommended unanimously to the shareholders that the exchange offer and the cash consideration offered to the stock option holders be accepted.

The combination agreement required Tamfelt's Board to convene an extraordinary meeting of shareholders to decide that Article 12 (Obligation to redeem shares) be removed from the Articles of Association. An extraordinary shareholders' meeting held on December 1, 2009 decided accordingly and the amendment was entered in the Trade Register on December 22, 2009.

The term of the share exchange offer covering all the shares and stock options issued by Tamfelt expired on December 18, 2009. In the final outcome, Metso's shareholding and voting rights in Tamfelt rose to 98 per cent (including the shares already held by Metso). All of Tamfelt's current stock options were tendered to Metso in the offer. All the conditions for the share exchange offer having been fulfilled by the expiry of the term, Metso implemented the offer on December 23, 2009. Thus Metso became Tamfelt's parent company.

Metso intends to acquire all the shares issued by Tamfelt. Having acquired more than nine-tenths (9/10) of all Tamfelt shares and the votes conferred by these, Metso presented a demand for redemption according to the Finnish Companies Act. Any shares that have not been exchanged in the offer will be redeemed in the manner prescribed in the Companies Act. When the redemption process is complete, Tamfelt applies for shares to be removed from the Helsinki Stock Exchange. This is expected to happen during spring 2010.

#### **Holding of own shares**

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

#### **Stock options**

Tamfelt is currently running one stock option programme (2005) designed for the company's key executives. No subscriptions were made under this programme in 2009. When the two share series of shares were combined, the Board decided to alter the terms and conditions of the 2005 stock option programme to entitle the option holders to subscribe for the series of shares which the company has after the combination. The subscription price, the number of option rights and the number of shares available for subscription remain unchanged. In the agreement of November 5, 2009, Metso offered cash payment of 0.35 euros for a stock option. On the basis of the offer, all options were transferred to Metso by the end of 2009.

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

#### **Board of Directors**

Until March 18, 2009 the ordinary members of Tamfelt Corp.'s Board of Directors were Mikael von Frenckell, Carl-Magnus Cedercreutz, Vesa Kainu, Martin Lilius, Jouko Oksanen and Niklas Savander.

Tamfelt Corp.'s Annual General Meeting of March 18, 2009, elected Mikael von Frenckell, Carl-Magnus Cedercreutz, Martin Lilius, Jouko Oksanen and Niklas Savander to continue as ordinary members of the Board. Pasi Laine and Christoph Vitzthum were elected as new ordinary members. At the organization meeting, Mikael von Frenckell was elected to continue as Chairman and Niklas Savander as Deputy Chairman.

The combination agreement published by Tamfelt and Metso on November 5, 2009 required that Tamfelt's Board convene an extraordinary general meeting of shareholders to confirm the number of Board members as five and to elect Mikael von Frenckell, Jouko Oksanen and Pasi Laine to continue as Board members and Jorma Eloranta (Metso's President & CEO) and Bertel Langenskiöld (President of Metso's Paper and Fiber Technology segment) as new members. The extraordinary general meeting of December 1, 2009 elected the above persons as ordinary members of Tamfelt's Board of Directors. At the organization meeting, the Board elected Bertel Langenskiöld as Chairman of the Board.

#### **Auditors**

Tamfelt's Annual General meeting of March 18, 2009 elected Authorized Public Accountants Jari Paloniemi and Veikko Terho to continue as the company's auditors and Authorized Public Accountant Jukka Lahdenpää and authorized public accounting company Moore Stephens Rewinet Oy Ab as deputy auditors.

#### **President & CEO and Executive Board**

As of January 1, 2009 the members of the Group's Executive Board were Reima Kerttula, who took office as Tamfelt Corp.'s President & CEO on that date, Tamfelt PMC Corp.'s President Seppo Holkko, Tamfelt Filtration Corp.'s President Heikki Rehakka, Group Chief Financial Officer Kimmo Pärssinen, and Executive Vice President, Human Resources, Tuire Leimu.

As of March 1, 2009 the Executive Board consisted of Tamfelt Corp.'s President & CEO Reima Kerttula, his Deputy Seppo Holkko, Tamfelt PMC Corp.'s President Martti Heinola, Tamfelt Filtration Corp.'s President Jari Stålhammar, Group Chief Financial Officer Kimmo Pärssinen, Executive Vice President, Human Resources Tuire Leimu and Executive Vice President, Business Development Heikki Rehakka. Deputy President & CEO Seppo Holkko left the company on December 31, 2009 and will retire on a pension during spring 2010.

## **POST-REVIEW EVENTS**

Tamfelt announced on Feb 2, 2010 having resolved to apply for the termination of trading as well as delisting of all its shares from the Helsinki Stock Exchange. In the application, Tamfelt requests that trading with Tamfelt's shares is terminated and the shares be delisted from the official list of the Helsinki Stock Exchange as soon as possible after Metso has gained title to all the shares in Tamfelt.

Metso currently holds 98 percent of all the shares and votes in Tamfelt. Metso has initiated the redemption proceedings in accordance with Chapter 18 of the Finnish Companies Act in order to acquire the remaining shares in Tamfelt. Provided that the arbitral tribunal appointed by the Redemption Committee of the Central Chamber of Commerce confirms that Metso's redemption right is clear, Metso is entitled under law to gain title to the remaining shares in Tamfelt by posting a security approved by the arbitral tribunal for the payment of the redemption price.

## **OUTLOOK**

To improve the company's cost structure and delivery strength, the focus of activities has shifted and continues to shift outside Finland and Europe. Metso's global network and strong position in developing markets will help improve Tamfelt's competitive strength also in these regions.

The economic uncertainty created by the global financial crisis continues to affect the growth of world economy significantly. The demand for paper and the production volumes of the forest industry are believed to lag behind the long-term average rate. Tamfelt's integration with Metso makes it possible to offer competitive, more comprehensive solutions to the common clientele. This is expected to increase the sales of PMC products.

The mining industry volumes are expected to grow and improve the market for filter fabrics. Increasing environmental awareness and tightening standards are likely to be established as a long-term global trend. This is expected to boost the demand for filter fabrics. Around half of Tamfelt's filtration business now serves environmental purposes. Metso's strong position and knowhow in environmental technology will benefit also Tamfelt in this field of business. It is expected that combined competence will offer new opportunities to ramp up the sales of filtration products.

Weak market conditions, toughening price competition and struggle for market shares continue to affect the outlook for the entire industry, including Tamfelt. The cost saving initiatives launched in 2009 had a positive effect on the full-year result. The saving programmes will continue in 2010. Thanks to the saving measures and a tight capital budget Tamfelt succeeded to keep the cash flow at a good level and equity/assets ratio remains excellent. Despite modest signs of recovery, it is believed that the unstable market situation will persist through the first half of 2010 at least.

The heavy investments made in the last few years have improved Tamfelt's delivery performance, productivity and cost competitiveness. No major investments in capacity will be made in the near future. Tamfelt's liquidity is expected to remain good.

Integration with Metso brings many opportunities to improve business and profitability. Their impact will be seen as the integration process advances. Extent of the impacts is yet difficult to estimate, this will become clearer during the second half of 2010.

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

The Board of Director proposes to Tamfelt's Annual General Meeting that no dividend be distributed.

Helsinki, February 8, 2010

Tamfelt Corp.

Board of Directors



## **INTERIM REPORTS AND ANNUAL GENERAL MEETING IN 2010**

At the time of this release, Metso holds 98 per cent of Tamfelt's shares. Metso intends to acquire a 100 per cent shareholding in Tamfelt in the first quarter of 2010 and to apply for the shares to be removed from the Helsinki Exchanges. If Tamfelt leaves the Helsinki Exchanges as projected, the company's financial performance will hence be reported as part of Metso Corporation, and Tamfelt will no longer publish any financial bulletins of its own.

The date of the Annual General Meeting is March 29, 2010, as previously informed.

- Auditors' report on the financial statements was given on February 8, 2010. The figures are rounded off.
- The financial statements were prepared to the IFRS standard. Since January 1, 2009 the Group applies the following revised standards: IAS 1.
- The 2008 comparison data was converted as required by the basis of measurement. The criteria for recognizing the non-hedging derivative instruments referred to in the IFRS standard have been changed; profits and losses are now recognized in the item corresponding to the hedged item in the income statement. Exchange gains and losses from business operations are recognized above the operating profit line. Exchange gains and losses related to foreign currency-denominated loans are recognized in financial income and expenses. This improves the full-year net sales for 2008 by 0.3 million euros.

## CONSOLIDATED STATEMENT OF INCOME, IFRS

The comparison figures for 2008 have been changed due to changes in the calculating principles.

Million euros	10-12 2009	10-12 2008	Change %	1-12 2009	1-12 2008	Change %
Net sales	<b>36.7</b>	37.8	-2.9	<b>130.2</b>	165.0	-21.1
Other operating income	<b>0.1</b>	0.1	-65.5	<b>0.6</b>	0.8	-25.0
Materials and services	<b>-9.4</b>	-5.5	70.1	<b>-31.7</b>	-37.0	-14.2
Expenses from employee benefits	<b>-14.0</b>	-16.5	-15.3	<b>-55.5</b>	-66.7	-16.8
Depreciation and impairment	<b>-3.2</b>	-2.9	9.9	<b>-12.1</b>	-10.8	11.9
Other operating expenses	<b>-10.2</b>	-10.2	0.1	<b>-29.9</b>	-31.5	-5.2
Operating profit	<b>0.0</b>	2.8	-99.6	<b>1.5</b>	19.8	-92.3
Financial income and expenses	<b>0.1</b>	-1.0	-109.3	<b>-1.2</b>	-2.4	-51.2
Profit before taxes	<b>0.1</b>	1.9	-94.7	<b>0.4</b>	17.4	-97.9
Income taxes	<b>0.0</b>	-0.9	-97.4	<b>-0.4</b>	-5.1	-93.1
Profit for the period	<b>0.1</b>	1.0	-92.1	<b>0.0</b>	12.3	-99.9
Profit for the period attributable to:						
Equity holders of the parent	<b>0.1</b>	1.0		<b>0.2</b>	12.4	
Minority interest	<b>0.0</b>	0.0		<b>-0.2</b>	-0.2	
Earnings/share (basic) EUR	<b>0.00</b>	0.03		<b>0.01</b>	0.41	
Earnings/share (diluted) EUR	<b>0.00</b>	0.03		<b>0.01</b>	0.41	
COMPREHENSIVE STATEMENT OF INCOME						
Profit for the period	<b>0.1</b>	1.0		<b>0.0</b>	12.3	
Other comprehensive income for the period after taxes:						
Exchange differences on translating foreign operations	<b>0.4</b>	0.7		<b>0.0</b>	0.5	
Other comprehensive income items	<b>0.3</b>	0.0		<b>0.2</b>	-0.4	
Total comprehensive income for the period	<b>0.8</b>	1.7		<b>0.2</b>	12.4	
Total comprehensive income for the period attributable to:						
Equity holders of the parent	<b>0.8</b>	1.7		<b>0.3</b>	12.5	
Minority interest	<b>0.0</b>	0.0		<b>0.0</b>	-0.2	

## CONSOLIDATED BALANCE SHEET, IFRS

Million euros	12/2009	%	12/2008	%
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	87.1		94.2	
Goodwill	0.3		0.3	
Other intangible assets	4.0		4.6	
Other financial assets	1.2		1.3	
Deferred tax assets	1.1		1.0	
	<b>93.7</b>	55	101.4	57
<b>Current assets</b>				
Inventories	29.8		35.5	
Trade and other receivables	26.6		30.7	
Financial assets at fair value through profit or loss	1.5		1.0	
Cash and cash equivalents	19.0		9.8	
	<b>76.9</b>	45	77.0	43
<b>Total assets</b>	<b>170.6</b>	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	
Share premium	1.0		1.0	
Translation differences	-1.2		-1.1	
Fair value reserve	-0.1		-0.3	
Retained earnings	75.5		80.2	
	<b>102.8</b>		107.3	
Minority interest	0.0		0.1	
Total equity	<b>102.9</b>	60	107.4	60
<b>Non-current liabilities</b>				
Deferred tax liabilities	9.7		10.5	
Interest-bearing liabilities	28.2		18.3	
	<b>37.9</b>		28.8	
<b>Current liabilities</b>				
Trade and other payables	22.2		25.1	
Current interest-bearing liabilities	7.6		17.1	
	<b>29.8</b>		42.2	
Total liabilities	<b>67.7</b>	40	71.0	40
<b>Total equity and liabilities</b>	<b>170.6</b>	100	178.4	100

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Million euros	1-12 2009	1-12 2008
Cash flow from operating activities		
Profit/loss for the period	0.0	12.3
Adjustments to profit	14.3	17.8
Change in working capital:		
Change in trade and other receivables	3.0	0.5
Change in inventories	5.6	-2.4
Change in trade and other payables	-3.0	-2.3
Interest received	0.2	0.3
Interest paid	-1.5	-2.0
Other financial items, net	0.2	-0.4
Taxes paid	-0.2	-5.8
<b>Net cash flow from operating activities</b>	<b>18.5</b>	<b>18.0</b>
<b>Cash flow from investing activities</b>		
Investment in property, plant and equipment	-4.8	-14.6
Investments in intangible assets	-0.4	-1.0
<b>Net cash flow from investing activities</b>	<b>-5.2</b>	<b>-15.7</b>
Cash flow from financing activities		
Withdrawal of loans	20.0	23.0
Repayment of loans	-19.0	-5.8
Dividends paid	-4.8	-14.7
<b>Net cash flow from financing activities</b>	<b>-3.8</b>	<b>2.5</b>
Change in cash and cash equivalents	9.6	4.8
Cash and cash equivalents at the beginning of the period	10.7	6.3
Effect of exchange rate changes	0.1	0.2
Effect of changes in the fair value of investments	0.1	-0.7
<b>Cash and cash equivalents at the end of the period</b>	<b>20.5</b>	<b>10.7</b>

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Equity attributable to shareholders of the parent								
Million euros	Share capital	Share premium reserve	Translation differences	Fair value reserve and other reserves	Retained earnings	Total	Minority interest	Total equity
Equity 31.12.2007	27.6	1.0	-1.6	0.1	82.3	109.3	0.2	109.6
Dividends					-14.7	-14.7	0.0	-14.7
Counter-entry of share-based payments					0.1	0.1		0.1
Total comprehensive income			0.6	-0.4	12.4	12.5	-0.2	12.4
Equity 31.12.2008	27.6	1.0	-1.1	-0.3	80.1	107.3	0.1	107.4
Dividends					-4.8	-4.8		-4.8
Total comprehensive income			-0.1	0.2	0.2	0.3	0.0	0.2
<b>Equity 31.12.2009</b>	<b>27.6</b>	<b>1.0</b>	<b>-1.2</b>	<b>-0.1</b>	<b>75.5</b>	<b>102.8</b>	<b>0.0</b>	<b>102.9</b>

**SEGMENT INFORMATION – business segments**

Million euros

<b>10-12/09</b>	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
<b>External turnover</b>	25.2	11.5		36.7
Profit/loss				
Operating profit	1.1	1.1	-2.2	0.0
Financing items			0.1	0.1
Taxes			0.0	0.0
Profit/loss for the period				0.1
Investments	0.6	0.4	0.1	1.1
Depreciation and impairment	2.3	1.3	-0.4	3.2
<b>10-12/08</b>				
	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
<b>External turnover</b>	27.2	10.6		37.8
Profit/loss				
Operating profit	4.5	-0.9	-0.8	2.8
Financing items			-1.0	-1.0
Taxes			-0.9	-0.9
Profit/loss for the period				1.0
Investments	1.3	0.4	0.3	2.0
Depreciation and impairment	2.2	0.7	0.1	3.0
<b>1-12/09</b>				
	<b>Tamfelt PMC</b>	<b>Tamfelt Filtration</b>	<b>Other activities</b>	<b>Consolidated</b>
<b>Income</b>				
<b>External turnover</b>	88.6	41.6		130.2
Profit/loss				
Operating profit	3.1	2.6	-4.1	1.5
Financing items			-1.2	-1.2
Taxes			-0.4	-0.4
Profit/loss for the period				0.0
Investments	4.0	0.7	0.4	5.2
Depreciation and impairment	8.9	3.0	0.3	12.1
<b>Other data</b>				
Segment assets	108.5	36.2	25.9	170.6
Segment liabilities	49.6	9.7	8.4	67.7

<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>	112.0	53.0		165.0
Profit/loss				
Operating profit	16.1	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	71.0

#### **SEGMENT INFORMATION – geographical segments**

Million euros	1-12 2009	1-12 2008
<b>NET SALES</b>		
Finland	38.5	56.0
Rest of Europe	61.0	65.1
Other countries	48.9	62.5
Elimination	-18.2	-18.5
<b>Consolidated</b>	<b>130.2</b>	<b>165.0</b>
<b>INVESTMENTS</b>		
Finland	2.6	9.9
Rest of Europe	0.3	0.3
Other countries	2.2	5.4
<b>Consolidated</b>	<b>5.2</b>	<b>15.7</b>
<b>ASSETS</b>		
Finland	132.3	139.7
Rest of Europe	18.7	17.4
Other countries	33.8	36.9
Elimination	-14.2	-15.6
<b>Consolidated</b>	<b>170.6</b>	<b>178.4</b>

## KEY FIGURES

	<b>10-12 2009</b>	10-12 2008	<b>1-12 2009</b>	1-12 2008
Net sales	<b>36.7</b>	37.8	<b>130.2</b>	165.0
Operating profit	<b>0.0</b>	2.8	<b>1.5</b>	19.8
% of net sales	<b>0.0</b>	7.5	<b>1.2</b>	12.0
Profit before taxes and minority interest	<b>0.1</b>	1.9	<b>0.4</b>	17.4
Profit/loss for the period	<b>0.1</b>	1.0	<b>0.0</b>	12.3
Return on equity, %	<b>0.3</b>	3.6	<b>0.0</b>	11.3
Return on net assets, %	<b>0.5</b>	7.9	<b>1.4</b>	14.4
Equity/Assets ratio at the end of the period, %	<b>60.5</b>	60.3	<b>60.5</b>	60.3
Gearing at the end of the period, %	<b>14.9</b>	22.9	<b>14.9</b>	22.9
Gross investments	<b>1.1</b>	2.0	<b>5.2</b>	15.7
% of net sales	<b>3.0</b>	5.3	<b>4.0</b>	9.5
Average employment during the period	<b>1344</b>	1544	<b>1383</b>	1534

## COLLATERALS AND CONTINGENT LIABILITIES

Million euros	<b>1-12 2009</b>	1-12 2008
Contingent liabilities	<b>46.1</b>	0.4

## DERIVATIVE FINANCIAL INSTRUMENTS

Million euros

Forward exchange contracts, not under hedge accounting

Forward exchange contracts

Fair value		4.6
Value of underlying assets		4.3

Stock option agreements

Acquired, fair value	<b>3.2</b>	
Acquired, fair value of underlying asset	<b>3.3</b>	

Sold, fair value	<b>6.7</b>	
Sold, fair value of underlying asset	<b>6.7</b>	

Electricity derivatives

Fair value	<b>2.2</b>	1.8
Trading value	<b>2.3</b>	2.3



<b>STOCK ANALYSIS</b>	1-12	1-12
<b>Million euros</b>	2009	2008
Earnings/share, diluted, euros	0.01	0.41
Equity/share, diluted, euros	3.42	3.57

### **SHARE TREND AND THE COMPANY'S MARKET VALUE**

Euros

Tamfelt's two share series were combined during 2009 and the trading with one share serie commenced September 4, 2009.

September 3, 2009	Shares	Votes
Preferred share (TAFPS)	17 444 766	17 444 766
Common share (TAFKS)	10 119 198	202 383 960

December 31, 2009	Shares	Votes
TAF1V (new, combined series)	30 093 763	30 093 763

	Jan 1 – Sept 3, 2009			Jan 1 – Dec 31, 2008		
	Highest	Lowest	Closing	Highest	Lowest	Closing
preferred share	5.25	3.95	5.00	11.30	5.04	5.10
common share	6.40	4.13	5.66	12.00	6.50	7.30

	Sept 4 – Dec 31, 2009		
	Highest	Lowest	Closing
TAF1V (new, combined series)	7.22	4.72	6.71

	1-12	1-12
	2009	2008
Market value at the end of the period, million euros	201.9	161.8
Trading volume/total stock, %	96.5	7.6 preferred 0.8 common

Due to Metso's public share exchange offer, almost the entire stock of Tamfelt changed hands in 2009. At the end of 2009 Metso held 98 per cent of Tamfelt's shares.

### **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 1,350 people and its net sales in 2009 were 130.2 million euro. Founded in 1797, the company is one of the pioneers of Finnish industry.*

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