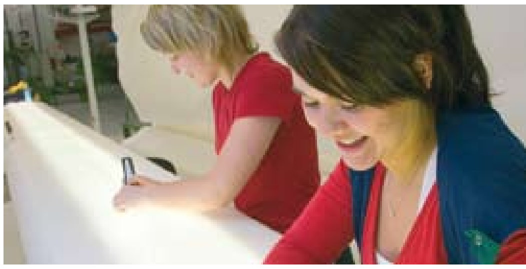
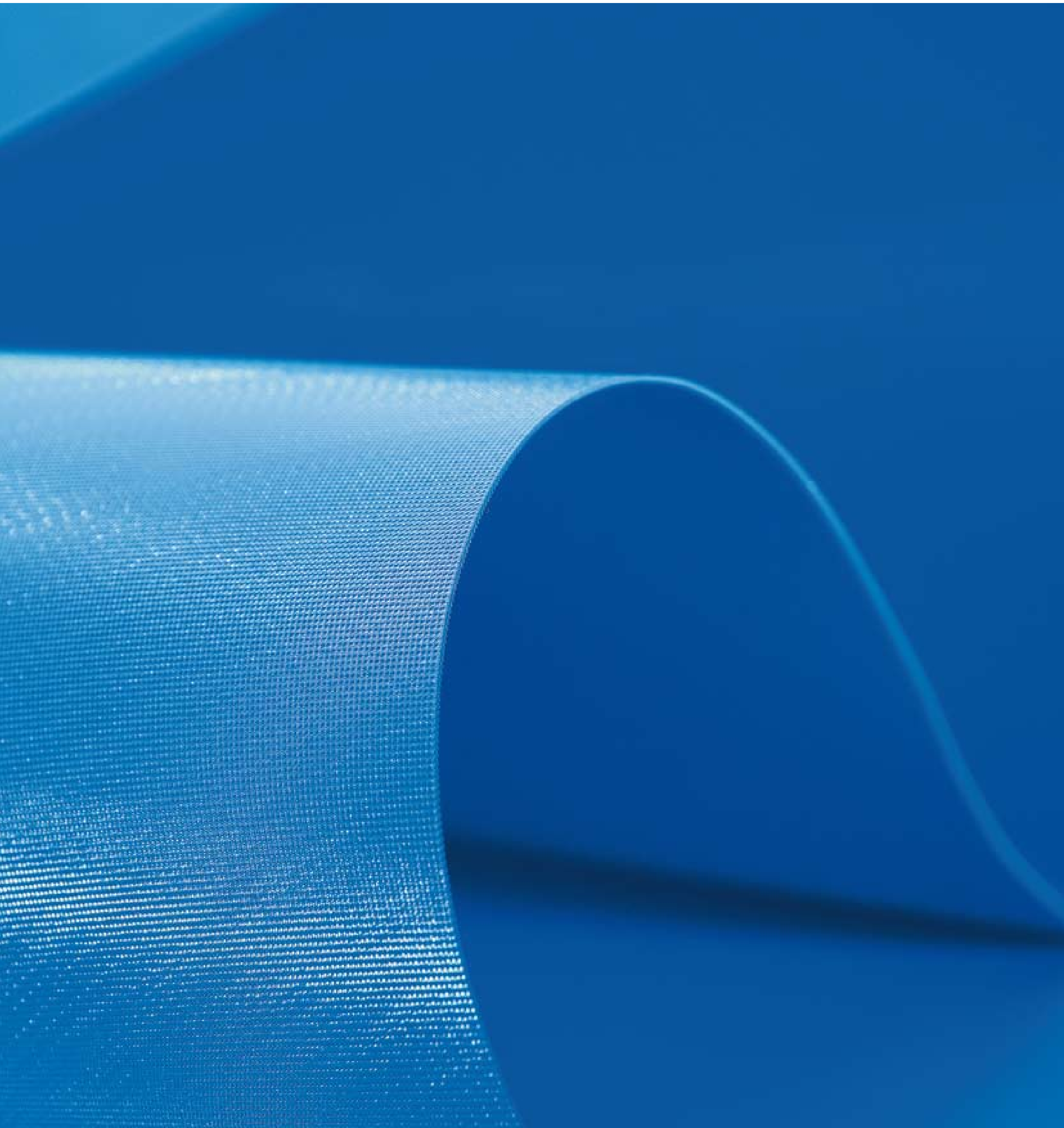
Annual Report 2008

TAMFELT





Company profile

Tamfelt is a world-leading supplier of technical textiles. The company's main products are paper and board machine clothing and filter fabrics. In addition to the plants in Tampere and Juankoski, Finland, Tamfelt Group operates plants in Portugal, Poland, Brazil and China.

Founded in 1797, the company is one of the pioneers of Finnish industry. The manufacture of paper machine clothing started in 1882 and the manufacture of filter fabrics in 1965.

Contents

Year 2008 in brief

Net sales and operating profit

Tamfelt's consolidated net sales were 164.7 million euros and operating profit was 19.5 million euros. The net sales were down 1.7 per cent year-on-year. Profit for the period was 12.3 million euros.

Marked change in the business environment in late 2008

The main factors affecting the market for Tamfelt's products are economic cycles and consequent trends for customer businesses and the relative competitiveness of the company's products. In late 2008, the clothing market was hit by the global economic crisis. The late months of the year were characterized by postponed investment plans and rapidly declining cash positions in customer industries.

As a result of the economic crisis, the growth of the filter fabric market stalled. On the other hand, the demand for filter fabrics is boosted by increasing environmental awareness, tightening environmental standards and the substitution of oil with other fuels. This trend is expected to continue into the near future.

The swiftness and momentum of the change were unexpectedly dramatic. To adjust its performance to match the demand, Tamfelt started joint consultations with all personnel groups at the Tampere plant in December 2008.

Business incorporations

At the outset of 2008, Tamfelt incorporated its paper machine clothing and filter fabric businesses. Tamfelt PMC Corp. and Tamfelt Filtration Corp. started on January 1, 2008. The parent company Tamfelt Corp. reports the PMC and Filtration businesses as a primary segment and the geographical segment as a secondary segment.

A new plant inaugurated in China

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

Key figures

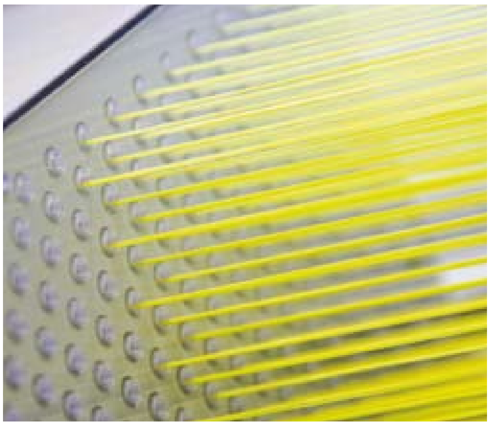
	2008	2007	Change, %
Net sales, M €	164.7	167.5	-1.7
Operating profit, M €	19.5	25.9	-24.7
Gross investments, M €	15.7	24.5	-35.9
Earnings/share, €	0.45	0.76	-40.8
Equity/share, €	3.89	3.95	-1.5
Dividend/share			
common, €	0,16*	0.52	-
preferred, €	0,18*	0.54	-
Return on net assets, %	14.4	22.7	-
Equity/Assets ratio, %	60.3	66.5	-
Personnel, Dec. 31	1,535	1,496	2.6

* Board of Directors' proposal

Releases in 2008

January 2	Tamfelt Group structure 2008
February 7	Financial statement bulletin 2007
February 7	Notice of Annual General Meeting 2008
March 19	Resolutions by the Annual General Meeting
April 23	2007 financial data according to new segment reporting
April 24	Interim Report January-March 2008
August 5	Interim Report January-June 2008
August 15	Reima Kerttula to become Tamfelt's President & CEO
October 30	Interim Report January-September 2008
October 30	Disclosure dates for financial reporting in 2009
December 8	Tamfelt to start joint consultations at Tampere plant

www.tamfelt.com



Vision

Tamfelt is a leading supplier of paper machine clothing and filter fabrics to the company's chosen market segments. Our specialized total service, superb products and long-term partnerships have earned us the trust and confidence of our customers.

Business idea

Tamfelt Group develops, manufactures and sells paper and board machine clothing, filter fabrics, other technical textiles and associated products and services. The target is to improve the customer's competitive position and ensure profitable operation of the Group.

Key success factors

Tamfelt's key success factors in implementing the strategy include:

- competent and motivated personnel
- customer-driven operation
- clear focus
- innovative product development
- continuous improvement of productivity
- cooperation with customers, machine manufacturers, research institutes and universities
- technically advanced machinery and efficient production units
- own textile, paper and filtration laboratories
- information systems supporting our business and decision making.

Strategy

Tamfelt's target is internal growth ahead of the market while maintaining good profitability and a high equity/assets ratio. Acquisitions are an option only if there is a company whose products and manufacturing technologies are close to Tamfelt's core competence.

Clear focus

Profitable growth is ensured by concentration on focused target segments, in which we can capitalize on our resources to an optimal degree. Our chosen market segments are clothing for large and high-speed paper and board machines and filter fabrics for major forest, mining and chemical industry plants worldwide.

Competent total service

We offer our customers competent total service. Besides innovative, reliable and high-quality products, this includes expertise in sales and customer service, technical support, and long-term partnership to improve the customer's process and competitiveness.

Efficient and innovative approach

Meeting the target requires solid investments in research and development. The key to successful R&D is in understanding the customer's process and awareness of the customer's needs and expectations. Profitable business also requires continuous improvement of productivity and efficiency. The impact of small but innovative improvements is being emphasized in our operations. Our investments are focused on consolidating our position in the growing target markets and improving our capacity utilization.

Review by the President

The year 2008 was a mixed blessing for Tamfelt. The company's net sales and profit trend – though down from the record rates of 2007 – were fairly satisfactory until late October. Along came November and December, and a clear turnaround took place in the forest and mining industries. Customers set about suspending or postponing investments and reducing stocks. Rapidly weakening cash positions caused many customers to leave their ordered goods at Tamfelt's warehouse. The market downturn was surprisingly drastic, to the extent that we were unable to fully adjust to it by the end of the year.

Owing to the reduced demand in the final months of 2008, our net sales were somewhat lower and our financial performance weaker year-on-year, as we had predicted in our Interim Report for January-September. The 12-months results, however, can be deemed reasonably satisfactory. As the outlook grew increasingly dim towards the end of the year, we were compelled to start joint consultation talks at the Tampere plant to adjust our performance to the current market conditions. Our objective is to cut both personnel expenses and other costs to deliver savings of around 10 million euros at the annual level. The savings will not be materialized in full in 2009.

The paper machine clothing business has been facing tough competition for several years. In 2008, however, the market situation culminated, leading to an unprecedented price competition and weakening profitability of the trade. The commercial viability of the biggest players has plummeted, and apart from the shutdowns of individual lines, even the first major bankruptcy was witnessed in the business. In the filter fabric sector too, the decline of global economy is making itself felt in the form of heavier price competition. In particular, the demand for dry filtration products has been fading over the year, and it is not expected to recover very soon. The market for wet filtration and environmental technology products remained satisfactory, but the near future prospects are weakening as well.

Our global growth continued with the coming on stream of a 100 %-owned forming and dryer fabric facility in Tianjin, China. The machinery and equipment is all new and cutting edge.

Our Group's capital expenditure in production machinery has reached record levels in the last couple of years. Our key technology now represents the state of the art, and no further major investments are immediately required. In all product groups, we have continuously managed to develop spearhead products that differ from competing articles. We have been proven right in our strategy to focus strongly on clothing for modern wide and high-speed paper and board machines and on challenging applications in both wet and dry filtration. In these selected target areas, volumes will remain higher than the average even during a period of recession. This clearly defined strategy, combined with a strong balance sheet and the planned cost cutting program, leaves us well placed to ride out the hard times.

My 23 years of service at Tamfelt – the last four years as President & CEO – came to an end on December 31, 2008. During this time the company has had its ups and downs but, being such a strong player, it has always emerged as a winner. Tamfelt's strength is founded on competent personnel and customer-driven

innovation, with products and means of production kept in prime condition.

Finally, my warmest thanks to all customers, partners and employees for a good cooperation. And my sincere thanks to our company's shareholders, auditors and Board of Directors for all the support that I have received during my Tamfelt years. I will confidently hand over the responsibility for the company's management to Reima Kerttula on January 1, 2009 and I wish my successor good luck and every success in his new challenging role.

Jyrki Nuutila

Reima Kerttula is scanning the world for new growth

Tamfelt, a company of over 200 years of age, got a new President & CEO in the beginning of 2009. Before joining Tamfelt, Reima Kerttula, with an M.Sc. in Engineering, was the Senior Vice President of Metso's Paper and Board Machines and the Plant Manager of Metso's Rautpohja plant in Jyväskylä.

With his long track record at Metso and its predecessor companies, Kerttula brings a solid experience from the paper and pulp industry, including involvement in a high number of international projects.

The new President & CEO took over the company at a most challenging moment. Price competition in the paper machine clothing market is tightening in line with the crippling world economy. It has been very difficult, therefore, to make preparations for 2009, though the company just recently enjoyed the best years of its history and even 2008 was a relatively good year.

Tamfelt's strong focus helps in the challenging economic climate

Tamfelt is dedicated to its own focus market as a full-line supplier for modern paper and board machines. In filter fabrics too the company has stayed focused on certain selected filtering processes. Tamfelt has stuck to its chosen strategy even in poorer times, which has proven to be the right thing to do.

Kerttula stresses that Tamfelt is a profitable and well-situated international company. With no growth being expected from the domestic market, it is necessary to rely on the global marketplace for future growth.

– In the worldwide turmoil, we have an opportunity to augment our market share in certain segments. Over the years, the company has made significant investments in its plants to ensure that they are in a good condition. With the help of our good machinery and professional workforce we will be winners once the full-scale benefits of these investments are available, Kerttula says.

Unfortunately even Tamfelt was compelled to start joint consultations at the Tampere plant in late 2008.

– The business must be profitable – time will show how far the steps already taken will carry us. We have a strong balance sheet and a good cash position. To ensure that they remain so, we have to adjust our operations to the weakened economic environment, Kerttula sums up the challenges.

Growth from China and Southeast Asia

In the global market, Tamfelt has made major investments in China. The new production units have got off to a good start. By the end of the year, however, even the Chinese market began to show signs of a slowdown. Kerttula has been working with the Asian market since the mid-1980s, and his experience will certainly be of value in the future.

– I believe my existing contacts in China will be of benefit. It is crucial that we safeguard our expansion in the Chinese market.

The importance of China and Southeast Asia to Tamfelt will be accentuated in the next few years. For filter fabrics, both Kerttula and Tamfelt's retiring President & CEO Jyrki Nuutila see growth prospects in Southeast Asia, notably in the field of environmental technology.

– When it comes to opportunities for growth and expansion worldwide, our filter fabric production provides the best perspectives. Together with the paper industry, filter fabrics are our mainstay.

Kerttula believes additional growth can still be achieved even in Western Europe, where a number of projects are underway for paper as well as board. The projected board machines are wide, reaching almost the speeds of paper machines. It is here that Kerttula sees potential for growth.

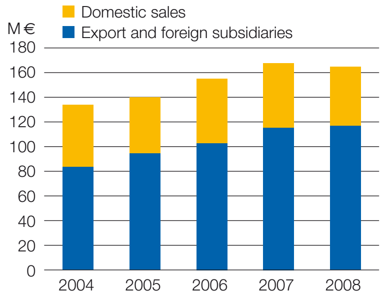
Customer relations and personnel in key position

Kerttula stresses that Tamfelt's foundation lies in customers and professional workforce.

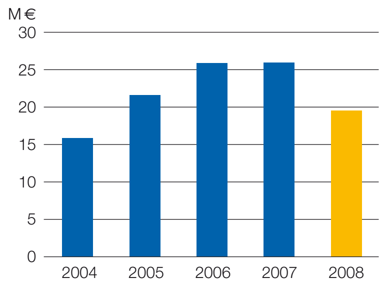
– Our success depends on the success of our customers. The value of sustainable partnerships is emphasized at times of economic turbulence. When we hold to our promise and ensure that the quality of the product is right, the customers get the added value they expect. R&D investments and cooperation with customers bring important benefits as well.

– We have a committed and professional workforce. We all share the confidence that we will lead Tamfelt to continued success in the global market, Reima Kerttula rounds off his policy statement for a new period in the history of this respectable Finnish company.

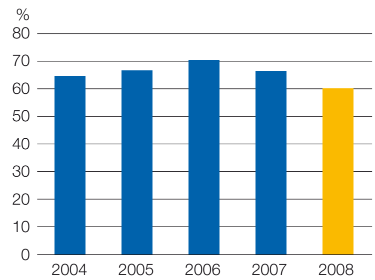
Net Sales, consolidated



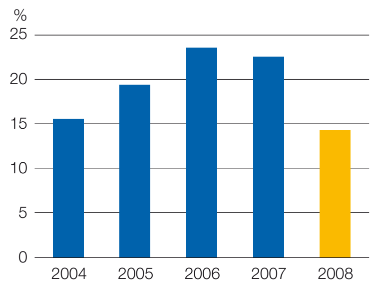
Operating Income, consolidated



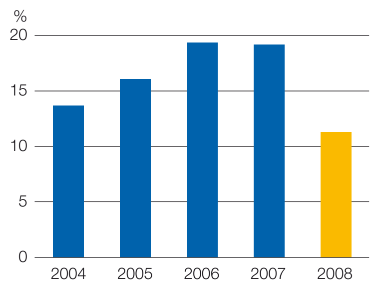
Equity/Asset ratio, consolidated



Return on Net Assets, consolidated

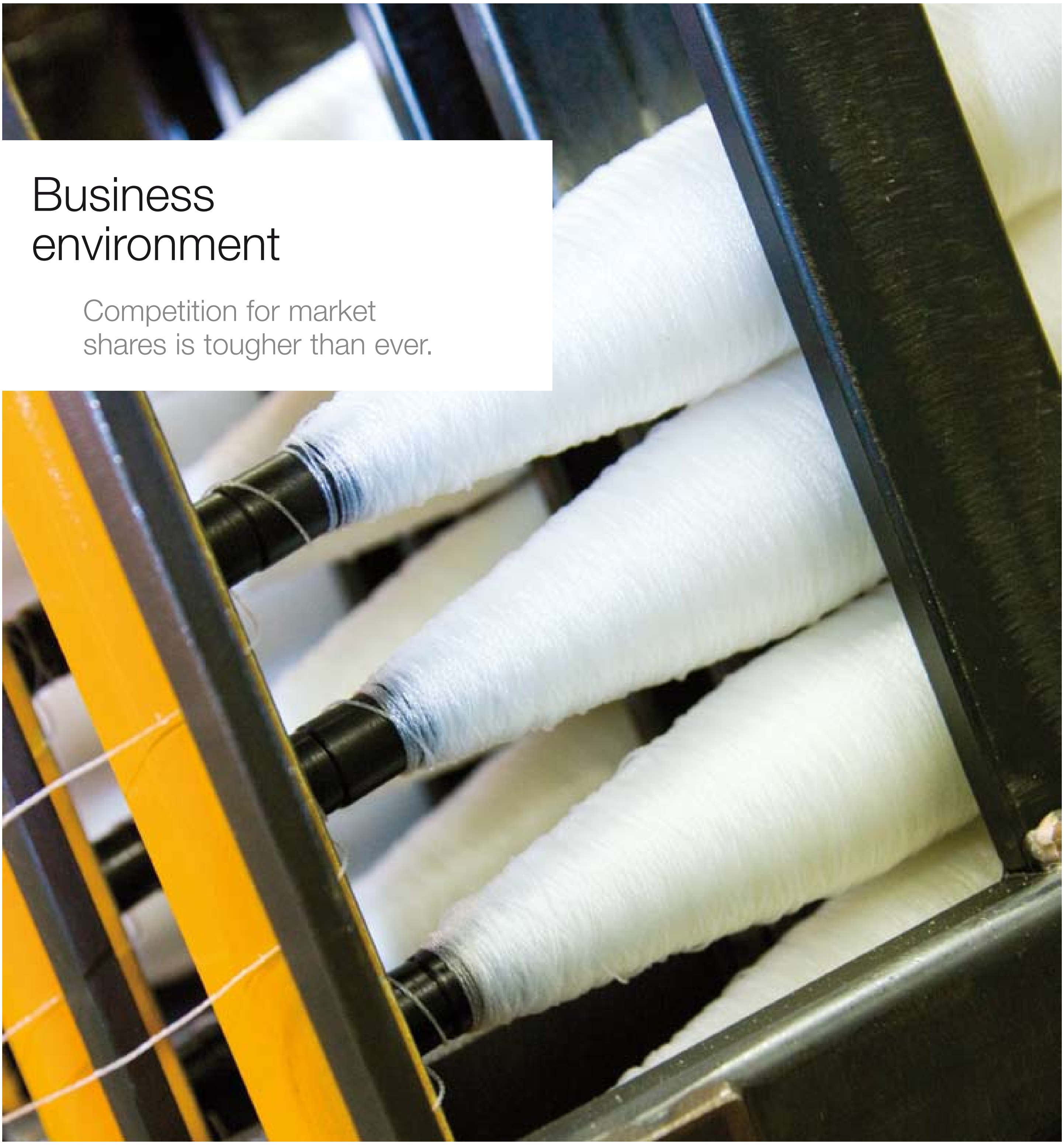


Return on Equity, consolidated



Business environment

Competition for market shares is tougher than ever.



Customers

Tamfelt is a supplier of technical textiles to various industries worldwide. The key customer groups are the paper, board and pulp industries, which use both paper machine clothing and filter fabrics made by Tamfelt. The company also supplies filter fabrics to customers in the mining, chemical, food, building and energy industries, and ironer felts to commercial and institutional laundries. Tamfelt's products can make a crucial impact on the customer's process and competitive ability. Appropriate fabrics play a vital role in improving the efficiency of filters as well as paper and board machines. For example, the most suitable clothing in each paper and board machine position ensures higher running speed, improves net efficiency, helps achieve energy savings and enhances paper quality. Local customer service resources with good understanding of the customer's processes and requirements, combined with special expertise available the world over, is one of Tamfelt strengths.

Clothing market

The main factors affecting the market for Tamfelt's products are economic cycles and consequent trends for customer businesses, and the relative competitiveness of the company's products. In late 2008, the clothing market was hit by the global economic crisis. The year was characterized by announcements of postponed investment plans and rapidly declining cash position.

Before the outbreak of the crisis in 2008, the global annual market for paper and board machine clothing was estimated at 2 billion euros. The trend follows the evolution of the paper market. The demand for paper is estimated to grow at the annual rate of about 2 per cent over the next ten years. On the other hand, Tamfelt's target market of clothing for wide and high-speed machines is expected to grow ahead of the average rate. Most new paper machines are being built in Tamfelt's target market, whereas shutdowns mainly occur out of the company's focus area.

The aggregate market for filter fabrics, including both wet and dry filtration, is currently estimated at 1.5 to 2 billion euros. Market growth, the average rate of which has been from 6 to 7 per cent in the last few years, has now been brought to a standstill. Positive trends affecting the demand for filter fabrics include increasing environmental awareness, tightening environmental standards and the replacement of oil with other fuels.

Price competition is fierce in paper and board machine clothing as well as filter fabrics. Tamfelt continues to respond by further investments in customer service and R&D and by improving the company's production and supply chain. Focus remains on applications that require high-quality products and special competence. The key objective is to retain profitability of the business.

Market position

Tamfelt runs an extensive worldwide sales and service network. The company's manufacturing operations are in Finland, Portugal, China, Brazil, and Poland. The company serves customers in roughly 70 countries. Of the 2008 net sales, 30 per cent came from the domestic market, 42 per cent from the rest of Europe and 28 per cent from other countries.

Tamfelt's share of the global market for paper and board machine clothing is approximately 6 per cent. While it holds a 14 per cent share of the main market in Europe, Tamfelt accounts for 20 per cent of clothing supply to the target market of wide machines.

With strong competence in certain special areas of filter fabrics, Tamfelt is the leading supplier of filter fabrics for the causticization processes of pulp mills and for iron processing plants, and it is the leading supplier of ironer felts for commercial laundries.

Trends

The clothing market is expected to continue growing in China and elsewhere in Asia and, in future, also in Eastern Europe and Latin America. In recent years, more than half of all new paper and board machine investments have been made in China. The size of Tamfelt's target market in China already exceeds the size of the company's domestic target market. The demand for filter fabrics will be increased by tightening environmental standards, in particular.

A thorough understanding of the customer's process will be increasingly important for a supplier to be able to offer solutions that improve the customer's competitive position. Collaboration with customers, machine manufacturers and research institutes will be ever more emphasized. Process efficiencies continue to improve and customers will specify growing demands for reliable operation. As new filtration equipment and machine concepts impose growing challenges on clothing suppliers, close partnership with customers is vital from the initial stage of product development.

Tamfelt PMC

Paper and
board machine clothing
with expertise.

Tamfelt is a world-leading supplier of paper and board machine clothing. We are suppliers to world-leading paper, board and pulp industries. Tamfelt PMC Corp.'s net sales in 2008 were 111.8 million euros and operating profit was 15.9 million euros.

Paper machine clothing (forming fabrics, press felts and fabrics, shoe press belts and dryer fabrics) are key elements of the paper or board manufacturing process. Their role is to support and transport the paper web through the process and to remove water from the web. The purpose is to ensure a trouble-free process, enabling customers to produce high-quality paper and board economically and efficiently.

The constantly advancing technology of paper and board machines presents a growing challenge to clothing suppliers. As a full-line supplier, Tamfelt PMC tackles this challenge with the help of focused R&D, experienced and well-trained workforce and innovative approach. We provide solutions in which products and technical services form a comprehensive package. Correctly chosen fabrics ensure substantial energy savings, better runnability and higher paper and board quality. The expertise acquired over the years is the keystone of our company's authority in the business.

Tamfelt PMC has proven its expertise as a start-up supplier for large and high-speed SC, LWC, newsprint, fine paper and board machines. Besides clothing, our start-up deliveries include comprehensive expert assistance. At the commissioning stage, our experts team up with the customer and the machine supplier to ensure a successful start. We have engineered a start-up support concept, which has been welcomed and widely acknowledged in the market.

Forming fabrics

Forming fabrics for paper and board machines are woven from thin synthetic yarns and processed through heat-setting and seaming. The key requirements for forming fabrics are excellent runnability, even dewatering capability and consistently reliable quality. Most forming fabrics are woven in double-layer or triple-layer applications. The share of triple-layer fabrics has steadied at over 70 per cent of all forming fabrics made by Tamfelt.

Our forming fabrics include the patented Gapmaster, the market-leading SSB fabric (sheet support binding), which suits all printing papers, HiSpeed triple-layer style specially engineered for high-speed paper machines, and Packmaster, which boosts the performance of packaging paper and board machines and enhances the product quality. The Hifi double-layer style enjoys its own established clientele.

Press felts and fabrics

Press felts are produced from synthetic yarns and fibres in a weaving and needling process. Thanks to an intensive investment program, Tamfelt's press felt capacity grew over 30 per cent over 2006 and 2007. This resulted in a clear growth of manufacturing volumes in 2008. The newest needling machine represents cutting-edge technology and has a working width up to 13 meters. The key requirements for press felts are repeatable quality, fast start-up, high dewatering capability and, above all, good runnability to ensure excellent performance throughout the targeted lifetime.

Tamfelt runs the most comprehensive range of press felts in the market. A suitable product will be found for any press position. The newest addition to the range is AquamasterOpen (AMO), which is currently being launched in the market. AMO has been praised for fast start-up and excellent dewatering capability.

Further styles of the extensive press felt range include the patented Transmaster Open (TMO), which has helped improve the performance of many wide and high-speed paper or board machines, its seamed version SeamMasterOpen (SMO), the well-established Ecostar, Laminet and Tambat as well as the seamed novelties Ecoseam and SeamStar. Seamed press felts are increasingly used for challenging applications on high-speed machines on account of their easy installation, safety at work, and shorter changeover times.

Shoe press belts

The Tamfelt belts are made by casting cylindrical roller jackets of polyurethane, which are then reinforced with yarns. The key requirements for belts are excellent wear resistance, superb dewatering capacity, non-stretch ability and low friction. Belts are either smooth, semi-grooved, grooved or with discontinuous grooves, in double- or triple-layer applications, depending on the requirements of the particular press section.

The latest innovation, BlackBelt, was introduced by Tamfelt in spring 2008. The functional requirements of belts have tightened as machine speeds have increased. They must cope with extreme rough conditions over a

What fabrics do in a paper machine

Forming fabrics
The pulp sprayed on the wire section contains 99% water and 1% fibres. Most of the water is removed on the wire section. A paper web is formed by filtering water through the fabric. Thus the fibres stay on top of the fabric.

Press felts
From the wire section the web is conducted to the press section, whose main function is to remove water. The web is pressed between the rolls and the felt. This increases water pressure and makes the water flow into the felt.

Belts
On a shoe press, the press time is essentially longer than on a conventional roll press. Thus much more water can be pressed out of the web. A shoe press is operated with a belt.

Dryer fabrics
On the dryer section, the dry content of the web is further increased through evaporation. The dryer fabric presses the web against the surface of steam-heated drying cylinders. As web temperature rises, water is effectively evaporated through a porous dryer fabric into the air.

Picture: Metso Paper

> Tamfelt PMC's new forming and dryer fabric facility in Tianjin, China came on stream as scheduled in early spring 2008. Gapmaster and Tamstar fabrics are produced with the same methods and the same quality criteria than in Finland.
>
> Seppo Holkko
> President, Tamfelt PMC Corp.

long period of time. The secret of BlackBelt's reliability and long running life is its optimal construction. Intensive research and development work resulted in birth of a unique type of elastomer, which ensures excellent performance up to the scheduled changeover.

In addition to the black BlackBelt, blue Tambelts are also included in Tamfelt's range. Tamfelt's belts are delivered to Metso Paper under the trade name Metso Belt.

Dryer fabrics

Tamfelt's dryer fabrics are woven from synthetic yarns and processed through heat-setting and seaming. The essential properties of a good dryer fabric are durability, strong seam, stability of dimension and form, and easy cleaning. Further requirements include good support to the paper or board web, non-marking and maximum evaporation capacity.

The Tamstar product family comprises five types of fabrics, each one with different functional properties. In addition to the original Tamstar, the range consists of Tamstar HS for challenging applications on high-speed machines, Tamstar HP with active cylinder pocket ventilation, and the soft-surfaced Tamsoft. The newest developments are the Tamstar-based SilverEdge and GoldEdge, engineered to prevent hydrolysis at the fabric's edge.

Statistics show that Tamstar reaches 15 to 25 per cent longer running times than any other dryer fabric in the market (sampled were 1,380 dryer fabrics run in Finland between the years 2000 and 2007). Tamstar's long life is attributed to its double-fabric construction.

All paper and board machine clothing is tailored to meet the special requirements of the machine and the position. We work in intensive cooperation with customers, machine and equipment manufacturers, material suppliers and research institutes.

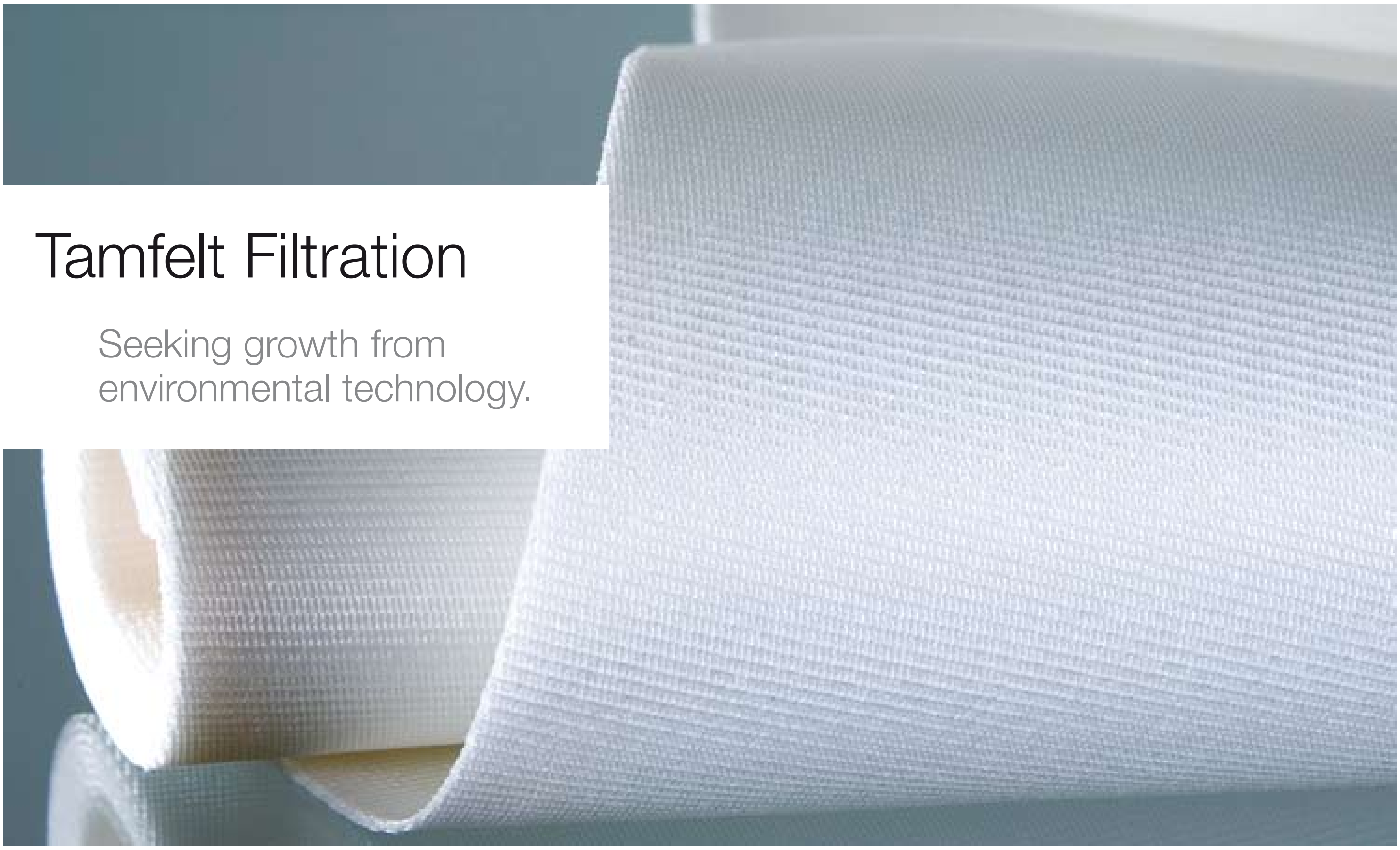
Tamfelt contributed to Plattling Papier PM 1's start-up

Plattling Papier PM 1, the widest paper machine in Germany (11.3 meters), started up in December 2007. It produces uncoated paper for magazines, mail order catalogues and advertising inserts. Its annual capacity is 380,000 tons and design speed 2,000 m/min.

Tamfelt PMC was one of the key suppliers for the start-up. Tamfelt was responsible for the training of the operating crew, and supplied the shoe press felt, belt and all dryer fabrics. Our team of experts was actively involved even in the installation of the clothing.

A successful start is always the outcome of good teamwork between the papermaker, machine supplier and clothing manufacturer. Tamfelt's clothing served the Plattling Papier PM 1 excellently, and later in 2008 we continued as a regular supplier not only for dryer fabric positions but also for the two forming fabric positions and all four press felt positions.

Over the last decades, Tamfelt has contributed to the start-ups of a high number of new or rebuilt paper and board machines. Papermakers are used to rely on our experience and support amidst the pressure of start-ups. In 2008 we supplied clothing to about 15 paper or board machine start-ups. There is intense competition to win contracts for start-up clothing, but our good references, superior products, competent technical support and flexible approach ensure that our company is well placed to perform well in this competition also in future years.



Tamfelt Filtration

Seeking growth from environmental technology.

Tamfelt Filtration specializes in filter fabrics for the forest, mining and chemical industries, for sewage treatment plants, energy production, food manufacturing industry, and for the building materials industry. An increasing percentage of our products go to filtration applications which use or serve environmental technology. Tamfelt Filtration Corp.'s net sales in 2008 were 53.0 million euros and operating profit was 6.0 million euros.

In terms of filtration technology, Tamfelt's filter fabrics are divided in wet and dry filtration products and ironer felts. We offer expert know-how in the choice of individual filter fabrics and in technical solutions for comprehensive filtering processes.

We are working in established and intensive partnership with a number of market leaders and filter suppliers in the mining, chemical and pulp industries.

Growing environmental consciousness and increasingly stringent environmental standards worldwide boost the demand for filter fabrics and open up new opportunities to step up sales.

Filter fabrics for the mining and chemical industries

Tamfelt supplies filter fabrics to various processes employed in mining industries' concentrating plants and in the metallurgical and chemical industries. Fabrics for the treatment of community and industrial waste water are also included in our program. High process temperatures, complex chemical environments and the variety of sludge set high special requirements on the fabrics.

Tamfelt's StrongMax fabric is supplied for horizontal belt filters and belt filter presses used in the mining and chemical industries. The polymer material improves filtering performance and extends fabric life and the product has delivered very good results. StrongMax has proved its excellent filtering properties especially in the desulphurization of flue gases. As environmental regulations tighten, increasing numbers of desulphurization units are being installed worldwide, which ensures strong growth potential for our StrongMax products. The StrongMax fabrics have been successfully used also in phosphate and silicate mines, in ash filtering, in gold mines and in wastewater treatment plants.

The extra durable DuoMax fabric is also becoming increasingly popular. It withstands high temperatures and complex chemical conditions extremely well. DuoMax has been supplied to horizontal belt filters used in the chemical, mining, environmental and pharmaceutical industries and in processing industry. The fabric is specially suited for applications in phosphate mines and phosphoric acid manufacturing plants.

> Despite the challenging market situation, we have managed to increase our market shares in certain filtering processes and in certain market areas, notably Brazil.
>
> Heikki Rehakka
> President, Tamfelt Filtration Corp.

Tamfelt is the world leading manufacturer of filter fabrics to iron processing plants. Elasta bags and Enersec sectors are the products supplied to this target group.

Filter fabrics for the pulp and paper industries

Tamfelt has two major advantages as a filter fabric supplier to the pulp and paper industry: firstly, our location in Finland, which is a world leader in paper making technology, and, secondly, our close partnership with leading filter suppliers.

Filter fabrics are used in the manufacture of pulp and paper in a high number of different filtering equipment and washers. Pulp cooking chemicals are removed in post-cooking washers. In the bleaching process, pulp is washed several times over and water is removed by filtering. The same principle applies to the manufacture of mechanical pulp and the reuse of fibre recovered from recycled paper. Tamfelt is the world leading supplier of filter fabrics for causticization processes in pulp mills.

We are also the leading supplier of disc filter bags for the paper and pulp industry. WellBag, our patented disc filter bag, has proved a success in delivering 15 to 25 per cent higher filtering capacities compared with ordinary styles. The unique weave structure forms a wavy surface when the bag shrinks, providing a larger filtration surface in comparison with a conventional weave.

TwinStar is the range of Tamfelt's dewatering wires, with steadily growing delivery volumes. TwinStar has been specially recognized for its good start-up qualities, long life and optimal dewatering capability.

Waste water from pulp and paper mills is filtered before discharge into waterways. The compacted dry slurry is acceptable for incineration.

Filter fabrics for energy production

To cut emissions from coal burning, high-quality filter fabrics are key. Filtration equipment is also needed in the growing production of biofuels. Increasing volumes of sophisticated filter fabrics are required to reduce air pollution. The filtering of flue gases and exhaust air from industrial plants and thermal power stations is an important sector of air pollution control. Solid particles are either returned to the process, converted into energy by incineration, or taken to a landfill site. The filters are equipped with bags or sleeves made of various types of felt.

Ironer felts

In addition to filter fabrics, Tamfelt Filtration specializes in ironer felts. Commercial and institutional laundries provide their customers with clean and dry textiles. The ironers use special felts that are installed around rotating rolls. They make the textiles smooth and give them a pleasant feel. The felt is highly permeable in order to absorb moisture from the fabric. Above all, ironer felts must be highly resistant to abrasion, heat and moisture. Tamfelt is the global market leader in ironer felts.

Tamfelt's fabrics for Botnia's causticization process in Fray Bentos

Botnia's newest and biggest pulp mill was commissioned in Fray Bentos, Uruguay, in November 2007. It produces bleached eucalyptus pulp at the annual capacity of a million tons. The mill's causticization process (green and white liquor filters and lime mud filters) started up with 100 per cent Tamfelt fabrics. The operators have been happy with the performance of our products, and the processes continue to run exclusively with Tamfelt's GreenStar X, WhiteStar and LimeStar bags.

Tamfelt is the only manufacturer worldwide who can supply all the filter fabrics needed in the causticization process. Reliable products, good references, customer-driven policies and long-term experience ensure the market leading position of Tamfelt even in the years to come.

Shipments to Talvivaara Mining Company in Finland

Talvivaara's nickel mine is located in the east-central part of the country. The deposit is one of the largest known sulphide nickel resources in Europe. The production started in October 2008, and Tamfelt supplied all fabrics for the belt filters. The belt filters will start up in early 2009.

Research and development

– cooperation with customers.

Successful R&D requires long-term commitment, innovation and close partnership with customers, machine and equipment manufacturers and material suppliers. New products are engineered to improve the competitive edge of customers as well as the company itself.

R&D

Tamfelt's R&D is conducted in cooperation with customers, material suppliers, process equipment suppliers, notably paper machine and filter manufacturers, as well as universities and research institutes. The work is focused on the engineering of new products and on continuous upgrading of existing products as required by evolving customer needs. Tamfelt has submitted 5 to 10 patent applications yearly.

R&D is controlled by Tamfelt's quality and environmental management systems. Since 1992, our company has been certified with the SFS-EN ISO 9001 quality standard. In 2003 it was upgraded to correspond to ISO 9001:2000. We are committed to high quality and sustainable development in everything that we do.

The 2008 R&D expenditure was 2.6 per cent of the Group's net sales.

Laboratory

The Tampere and Juankoski plants have their own respective modern textile and paper laboratory facilities. Tampere also operates filtration test equipment, and laboratory tests on filter fabrics are run at the Portuguese, Brazilian and Polish units too. The Tianjin facility in China also houses a laboratory for the analysis of raw materials as well as completed products.

Analyses of both raw materials and completed products are an important part of our activities. Incoming raw materials and supplies are tested before use. Measurements and examinations are carried out throughout the manufacturing process to ensure that the products meet all quality requirements.

The laboratories also examine used paper machine clothing and filter fabrics and analyse paper and board on a large scale. The results are extensively exploited in product development and customer service.

The filtration test equipment is used to find an optimum solution to the requirements of each particular customer. Filtration tests are an essential part of the development of a new product.

Tamfelt has developed special simulators to monitor the behaviour of fabrics on paper machines. The laboratories employ:

- contamination and abrasion simulators
- press simulators
- dewatering simulators
- forming fabric cleaning simulators.

Technical support

Tamfelt's technical support provides expert services both during the customer's production process and during shutdowns. Monitoring, follow-up, measurements, analyses and reporting are an integral part of our technical service.

Tamfelt's technical experts provide the following services:

- support to the customer in optimizing processes and running practices by the right choice of clothing
- support to the customer in solving paper/board machine or filter problems and help in quality or runnability issues
- provision of special measurements
- joint projects with customers
- development of new customer service measurements and equipment.

Measurements during production help improve the runnability of paper machines and optimize the quality of the paper/board. During shutdowns, various sections of the machine or clothing can be checked in order to optimize running time and to avoid the risk of damage. Regular monitoring helps extend the life of the clothing and to improve cost efficiency.

The results of measurements and laboratory analyses are an integral part of product application. They provide important information on fabric behaviour in the customer's process and help us make any modifications that may be needed to the next product to be engineered to this customer. Each fabric is tailored to the specific requirements of the particular position.

We invest in start-up cooperation with customers. Our experts attend every new start-up or rebuild, for which the company has supplied the fabrics. They train the machine crew, they discuss suitable fabric options with the customer and the machine supplier, they participate in trial runs, and, most importantly, they are there to ensure that the fabrics work well and the running conditions are optimal as the machine goes on stream.

Experienced and competent technical support, innovative R&D and high-performing products are the key to successful long-term partnership with the customer.

Tamfelt's novelties and reference positions are presented in the two annual issues of our customer magazine Innofabrics Now. The newest issues can be found on Tamfelt's website at www.tamfelt.com.

Personnel report

International cooperation and sharing tacit knowledge are key.

In 2008, the average Group employment was 1,534 people (up from 1,469 in 2007).

At the end of the year, the Group employed 1,535 people (1,496), 30 per cent of these in Tamfelt's foreign subsidiaries.

External labor turnover, which measures the movement of people into and out of the company, was 7.5 per cent (5.8) at the Group level. Tamfelt hired 139 new people and the headcount grew by 39. While most of the growth came from Tamfelt PMC's Chinese plant, even Tamfelt Filtration's foreign staff numbers were slightly on the rise. As usual, changes in the Group's personnel structure were small.

At the Group level, the percentage of wage earners remained at 70 and salaried employees at 30. The average age remained at 42 years and the average length of employment at 13 years.

The average employment in the Finnish plants was 1,087 (1,076). At the end of the year, the figure was 1,074 (1,057). The percentages of wage earners vs. salaried employees remained at 71 and 29, respectively. The share of women has shrunk somewhat in recent years. In 2008, the percentage was 46 (47). Most of the employments are permanent, full-time and long-term relationships. At the end of the year, 94 per cent (92) were open-ended relationships and 96 per cent (96) were full-time jobs. The average length of employment was 15 years (14).

External labour turnover in Finland was 4.6 per cent (6.6). During the year, 50 (85) new people were hired, 33 (65) for shop floor and 17 (20) for office jobs. Sixty-seven employments (69) terminated; of these 53 (52) were workers and 14 (17) clerical personnel. Eleven (7) were employees retiring on a pension. Internal labor turnover was 5.1 per cent (5.8), as 55 people (61) moved to new jobs in the company. Internal labor turnover, reflecting the versatility of skills and cumulative competence, is encouraged by improved communication on vacancies. Annual performance reviews also provide an opportunity to find out whether people are interested in shifting into other permanent or fill-in jobs. Job rotation is an element of the competence development plan.

To enhance the company's image as an employer and to safeguard continued supply of good workforce, Tamfelt has offered students summer jobs and on-the-job training opportunities, provided themes for their academic degree papers, cooperated with educational institutions and arranged educational tours of the plants. Over the year, 141 summer trainees (146) worked at the company's domestic plants, and 30 younger students (30) were introduced to the world of work at Tamfelt. Some of the trainees continued working during the school term as "on-call temps".

Tamfelt values:

- Satisfied customer
- Good profitability
- Openness and fairness
- Competence and working ability
- Sustainable development

At the end of the year, 70 per cent (68) of shop floor workers and 93 per cent (93) of officials held professional degrees. The percentage of office staff with university degrees was 34 (34), college engineers accounted for 29 per cent (28), and 27 per cent (27) had completed post-secondary level education.

Competence development as part of overall performance improvement

The performance development review procedure was renewed. The discussions are conducted annually, either with each individual personally or with working teams. An opportunity for a one-on-one meeting shall always be provided. The discussion focuses on the employee's tasks and accomplishments, further development of the job, and on his or her competence needs and expectations. More than before, the review now deals with issues such as good cooperation, well-being at work, and equal opportunities.

International cooperation and the sharing of empirical hands-on knowledge were major themes of competence development. In shared development projects, competence development was incorporated as a part of overall performance improvement.

The establishment of the forming and dryer fabric facility in Tianjin, China involved a major competence development project. The Chinese personnel was trained at Tampere and Juankoski, training continued at Tianjin through the installation of machinery and start-up, and, at regular intervals, Tamfelt's people continue to ensure that the operation complies with shared procedures and customer requirements. The Tianjin project has been a comprehensive exercise for learners and educators alike, helping to improve international cooperation skills, cultural awareness and language skills.

Joint projects at Tamfelt Filtration's plant in Poland included the reorganization of the cutting and sewing processes and the working environment, the transfer of press filter cloth manufacture from Portugal to Poland, and shared Finnish-Polish-Portuguese competence development programs involving products, manufacturing, quality and systems. An export sales development program was also carried out in the Polish operation.

The Brazilian operation came on stream with full-scale fabric production making use of the excellent weaving experience and special competence available at the Finnish, Polish and Portuguese facilities.

The harmonization of the Group's information systems continued. The SAP resource planning system was rolled out to the Polish, Chinese and Brazilian subsidiaries. The adoption of new, shared procedures is an efficient hands-on learning exercise for everyone involved in the development projects.

Apprenticeship training programs for vocational, further vocational and specialist vocational qualifications continued in Finland to upgrade, diversify and deepen the employees' professional competence levels. The first two-year textile training program was completed in spring. During this time, 19 weaving workers took further vocational qualification in technical textiles.

The 2009 personnel development programs focus on managerial and supervisory work and joint consultation – areas prompted by the need to reduce headcount, improve performance and streamline the organization.

Internal communications improved

Tambrella intranet was launched to improve the sharing of information within the company. The employee magazine, almost 40 years of age, was upgraded into a more diverse and international publication.

Well-being at work

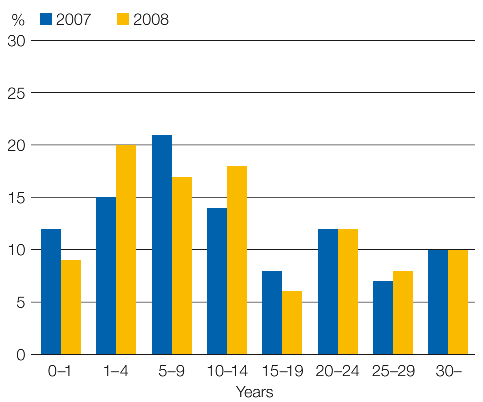
The percentage of sick absences of the theoretical regular working hours was on the rise both at Tampere and Juankoski plants. In Finland, absenteeism through sickness was 7.7 per cent (6.8) of the theoretical regular working time. Thirty-four per cent (37) of sick absences were attributed to musculoskeletal diseases, 17 per cent (18) to respiratory disorders, 16 per cent (16) to injuries, 10 per cent (8) to mental health disorders, and 23 per cent (17) to other illnesses.

The average age of retirement was 59 years (59). Again, musculoskeletal diseases were the number one reason for retirement on a disability pension. At the end of the year, 25 people (23) were on a part-time pension.

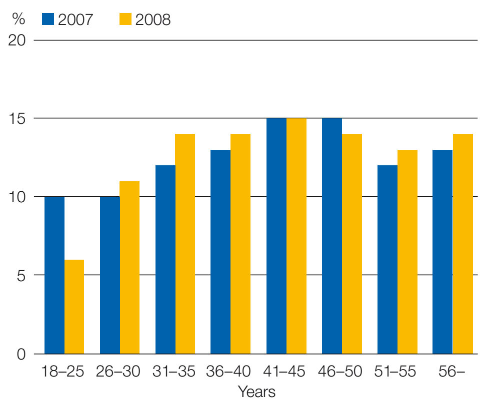
Flexibility of work at different stages of the life cycle is a major factor when it comes to choosing and staying at a workplace. During the year, 71 individuals (64) benefited from an option to flexiwork. Of these, 40 (32) took job alternation leave, 24 (24) took full-time or part-time child-care leave, and eight took study leave.

A workplace health promotion initiative was launched at the Juankoski plant, focusing on preventive measures to ward off musculoskeletal diseases. Attention is paid on correct working postures and, whenever possible, less stressful working conditions are provided especially in seaming, warping and heddling areas. The entire personnel participated in a working ability assessment as a part of the company's "Health Promotion 2020" campaign. The campaign is expected to have a major effect on working capacity and sick absences in future years and decades. The Tampere plant was

Length of Employment, consolidated



Age Composition, consolidated



preparing for cooperation with an external health care service provider.

Safety and accidents

In the Finnish companies, there occurred 102 (105) accidents at work and 18 (11) commuting accidents. Two (4) occupational diseases were diagnosed. Altogether, these resulted in 694 (711) days lost. Commuting accidents accounted for 239 (72) of these. The average loss per incident was 6.8 (6.8) days. Injury rate (incident per a million hours worked), involving a loss of more than three days, was 25 (27). Sickness rate in the parent company was 432 (442).

In 2008, EHS work focused on risk assessments, internal accident investigations, and encouragement to report all near miss incidents. The number of incident reports was record high, 84 (up from 52). Two trips to Tamfelt's Polish plant were allotted between all employees reporting a near miss incident. However, the best incentive to reporting is that corrective action can be taken. Measures prompted by seventy-nine incident reports have already been completed, and the proposals put forward in the remaining five reports are being worked on.

The company's EHS actions in 2009 will emphasize responsibility and the right attitude to safety behavior. Since 2004, the entire personnel has completed training courses leading to a qualification for a safety card. Now it is time to start upgrading the training for employees holding five-year old cards.

Suggestion schemes

To stimulate the suggestion scheme procedure, the handling process was improved, the rules were upgraded, and campaigning and training were increased. As a result, the number of contributions was up 25 per cent on the previous year. The suggestion makers and opinion givers of the year were rewarded. Fourteen per cent of the personnel contributed with ideas. A total of 48,000 euros was awarded, the highest single payment being 5,740 euros.

The company is rolling out the procedure to its foreign subsidiaries. The Polish plant has now adopted the system, and the Portuguese facility is already operating a suggestion scheme.

Personnel structure Dec. 31

	2008		**2007**	
	Group number	Finland number	Group number	Finland number
Wage-earners	1,071	763	1,038	747
Salaried employees	464	311	458	310
Total	1,535	1,074	1,496	1,057
	%	%	%	%
Men	51	54	51	53
Women	49	46	49	47
Wage-earners	70	71	70	71
Salaried employees	30	29	30	29
Labor turnover	7.5	4.6	5.8	6.6

	2008		**2007**	
	Group years	Finland years	Group years	Finland years
Average age	42	43	42	42
Average employment	13	15	13	14

Environmental report

Focus on efficient use of energy and reducing environmental impacts.

Environmental policy

Sustainable development
Adherence to the adopted environmental management system and the continuous improvement of environmental behaviour ensure the optimal use of natural resources and sustainable development.

Compliance
Tamfelt operates in compliance with environmental legislation, statutory regulations and official guidelines.

Efficient use of material and energy
Tamfelt uses material and energy efficiently. Tamfelt's products are engineered in partnership with customers to ensure that they are competitive and ecological. Excessive use of electricity, water and heat is avoided.

Waste reduction and recycling
Continuous efforts are made to reduce waste and to improve waste recycling. Sorted waste is sent for recycling or further processing

Continuous improvement
Tamfelt sets annual environmental targets for the company's performance. To ensure that they will be met, specific programs are carried out to help focus resources in optimal ways. Tamfelt's management sets the targets, provides the necessary resources and monitors compliance.

Personnel commitment

Tamfelt's environmental performance is based on competent and motivated personnel, who are actively involved in the planning and improvement of environmental behaviour. Each employee and each partner is responsible for behaving in a way that ensures that the targets are met.

Tamfelt operates on the principles of sustainable development. The company's environmental policy is adopted as a basis for all decision-making involving environmental considerations for products and activities.

Environmental issues in 2008

Tamfelt's major environmental initiatives in Finland at the Tampere and Juankoski plants focused on improved raw material use, waste reduction, recycling, the measures required by the environmental permit granted to the Tampere plant, efficient energy use and emissions trading.

Tamfelt Filtration's Brazilian, Chinese and Polish subsidiaries were building environmental management systems to the ISO 14001 standard, and they are expected to be certified in 2009.

Environmental policy and environmental management system

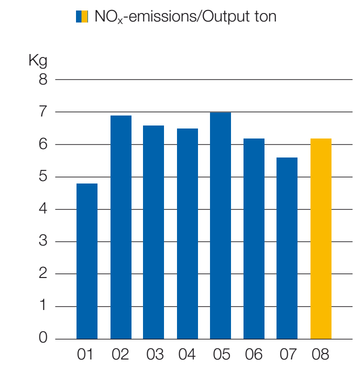
Tamfelt's environmental policy and environmental management system have been designed in consideration of the environmental impacts of the Juankoski and Tampere plants and statutory requirements.

The principle is to use raw materials as effectively as possible and to avoid excessive consumption of energy and water. Efforts are made to reduce waste and to improve waste recycling. Hazardous waste is sent to the appropriate disposal contractor.

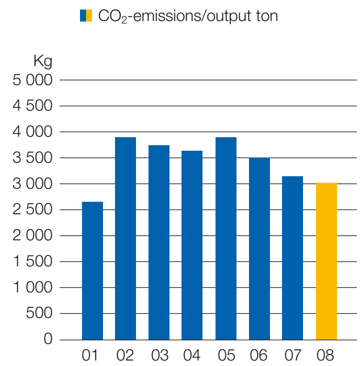
Tamfelt's environmental management system is based on the ISO 14001 standard, and the parent company was certified on March 2, 1998.

The company's senior management is responsible for the improvement and enforcement of the environmental management system.

Nitrogen Oxide Emissions,
Tampere plant



Carbon Dioxide Emissions,
Tampere plant



Environmental risks

Environmental risks from Tamfelt's operations are low. In Tampere, risks are related to the oil system and to the partial location of the plant in a watershed area, whereas hardly any risks are involved in operation at Juankoski.

An earlier investigation revealed small amounts of metals at the bottom of the Tampere plant's equalizing reservoir. The reservoir has been out of use since 2006. Test drillings were conducted, soil samples were analyzed, and the degree of pollution was determined. The polluted soil will be removed in the near future.

Major environmental impacts and their trends

The Tampere plant pumps service water from the nearby lake Kaukajärvi. The water has an important role in cooling the plant especially in summer. A pipe installed for returning the cooling water to the lake was taken into use in summer 2008.

Tamfelt attends to the impounding dam of the lake outlet, which helps regulate the water level. The cross section profile and water-carrying capacity of the dam were inspected in 2008.

From the Tampere plant, wastewater is discharged direct into the municipal sewage system. The concentration of the discharged waste water remained within the limits of the environmental permit. Wastewater quality is regularly monitored by the company's own spot checks and sampling by a non-company laboratory.

The heating station of the Tampere facility is fuelled by natural gas. The consumption of natural gas per output ton decreased in 2008. This was attributed to mild weather conditions in winter and consequent lower need for heating the premises and to some improvement of the heating station's efficiency.

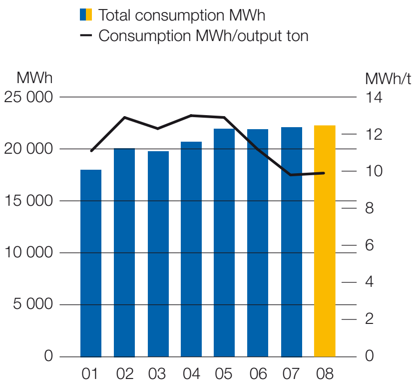
The Tampere plant joined the emissions trading scheme on January 1, 2005. The granted emission permit and allowances applied to the years 2005-2007. The company is covered by the second period of emissions trading for 2008-2012. In 2008, Tamfelt sold 14,000 allowances at the price of 309,750 euros. To cover the deficit, the company is prepared to buy 7,000 emission allowances.

Tamfelt continued to contribute to an air-quality monitoring scheme run by the city of Tampere. An updated agreement was signed in 2005.

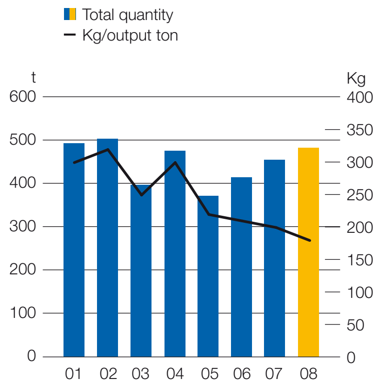
The consumption of electricity per output ton remained unchanged at both domestic plants compared to 2007.

Most of the waste from the two operations consists of raw material residue. The amount of landfill waste per output kilo remained unchanged. The percentage of waste recycling was 60 at Tampere and 90 at Juankoski plants.

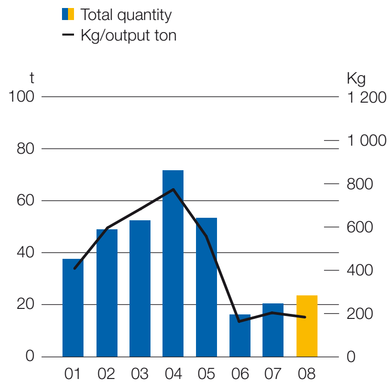
Electricity Consumption, Tampere plant



Landfill Waste, Tampere plant



Landfill Waste, Juankoski plant



Hazardous waste was treated by the appropriate disposal contractor. The amount of hazardous waste is low. The hazardous waste generated by the Tampere plant has been on the rise in recent years following an increased use of harmful chemicals in the manufacturing process.

At the Group level, raw material utilization was down 5 per cent year-on-year. The target set for cloth waste recycling was not met – the percentage remained at the level of the previous year. Tamfelt continues to research into opportunities to improve the use of cloth waste, including new possibilities for recycling and energy use.

More than 90 per cent of the packaging of products supplied by Tamfelt are reused.

Waste as energy

The kinds of waste that serve no production purposes but can be burned are referred to separate collection. Most of this energy fraction from the Tampere plant consists of material waste, contaminated board, plastic and wood. All organic waste, metals and PVC are collected separately.

Energy fraction can replace coal or peat as fuel. In heating value, the energy waste generated from operations at the Tampere plant equals to coal and slightly exceeds peat. Its ash content is below 1 per cent of dry solids, while that of coal is 10 to 18 per cent. The contents of sulphur and chlorine are low. Waste burning helps reduce atmospheric releases from energy production plants compared to fuels such as coal.

Waste as fuel considerably reduces the load from the plants on landfill sites. Also, the cost of waste treatment is close to a half of the cost of landfilling, one reason being that energy fraction is not subject to waste tax.

Finnish legislation concerning waste burning will be amended in the next few years. Tamfelt keeps track with the legislative process.

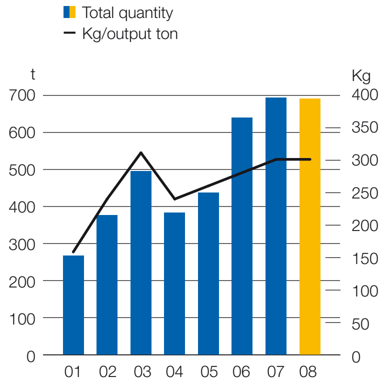
Stakeholder relations

Over the year, Tamfelt has been in dialogue with public authorities, mainly on issues related to the environmental permit. The company has also actively cooperated with the plant's neighbourhood in environmental issues.

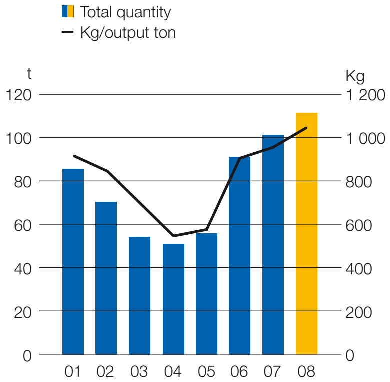
Tamfelt's personnel are willing to contribute to the improvement of the environmental program. They integrate environmental considerations into their daily work and have actively proposed measures to reduce the plant's adverse environmental impact.

Tamfelt's customers have approached the company with assessments and questions about environmental issues. They have found the management of environmental affairs to be at a high level.

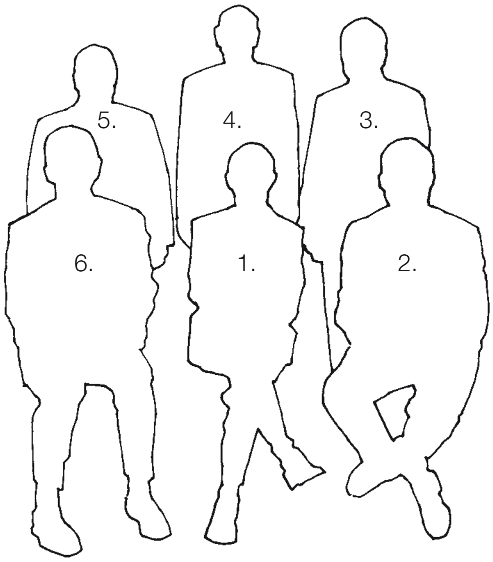
Recovered Material,
Tampere plant



Recovered Material,
Juankoski plant



Board of Directors Dec. 31, 2008



1. MIKAEL VON FRENCKELL
born 1947
Chairman of the Board. M.Soc.Sc. Commercial Counsellor. Partner, Sponsor Capital Oy.

Tamfelt Corp.:
Deputy member of the Board 1979–1983. Member of the Board since 1983. Deputy Chairman 1990–1995. Chairman since 1995.

Previous track record:
Executive Vice President and member of the Executive Committee of the Union Bank of Finland (1993–1995); Member of the Board of the Union Bank of Finland (1990–1993).

Chairman of the Board:
Sponsor Capital Oy, Waldemar von Frenckell Foundation.

Deputy Chairman of the Board:
Neste Oil Corporation.

Member of the Board:
Tamro Corporation.

Tamfelt shares:
150,000 common and 150,000 preferred shares.

2. NIKLAS SAVANDER
born 1962
Deputy Chairman. M.Sc. (Eng.) M.Sc. (Econ.). Executive Vice President, Group Executive Board Member, Nokia Corporation, Services.

Tamfelt Corp.:
Member of the Board since 2005.
Deputy Chairman of the Board since 2007.

Previous track record:
Executive Vice President, Nokia Technology Platforms (2006–2007); Senior Vice President and General Manager of Nokia Enterprise Solutions, Mobile Devices Business Unit (2003–2006).

Member of the Board:
Waldemar von Frenckell Foundation,
Nokia Siemens Networks.

Tamfelt shares:
3,250 preferred shares.

3. MARTIN LILIUS
born 1947
M.Sc. (Eng.). Senior Consultant at JMAC Scandinavia AB. Swedish consul in Tampere.

Tamfelt Corp.:
Deputy member of the Board 1986–1994.
Member of the Board since 1994.

Previous track record:
Senior Consultant at Management Systems Oy (1999–2008); private entrepreneur (1994–1999).

Member of the Board:
Swedish Assembly of Finland.

Deputy member of the Board:
Pohjola-Norden ry.

Tamfelt shares:
14,517 common and 447 preferred shares.

4. JOUKO OKSANEN
born 1951
M.Sc. (Econ.). Chief Financial Officer of Varma Mutual Pension Insurance Company.

Tamfelt Corp.:
Member of the Board since 1995.

Previous track record:
Chief Financial Officer of Mutual Insurance Company Pension-Varma (1990–1998); Chief Financial Officer of Fazer Musiikki Oy (1984–1990).

Chairman of the Board:
F-Kustannus Oy, F-Musiikki Oy.

Deputy Chairman of the Board:
Finnish Diabetes Research Society.

Member of the Board:
Arek Oy, Ahlström Capital Oy.

Tamfelt shares:
600 common shares.

5. VESA KAINU
born 1947
B.Sc. (Eng.).

Tamfelt Corp.:
Member of the Board since 2005.
Member of the Board 1995–2000.

Previous track record:
President of Metso Ventures (2003–2006); Executive Vice President of Metso Minerals, Inc. (2001–2003).

Member of the Board:
Exel plc, Karolin Machine Tool AB.

Tamfelt shares:
750 preferred shares.

6. CARL-MAGNUS CEDERCREUTZ
born 1964
M.Sc. (Eng.). MBA.
Director, Nokia Siemens Networks.

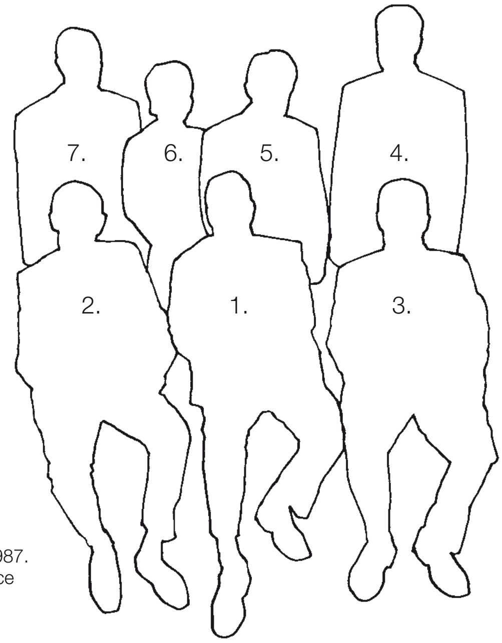
Tamfelt Corp.:
Deputy member of the Board 2006–2007.
Member of the Board since 2007.

Previous track record:
Director of Nokia Business Infrastructure (2002–2004); various positions at Nokia Networks (1997–2002 and 2004–2007).

Tamfelt shares:
3,630 common shares.

Shares held on December 31, 2008 include also the holdings of the persons closely associated with insider and of controlled corporations.

Group Executive Board Dec. 31, 2008



1. JYRKI NUUTILA
born 1948
M.Sc. (Econ.).
Chairman of the Group Executive Board.
President & CEO.

Tamfelt Corp.: in the company since 1986. President & CEO since 2005. Member of the Group Executive Board since 1986.

Previous track record:
Executive Vice President of Tamfelt Corp. (1992–2005), Administrative Director of Tamfelt Corp. (1986–1992).

Deputy Chairman:
Board of the Federation of Finnish Textile and Clothing Industries.

Tamfelt shares and stock options:
346 common and 2,728 preferred shares and 30,000 options.

2. SEPPO HOLKKO
born 1950
M.Sc. (Eng.).
Deputy to the CEO.
President of Tamfelt PMC Corp.

Tamfelt Corp.: in the company since 1998. Member of the Group Executive Board since 1998.

Previous track record:
Area Manager in Asia for Valmet Corporation (1995–1997), Sales Manager and Plant Manager of Valmet Paper Machinery, Inc. (1983–1995).

Member of the Board:
Forest Cluster Ltd. and Paper-Machine Clothing Association (PCA).

Member of the Advisory Board:
Tampere Polytechnic, Paper, Textile and Chemical Technology.

Tamfelt shares and stock options:
500 common and 2,548 preferred shares and 20,000 options.

3. HEIKKI REHAKKA
born 1958
M.Sc. (Eng.).
President of Tamfelt Filtration Corp.

Tamfelt Corp.: in the company since 1987. Member of the Group Executive Board since 2005.

Previous track record:
Executive Vice President, Filter Fabrics Finland at Tamfelt Corp. (2002–2005), Vice President, Press Felts at Tamfelt Corp. (1997–2002).

Tamfelt shares and stock options:
4,190 common shares and 17,500 options.

4. KIMMO PÄRSSINEN
born 1963
M.Sc. (Econ.).
Chief Financial Officer.

Tamfelt Corp.: in the company since 1995. Member of the Group Executive Board since 2005.

Previous track record:
Business Development Manager of PMC Division at Tamfelt Corp. (2002–2005), Business Controller of Tamfelt Corp. (1995–2002).

Tamfelt shares and stock options:
825 preferred shares and 17,500 options.

5. JARMO JÄRVIÖ*
born 1955
Vocational school: welder.
Machine operator.
Chief shop steward at the Tampere plant.

Tamfelt Corp.: in the company since 1984. Member of the Group Executive Board since 1997.

Tamfelt shares and stock options:
Holds no Tamfelt shares.

6. PIRKKO JÄRVELÄ*
born 1947
B.Sc. (Econ.).
Office Manager.
Clerical personnel representative, Tampere.

Tamfelt Corp.: in the company since 1983. Member of the Group Executive Board since 2003.

Previous track record:
Office Manager at Sestomarkkinat (1974–1980), Secretary to Stockmann Department Store Manager (1970–1973).

Tamfelt shares and stock options:
1,164 preferred shares and 14,000 options.

7. JAAKKO RÄSÄNEN*
born 1947
Primary school.
Chief shop steward at the Juankoski plant.

Tamfelt Corp.: in the company since 1978. Member of the Group Executive Board since 1997.

Tamfelt shares and stock options:
750 preferred shares.

* Personnel representatives.

Shares and options held on December 31, 2008 include also the holdings of the persons closely associated with insider and of controlled corporations.

Corporate governance

Tamfelt Corp.'s corporate governance is based on Finnish law and the company's Articles of Association. Tamfelt follows the Corporate Governance Recommendation for Listed Companies issued by NASDAQ OMX Helsinki Ltd., the Central Chamber of Commerce, and the Confederation of Finnish Industry and Employers, which took effect on July 1, 2004, as well as the rules and instructions of the Nordic Exchanges Helsinki.

A new recommendation, Finnish Corporate Governance Code, entered into force on January 1, 2009 and will be embraced by Tamfelt.

Annual General Meeting

Tamfelt's Annual General Meeting is the supreme decision-making body of the Group. Convened by the Board of Directors, the Annual General Meeting shall be held each year before the end of May. The Board of Directors may convene the Annual General Meeting of its own accord, and it is obliged to convene the Annual General Meeting if this is required by the company's auditors or by shareholders holding at least ten per cent of the company's stock. The Annual General Meeting deals with the issues prescribed in the Companies Act and Tamfelt's Articles of Association. The most important issues submitted to the Annual General Meeting include amendments to the Articles of Association, increase or decrease of the share capital, election of Board members and auditors, adoption of the financial statements, and distribution of dividend. A shareholder will be entitled to have a matter discussed by the Annual General Meeting by submitting a written request thereof to the Board of Directors early enough to enable the matter to be included in the summons. The Articles of Association are found on Tamfelt's website at www.tamfelt.com/investors.

Pursuant to the Articles of Association, summons to the Annual General Meeting shall be published once in a Finnish-language and once in a Swedish-language newspaper issued in Helsinki and once in a newspaper issued in Tampere, or else sent to the shareholders' addresses, as they are entered in the share register, not earlier than two (2) months and not later than seventeen (17) days before the meeting. The summons is also published as a stock exchange release and on Tamfelt's website on the Internet.

Supervisory Board

Tamfelt has no supervisory board.

Board of Directors

Tamfelt's Board of Directors consists of five to nine ordinary members and not more than three deputy members. The members are elected by the Annual General Meeting. According to the Articles of Association the term of Board members terminates at the closing of the first Annual General Meeting following their election. This means that all Board members are elected in every Annual General Meeting. A person turned 70 years of age is not eligible for the Board of Directors. In 2008 the Board of Directors consisted of six ordinary members.

The Board elects a Chairman and a Deputy Chairman from among its members. The President & CEO is not a member of the Board of Directors but serves as presenter in Board meetings.

Rule of procedure for Board work

The Board of Directors has adopted a rule of procedure that defines its responsibilities and working principles.

The responsibilities and liabilities of the Board of Directors are determined by the Finnish Companies Act and other applicable legislation. The Board of Directors is responsible for the management of the company and for the proper organization of the company's activities. The Board of Directors makes the decisions on matters of far-reaching consequence to the Group's activities and on issues of principal importance. Such matters and issues include Group strategy, action plan, powers, long-term agreements, budgets, and major investments and their funding. The Board of Directors also has a supervising role including a responsibility to monitor and assess the Group's financial position on a continuous basis and to organize reporting on its assessments. The Board of Directors appoints the President & CEO, Deputy to the CEO and other Group executives and determines their remuneration and other terms. Moreover, the Board of Directors prepares matters to be discussed at the Annual General Meeting, decides on the summoning of the meeting, and ensures that the resolutions passed at the meeting are executed. The duty of the Board of Directors is to promote the interest of the company and all its shareholders.

Board meetings

The Board of Directors holds scheduled meetings. It can also have non-scheduled meetings. A meeting can also be arranged as a teleconference. The Board of Directors met nine times in 2008. The average participation rate of the members was 98%.

The Board of Directors constitutes a quorum if more than half of the ordinary members – of whom one shall be the Chairman, or in the Chairman's absence the Deputy Chairman – are present. An opinion which has been supported by more than half of the members present constitutes the resolution of the Board of Directors. In the case of a tie, the vote of the Chairman shall be decisive.

At the meetings, the Board of Directors is updated on the Group's business, finances and risks. The Board is given fresh reports on the company's performance and financial position and a review of the current affairs of the company and the business environment. The reporting shall be extensive enough to allow the Board of Directors to exercise financial supervision of the company.

The Board of Directors makes an annual internal assessment of its performance.

Election of the Board of Directors

The names of candidates announced to the Board of Directors are published in the summons to the Annual General Meeting, subject to their nomination being supported by shareholders representing at least 10% of the voting power and provided that the candidate has given his or her consent to serve in the Board. The names of candidates that may be nominated after the publication of the summons will be announced separately.

A person nominated for the first time shall attend the Annual General Meeting in which the election is made, unless there is a weighty reason to excuse his or her absence.

Board of Directors in 2008

In 2008, the Board of Directors was chaired by Mikael von Frenckell, with Niklas Savander as Deputy Chairman. The other ordinary members were Martin Lilius, Jouko Oksanen, Vesa Kainu and Carl-Magnus Cedercreutz.

According to the Corporate Governance Recommendation, a majority of the members of the Board of Directors must be independent of the company. Besides, at least two members of the Board of Directors included in the majority must be independent of the company's major shareholders. According to this definition, all Tamfelt's Board members are independent of the company and its shareholders. Résumés of the members of the Board of Directors, including details of their shareholdings, are on pages 26-27 of this Annual Report.

Board Committees

Considering the extent of the company's business, the number of matters to be discussed, and the small size of the Board, the Board of Directors has found it unnecessary to establish any committees.

President & CEO

Tamfelt's President & CEO is appointed and dismissed by the Board of Directors. The terms of the office are specified in a written agreement approved by the Board of Directors. The President & CEO is in charge of the day-to-day management of the company in compliance with the instructions and orders of the Board of Directors. If the President & CEO is prevented from attending to his duties, his place shall be taken by his Deputy. In 2008 Jyrki Nuutila served as the President & CEO of Tamfelt Corp., and Seppo Holkko, President of Tamfelt PMC Corp., served as Deputy to the CEO.

Executive Board

The Group's Executive Board in 2008 was composed of the President & CEO, the Presidents of Tamfelt PMC Corp. and Tamfelt Filtration Corp., the Chief Financial Officer and three personnel representatives.

The Executive Board is chaired by the President & CEO. The Executive Board assists the President & CEO in the management of the company, prepares matters submitted to the Board of Directors and the President & CEO, and serves as an advisor to the President & CEO. The Group Executive Board draws up strategic guidelines, prepares action plans and the budget, plans investments and monitors their implementation, allocates resources, decides on key functions and major operative issues, and supervises the enforcement of its decisions.

Executive Board meetings

The Executive Board meets about once monthly. Major issues dealt with in 2008 included strategic lines, issues of globalization, investments, corporate agreements, R&D and quality issues, and, later in the year, the changes of the market situation.

The Executive Board met 16 times in 2008. Résumés of the members of the Executive Board, including details of their shareholding, are on pages 28-29 of this Annual Report.

Remuneration

Remuneration to the Board of Directors

By a resolution of the Annual General Meeting 2008, the monthly remuneration to the Chairman of the Board is 3,400 euros and to the Deputy Chairman and ordinary members 1,700 euros. The Chairman is also paid 800 euros and a member 600 euros for each meeting and a refund of travel expenses. The members of the Board of Directors receive no remuneration in the form of shares, and they are not covered by option schemes. In 2008, a total remuneration of 164,000 euros was paid to the members of the Board of Directors.

Salaries and remunerations to the President & CEO and the Executive Board

Decisions on management remuneration are made by the Board of Directors. On top of a monthly salary, the President & CEO and the members of the Executive Board are paid bonuses, which are determined by the company's profit as well as individual targets that have been agreed in advance. The members of the Executive Board hold a total of 7,000

E options and 92,000 F options from the 2005 stock option scheme. Details of the Tamfelt shares and stock options held by the President & CEO and the members of the Executive Board are on pages 28-29 of this Annual Report.

The President & CEO's salary including perquisites and bonuses was 403,922 euros in 2008. The President & CEO held 30,000 options from the 2005 scheme. The President & CEO's pension will be 60 % of his reference pay. Tamfelt's pension system enables the President & CEO to retire on an old-age pension earliest at the age of 60. The period of notice to resign is twelve months, if given by the company, or six months, if given by the President & CEO. The remuneration paid in case of a notice given by the company equals to the salary payable for the period of notice.

Internal control, risk management and internal audit

The Board of Directors is responsible for the management of the company and for the proper organization of the company's activities. The President & CEO and the Group Executive Board ensure the lawfulness and reliability of accounting, asset management and day-to-day management of corporate affairs. Internal audit is implemented according to the internal structure of the Group, for which the company employs appropriate monitoring and reporting systems. Financial performance is monitored in monthly reports on profit, balance sheet and cash flow. Further focus areas are the development of key figures as well as major business events and contracts. The monitoring system covers not only actual realized data but also updated forecasts for the current year.

The company's Board of Directors controls and monitors risk management to ensure that it is efficiently organized. The President & CEO and the Executive Board are responsible for the planning and implementation of risk management. The business divisions, assisted by the Group management, are responsible for the identification, assessment and management of their particular business risks. The parent company is responsible for financial risk management. Group risk insurance is taken care of by each unit according to principles established by the parent company.

Tamfelt has no special organization for internal audit function. The President & CEO and the Group Executive Board ensure compliance with current laws and regulations, the company's rules, guiding principles and instructions and the decisions of the Board of Directors. Internal control is implemented through good planning, supervision and audit visits from the parent company. In certain cases, outside experts can be employed for an internal audit.

Insider administration

Tamfelt applies the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd. Insiders are allowed to trade in Tamfelt's securities only at times when the market is as fully aware as possible of circumstances affecting the share value. Insiders are forbidden to trade in Tamfelt's securities within 14 days before the publication of the company's interim reports or annual accounts.

Tamfelt also complies with Standard 5.3. of the Financial Supervision Authority on declarations of insider holdings and insider registers. Tamfelt's public insiders comprise the Board of Directors, President & CEO, his Deputy, auditors, and members of the Group Executive Board. Tamfelt's company-specific insiders include other management, management secretaries and persons responsible for the company's accounting and communication. Project-specific insider registers are established whenever necessary. The insider registers are maintained by the department in charge of Tamfelt's investor relations.

Tamfelt's register of public insiders is available on Tamfelt's website at www.tamfelt.com/investors. The register is also available at the customer service desk of Euroclear Finland Ltd. (Finnish Central Securities Depository) in Helsinki at Urho Kekkosen katu 5 C, 8th floor.

External audit

Tamfelt's Annual General Meeting elects two auditors and two deputy auditors. All of these shall be authorized public accountants or public accountant companies. Proposals concerning the election of auditors, which have come to the notice of the Board of Directors before the Annual General Meeting, are published in the summons to Annual General Meeting whenever the proposal is backed by at least 10 % of the number of votes yielded by the company's stock and the person in question agrees to the proposal. The term of auditors expires at the closing of the first Annual General Meeting following their election.

The auditors examine the Group's and the parent company's accounts and bookkeeping and audit the parent company's administration. They submit the statutory audit report to the company's shareholders on the annual financial statements. The Board of Directors hears the auditors at least once a year.

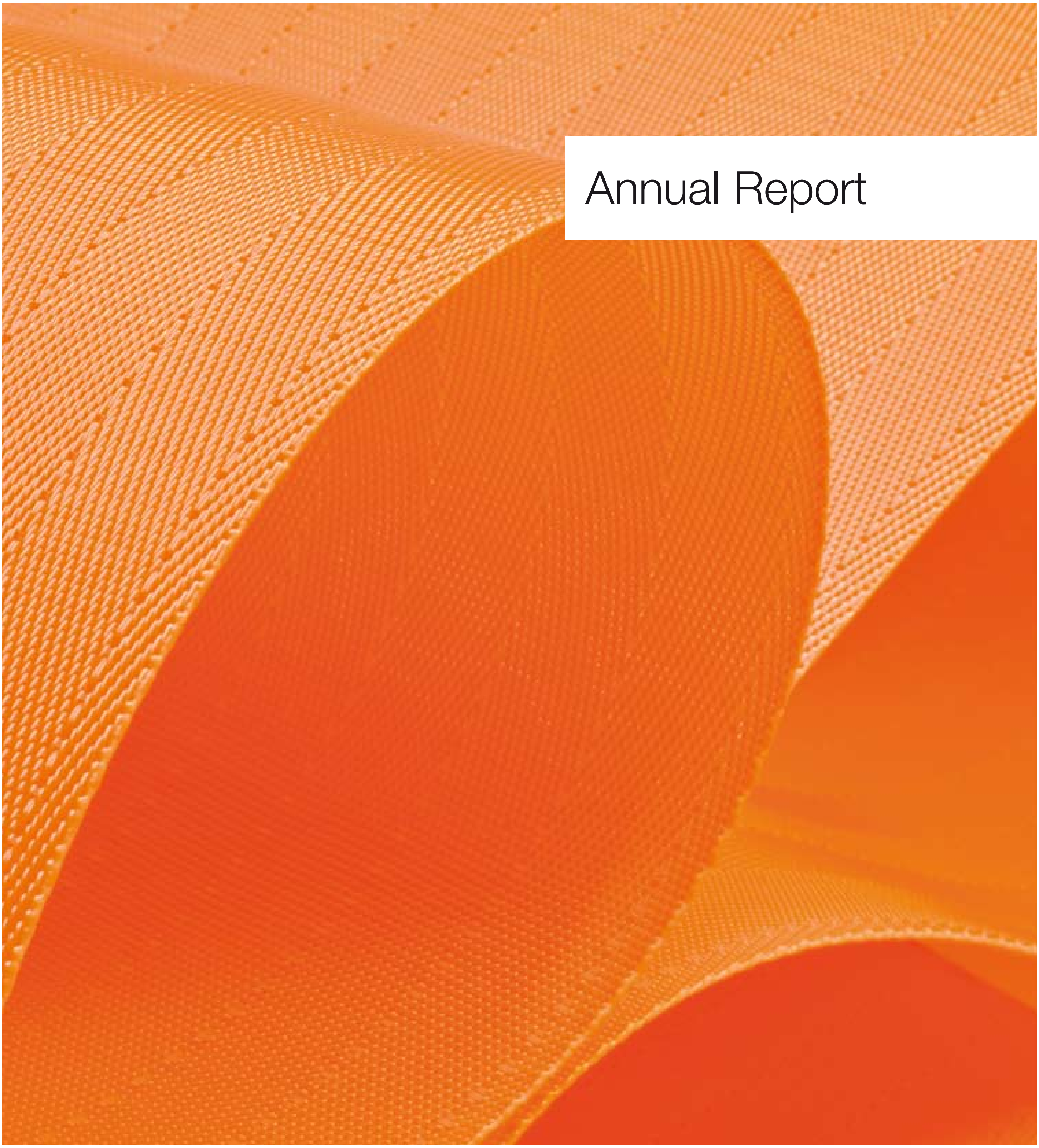
The Annual General Meeting 2008 elected Authorized Public Accountants Jari Paloniemi and Veikko Terho as auditors and Authorized Public Accountant Jukka Lahdenpää and Authorized Public Accountant Company Moore Stephens Rewinet Oy Ab as deputy auditors.

All Group auditors were paid a total remuneration of 81,491 euros in 2008. This amount includes consultation fees unrelated to auditing for 27,274 euros.

Communication

Key information on corporate governance is published on Tamfelt's website at www.tamfelt.com. The company's stock exchange releases are also available on the website immediately after publication.

Annual Report



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 filter fabrics 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 (1,469). 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 Finnish units. 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 co-operation 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

1,000 €	Ref.	2008 Jan. 1 – Dec. 31	%	2007 Jan. 1 – Dec. 31	%
Continuing operations					
Net sales	1.	**164,732**	100	**167,506**	100
Operating profit	2.–5.	**19,478**	12	**25,908**	15
Financial income	6.	1,571		1,565	
Financial expenses	7.	-3,675		-1,260	
Profit before tax		**17,374**		**26,213**	
Income tax	8.	-5,117		-5,371	
Profit for the period		**12,257**	7	**20,842**	12
Attributable to					
Equity holders of the parent		12,409		20,869	
Minority interest		-152		-27	
		12,257	7	**20,842**	12
Earnings/share calculated on profit attributable to equity holders of the parent (euro), continuing operations	9.				
Basic		0.45		0.76	
Diluted		0.45		0.75	

Consolidated balance sheet

1,000 €	Ref.	Dec. 31, 2008	%	Dec. 31, 2007	%
Assets					
Non-current assets					
Property, plant and equipment	10.	94,178		88,492	
Goodwill	11.	287		287	
Other intangible assets	11.	4,585		4,288	
Other financial assets	12.	1,281		1,396	
Deferred tax assets	13.	1,068		924	
		101,399	57	**95,387**	58
Current assets					
Inventories	14.	35,457		33,049	
Trade and other receivables	15.	29,239		29,794	
Financial assets at fair value through profit or loss	23.	960		1,886	
Tax assets based on taxable income for the period		1,531		514	
Cash and cash equivalents	16.	9,767		4,438	
		76,954	43	**69,681**	42
Total assets		**178,353**	100	**165,068**	100
Equity and liabilities					
Issued capital and reserves attributable to equity holders of the parent					
Share capital	17.	27,564		27,564	
Premium reserve	17.	1,015		1,015	
Translation differences	17.	-1,083		-1,645	
Fair value reserve	17.	-320		103	
Retained earnings		80,162		82,306	
		107,338		**109,343**	
Minority interest		54		225	
Total equity		**107,392**	60	**109,568**	66
Non-current liabilities					
Deferred tax liabilities	13.	10,486		10,592	
Interest-bearing liabilities	20.	18,280		11,728	
		28,766	16	**22,320**	14
Current liabilities					
Trade and other payables	21.	24,748		27,090	
Tax liabilities based on taxable income for the period		379		262	
Current interest-bearing liabilities	20.	17,068		5,828	
		42,195	24	**33,180**	20
Total liabilities		**70,961**		**55,500**	
Total equity and liabilities		**178,353**	100	**165,068**	100

Consolidated statement of cash flows

1,000 €	Ref.	2008 Jan. 1 – Dec. 31	2007 Jan.1 – Dec. 31
Cash flow from operating activities			
Profit for the period		**12,257**	**20,842**
Adjustments to profit	24.	17,861	15,378
Change in working capital			
Change in trade and other receivables		555	-603
Change in inventories		-2,408	-962
Change in trade and other payables		-2,342	-2,376
Change in provisions			-42
Interest received		322	378
Interest paid		-2,011	-973
Other financial items, net		-415	900
Taxes paid		-5,809	-7,309
Net cash flow from operating activities		**18,010**	**25,233**
Cash flow from investing activities			
Investment in property, plant and equipment		-14,598	-23,075
Investment in intangible assets		-1,066	-1,241
Other investments			-150
Net cash flow from investing activities		**-15,664**	**-24,466**
Cash flow from financing activities			
Withdrawal of loans		23,003	16,727
Repayment of loans		-5,828	-4,323
Dividends paid		-14,682	-16,611
Net cash flow from financing activities		**2,493**	**-4,207**
Change in cash and cash equivalents		**4,839**	**-3,440**
Cash and cash equivalents at the beginning of the period		6,324	9,779
Effect of exchange rate changes		210	113
Effect of changes in the fair value of investment		-657	-128
Cash and cash equivalents at the end of the period		**10,716**	**6,324**

Statement of changes in consolidated equity

	Issued capital and reserves attributable to equity holders of the parent							
1,000 €	Share capital	Premium reserve	Translation differences	Fair value reserve and other reserves	Retained earnings	Total	Minority interest	Total equity
Equity Dec. 31, 2006	**27,564**	**1,015**	**-495**	**508**	**78,989**	**107,581**	**229**	**107,810**
Translation differences			-1,150			**-1,150**	23	**-1,127**
Change of accounting estimates					-1,070	**-1,070**		**-1,070**
Change of fair value, financial assets available for sale				-546		**-546**		**-546**
Tax on equity items				142		**142**		**142**
Counter entry of share-based payments					130	**130**		**130**
Profit for the period					20,869	**20,869**	-27	**20,842**
Total recognized income and expenses for the period			**-1,150**	**-404**	**19,929**	**18,375**	**-4**	**18,371**
Dividends					-16,612	**-16,612**		**-16,612**
Equity Dec. 31, 2007	**27,564**	**1,015**	**-1,645**	**103**	**82,306**	**109,343**	**225**	**109,568**
Translation differences			562			**562**	-19	**543**
Change of fair value, derivatives				-480				
Change of fair value, financial assets available for sale				-92		**-92**		**-92**
Tax on equity items				149		**149**		**149**
Counter entry of share-based payments					130	**130**		**130**
Profit for the period					12,409	**12,409**	-152	**12,257**
Total recognized income and expenses for the period			**562**	**-423**	**12,538**	**12,677**	**-171**	**12,506**
Dividends					-14,682	**-14,682**		**-14,682**
Equity Dec. 31, 2008	**27,564**	**1,015**	**-1,083**	**-320**	**80,162**	**107,338**	**54**	**107,392**

Notes to consolidated financial statements

Company profile

Tamfelt Group's main products are technical textiles used in the paper, board and pulp industries, mining and chemical industries, and in wastewater treatment plants and commercial laundries. The biggest customer group is the paper and pulp industry. The PMC and Filtration businesses make up the primary segment. Geographical division is the secondary segment. The Group's manufacturing operations are concentrated on Finland, Portugal, Brazil, China and Poland.

The Group's parent company is Tamfelt Corp. The parent company's registered place of business is Tampere and its registered address is Yrittäjänkatu 21, 33710 Tampere, Finland.

Copies of the consolidated statements can be ordered at www.tamfelt.com or from the parent company at Yrittäjänkatu 21, 33710 Tampere, Finland.

The Board of Tamfelt Corp. approved the release of these financial statements at a meeting on February 6, 2009. According to the Finnish Companies Act, shareholders have the opportunity to approve or disapprove the financial statements at the Annual General Meeting held after the release. The Annual General Meeting is also entitled to amend the financial statements.

Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). Statements are based on the IAS and IFRS standards and the SIC and IFRIC interpretations effective on December 31, 2008. International Financial Reporting Standards refer to standards and interpretations that are based on the procedure adopted for application in the E.U. according to E.C. regulation No. 1606/2002. Notes to consolidated financial statements also comply with Finnish accounting legislation and other legislation governing financial statements.

The consolidated financial statements are based on the historical cost convention, excluding financial assets available for sale or held for trading and certain other financial receivables that are measured at fair value. Share-based payments are measured at fair value at the grant date. Goodwill on business combinations that took place before 2004 corresponds to goodwill based on the previous accounting standards, which is used as a deemed cost under IFRS. The classification and treatment of these acquisitions are not adjusted for the opening IFRS balance sheet. Financial statements are in thousand euros.

Since January 1, 2008 the Group has applied the following new and revised standards and interpretations:

IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions.* The interpretation clarifies the application of share-based payment transactions involving an entity's own equity instruments (IFRS 2) and requires the reassessment of such transactions in subsidiary companies. The new interpretation had no effect on the consolidated statements.

IFRIC 12 *Service Concession Arrangements*. The Group has no this type of arrangements with the public sector. The interpretation has no effect on the consolidated statements.

IFRIC 14 *IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction.* The interpretation applies to defined post-employment benefit plans and other defined long-term employment benefits according to IAS 19 when minimum funding requirement is involved. The interpretation also addresses the recognition of assets through refunds or reductions in future contributions to the plan. The Group runs this type of pension benefit plans in some countries. The adoption of the interpretation has not had any significant impact on the consolidated statements.

Amendments to IAS39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets* (effective from July 1, 2008). The amendments were issued in October 2008 on account of the global financial crisis and they apply to the reclassification of certain financial assets. Reclassification is permitted during a certain period with retroactive effect from July 1, 2008 and in certain exceptional cases thereafter. The amendments have no effect on the 2008 or future consolidated statements, because the consolidated balance sheet at the end of the period held no financial assets of the type that the Group would need to reclassify. The amendments have been approved for application within the E.U.

The Group has applied the following standard before it became compulsory:

IFRS 8 *Operating Segments* (effective for annual periods beginning on or after January 1, 2009). The standard requires segment information to be based on internal reporting to management and the applied basis of measurement. The adoption of IFRS 8 has not significantly affected segment information, which was already based on the Group's internal reporting structure.

The preparation of financial statements in conformity with IFRS requires Group management to make certain estimates and judgments regarding the application of accounting policies. Information on judgment that the management has exercised in applying the Group's accounting policies with a significant effect on disclosure is presented in "Accounting policies requiring management judgment and key uncertainty factors related to estimates".

Significant accounting policies for consolidated statements

Subsidiaries

The consolidated statements comprise the parent company Tamfelt Corp. and all its subsidiaries. Subsidiaries are entities over which the Group exercises control. Control is obtained when the Group holds more than half of the voting rights or exercises other governing power. The existence of potential voting rights that are currently exercisable is considered when assessing the terms of control. Control means the right to govern the financial and operating policies of a company for the purpose of gaining benefit from the company's operations.

Mutual shareholding is eliminated by the purchase method. Subsidiaries are consolidated from the date on which control is obtained by the Group and de-consolidated from the date on which control ceases. All inter-company transactions, balances, unrealized gains and internal profits are eliminated in the consolidated statements. Unrealized losses are not eliminated if they result from an impairment of the asset. Distribution of profit between parent company shareholders and minority shareholders is presented in connection with the income statement, and minority interest in equity is presented in the balance sheet as a separate component of equity. Minority interest in cumulative loss is recognized in the consolidated accounts up to the invested amount at the maximum.

Foreign currency translation

The performance and financial position of all Group entities are measured in the currency of the primary economic environment of the operation (functional currency). Consolidated statements are presented in euro, which is the functional and presentation currency of the parent company.

Foreign currency transactions

Foreign currency transactions are translated into functional currency applying the exchange rates prevailing at the date of the transaction; in practice often the rate which approximately corresponds to the rate of the transaction date. Monetary items denominated in foreign currency are translated into functional currency using the exchange rates of the balance sheet date. Foreign currency denominated non-monetary items that are measured at fair value are translated into functional currency applying the exchange rates of the measurement date. Other non-monetary items are measured at the rate of the transaction date. Gains and losses on foreign currency transactions and translation of monetary items are recognized in the income statement. Exchange gains and losses related to business operations are included in the corresponding items above the operating profit line. Exchange gains and losses on foreign currency denominated loans are included in financial income and expenses, excluding loans which are designated as hedges of foreign net investments and perform effectively. Translation differences on such loans are recognized in equity.

Translation of foreign Group company statements

The income statements of foreign Group companies are translated into euros applying the weighted average rate of the period, and their balance sheets are translated at the rates of the closing date. The translation of net profit at different rates in the income statement and balance sheet results in a translation difference, which is recognized in equity. Translation differences arising from the elimination of cost of foreign subsidiaries or from post-acquisition movements in equity are recognized in equity. Translation differences on the full or partial disposal of a subsidiary are recognised in the income statement as a component of capital gain or loss. Translation differences arisen before January 1, 2004 are recorded in retained earnings at the transition to IFRS, as permitted by the IFRS 1 standard, and will not be recognized in the income statement on a subsequent subsidiary disposal. Translation differences arising on or after the transition date are recognized as a separate component of consolidated equity.

Since January 1, 2004, goodwill on acquisitions of foreign entities and subsequent fair value adjustments in the carrying amount of assets and liabilities of these acquisitions are treated as assets and liabilities of these foreign entities and translated into euros using the exchange rates of the balance sheet date. Goodwill on acquisitions made before January 1, 2004 and corresponding fair value adjustments are recorded in euros.

Property, plant and equipment

Items of property, plant and equipment are measured at their historical cost less accumulated depreciation and impairment. If an item consists of several components with varying useful lives, each component is treated as a separate asset. In this case the cost of replacement is capitalized. In other cases, subsequent costs are included in the carrying amount of the asset only when future financial benefit gained from the item is likely to flow to the Group and the cost of the item can be reliably measured. Other repair and maintenance costs are charged through profit and loss as they are incurred. Depreciation on assets is calculated using the straight-line method over their estimated useful lives. Land is not recognized as a depreciable asset. The estimated useful lives are the following:

Buildings	25 to 40 years
Machinery and equipment	3 to 15 years

The residual values and useful lives are reviewed for each balance sheet and, if appropriate, adjusted to reflect any changes that may have occurred in the expectation of financial benefit. Depreciation on property, plant and equipment ceases when the asset is classified as held for sale according to IFRS Standard 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Capital gain or loss on the decommissioning and disposal of property, plant and equipment are included in other operating income or expenses.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants, such as grants for the purchase of property, plant or equipment, are recognized as deduction of the carrying amounts of these assets. Government grants are recognized as income in the form of lower depreciation over the useful life of the asset.

Intangible assets

Intangible assets are only recorded in the balance sheet when the cost of the asset can be reliably measured and future financial benefit to be gained from the item is likely to flow to the Group. Patents, trademarks, and licenses with a limited useful life are stated in the balance sheet at original cost and charged to the income statement using the straight-line method over their known or estimated useful lives. Intangible assets with an indefinite useful life are not depreciable; instead, they are tested annually for impairment.

The useful lives of the assets are the following:

Patents	10 years
R&D expenses	5 years
Computer software	3 to 10 years
Other	5 to 10 years

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets at acquisition of a company purchased after January 1, 2004. Goodwill on earlier business combinations corresponds to the carrying amount determined according to the previous accounting standards and used as deemed cost. The classification or treatment of these acquisitions is not adjusted for the opening IFRS balance sheet.

Goodwill (and other intangible assets with indefinite useful life) is not depreciable as regulated; instead, these assets are tested annually for impairment. For this purpose, goodwill is focused on entities generating cash flow or, in the case of an associate, goodwill is included in the cost of the associate. Goodwill is carried at original cost less impairment.

Research and development

Research expenditure is recognized as an expense in the income statement. Expenditure for the development of new or improved products is recognized as intangible assets in the balance sheet from the date on which the product is technically feasible and commercially viable and is expected to bring future financial benefit. Development costs previously recognized as an expense are not recognizable as an asset in a subsequent period. The asset is depreciated over its useful life commencing from the time it is ready for use. Assets not ready for use are tested annually for impairment. The useful life of capitalized R&D expenditure is five years, over which period capitalized assets are amortized on a straight-line basis.

Inventories

Inventories are stated at the lower of cost or probable net realizable value. The cost of materials and supplies is determined by the moving average method. The cost of finished goods and work in progress comprises raw materials, direct labor costs, other direct costs and an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less estimated expenses required to finish the product and selling expenses.

Impairment of assets

At each balance sheet date, the Group determines whether there is any indication of impairment of an asset. If any such indication exists, the recoverable amount of the asset is estimated. Besides, the recoverable amounts of the following assets are estimated annually regardless of whether there is any indication of impairment: goodwill, intangible assets with indefinite useful life, and intangible assets in progress.

The need for impairment is reviewed at the level of cash generating units, that is, the lowest unit level that is mostly independent of other units and whose cash flows can be identified separately from other cash flows.

Recoverable amount is the higher of the fair value of the asset less costs to sell, or the value in use. Value in use means the estimated future net cash flows obtainable from the asset or a cash-generating unit, which are discounted to their present value. The recoverable amount of financial assets is either the fair value or the present value of expected future cash flows discounted at the original effective interest rate. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is immediately recognized in the income statement. If an impairment loss is recognized for a cash-generating unit, the loss is first allocated to reduce goodwill on the cash-generating unit and then to reduce other assets of the unit on a pro-rata basis. An impairment loss is reversed if there is a change of circumstances and the recoverable amount has changed since the last impairment loss for the asset was recognized. However, the reversal shall not exceed the carrying amount that the asset would have if an impairment loss had not been recognized. An impairment loss for goodwill is never reversed. Nor is any impairment loss reversed on equity investments classified as financial assets available for sale. Interest income is accrued after impairment recognition on receivables measured at amortized cost according to IAS 39 at the rate that was applied as discount interest rate for impairment calculation.

Employee benefits

Pension liabilities

Pension schemes are classified as defined benefit plans and defined contribution plans. Contributions are charged to the income statement in the period to which they relate. The benefit arisen from the Group's defined benefit plans over the period is expensed in the income statement.

Share-based payments

The Group has applied the IFRS 2 *Share-based Payments* standard to all stock options granted after November 7, 2002 and not vested before January 1, 2005. Any earlier option schemes are not expensed in the income statement. Stock options are recognized at fair value at the grant date and expensed on a straight-line basis over the vesting period. The expense determined at the grant date is based on the Group's estimate of the number of options which are assumed to vest at the end of the vesting period. Fair value is determined by the Black-Scholes option pricing model. The impacts of non-market conditions (including profitability and a certain profit growth target) are not included in the determination of the fair value of stock options. Such impacts are included in assumptions about the number of options that are expected to become exercisable at the end of the vesting period. The Group updates the assumption of the final number of options on each balance sheet date. Changes in the assumptions are recognized in the income statement. As stock options are exercised, settlements received from subscriptions (adjusted with transaction expenses, if any) are recognized in equity (nominal value) and the reserve of invested non-restricted equity.

Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, payment is probable, and a reliable estimate can be made of the amount of the obligation. If some of the obligation is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset, but only when it is virtually certain. Provisions are measured at the present value of the expenditure required to settle the obligation. The discount rate chosen to determine the present value reflects current market assessments of the time value of money at the time of review and the risks involved in the obligation.

A restructuring provision is recognized when the Group has prepared a detailed restructuring plan and begun its implementation or notified thereof. A restructuring plan includes the following information at least: the business subject to restructuring, principal places of business affected, the location, functions and estimated number of employees who will be paid benefits upon termination, costs involved, and the time of implementation of the plan.

Provisions will be recognized for loss-making contracts when the necessary expenses required for the fulfilment of obligations exceed the benefits received from the contract.

A provision for obligations regarding decommissioning or environmental rehabilitation is recognized when the Group is under obligation based on environmental legislation or the Group's environmental responsibility policies regarding the decommissioning of a plant, remedy of environmental damage, or relocation of equipment.

Income tax

The tax expense of the income statement consists of tax based on taxable profit for the period and deferred tax. The tax expense is recognized in the income statement, with the exception of items recognized directly in equity, in which case the corresponding tax effect is also recognized as part of equity. Tax based on taxable profit for the period is calculated on taxable income applying the effective tax rate of the particular country. The tax is adjusted with prior year taxes, if any.

Deferred tax is calculated on all temporary differences between the carrying amount and tax base. The biggest temporary differences arise from the depreciation of property, plant and equipment, revaluation of derivative financial instruments, defined benefit pension plans, unused tax losses, and fair value measurement at acquisition.

Deferred tax is not provided on non-deductible impairment of goodwill. Deferred tax is not provided on retained subsidiary earnings to the extent that the difference is unlikely to reverse in the foreseeable future. Deferred tax is computed using tax rates enacted by the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Revenue recognition

Sales of goods and services

Revenue from the sales of goods is recognized when significant risks and rewards of ownership of goods have been transferred to the buyer. Revenue from the sale of services is recognized when the service has been rendered.

Rent income

Rent income is recognized on a straight-line basis over the rental period.

Licence and royalty income

Licence and royalty income is recognized according to the actual content of the agreement.

Interest and dividend

Interest income is recognised using the effective interest method and dividend income is recognized when the right to receive dividend is established.

Financial assets and liabilities

The Group has applied IAS 39 and IFRS 7 standards for the recognition of financial assets and liabilities. Transaction costs are included in the original carrying amount of financial assets, when the item is not measured at fair value through profit or loss. All acquisitions and sales of financial assets are booked on the trade date.

Financial assets are derecognized when the Group has lost a contractual right to cash flows or transferred significant risks and benefits out of the Group.

Financial assets stated at fair value through profit or loss are divided in two subcategories: financial assets held for trading and financial assets designated at fair value through profit or loss at inception. Financial assets held for trading are usually acquired for the purpose of short-term profit taking from changing market prices. Derivative contracts that do not meet the terms of hedge accounting are classified as being held for trading. Financial assets held for trading and financial assets expiring within 12 months are included in current assets. The items of this category are recognized at fair value, and the fair values of all investments of this category are based on current bid prices quoted in active markets at the balance sheet date. Both unrealized and realized gains and losses arising from changes in fair value are recognized in the income statement in the period in which they arise.

Held-to-maturity-investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. They are recognized at amortized cost in non-current assets.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and not held for trading. This category includes the Group's financial assets arising from the transfer of cash, goods or services to a debtor. They are recognized at amortized cost in current or non-current financial assets; in the latter if they expire in over 12 months.

Available-for-sale financial assets are non-derivatives that are specifically designated in this category or not classified in any other category. They are included in non-current assets, unless they are intended to be disposed of within 12 months of the balance sheet date, in which case they are recorded in current assets. Available-for-sale financial assets may comprise shares and interest-bearing investments, and they are recognized at fair value. As a rule, the fair value of the investments of this category is based on current bid prices quoted in active markets at the balance sheet date. Changes in the fair value of available-for-sale financial assets are recognized in equity in fair value reserve including tax effect. Changes in fair value are removed from equity and recognized in the income statement upon disposal or impairment of the investment to the extent that an impairment loss should be recorded.

Cash and cash equivalents comprise cash in hand, bank deposits held at call, and other highly liquid short-term investments. Items classified as cash or cash equivalents mature within three months or less from the date of acquisition.

Financial liabilities are initially measured at the fair value of consideration received. Transaction costs are included in the original carrying amount of financial liabilities. Financial liabilities may include current and non-current liabilities, which can be interest-bearing or interest-free.

Derivative financial instruments and hedge accounting

The Group has not applied IFRS-based hedge accounting to derivative financial instruments which hedge currency-denominated items or probable future cash flows, even if they are acquired for hedging purposes. Forward exchanges are the principal hedging instrument for the Group's commercial cash flow. Non-hedging derivative financial instruments are measured at fair value and recognized in financial income and expenses.

In the balance sheet, non-hedging derivatives are included in other current receivables. The Group does not hold derivative financial instruments for speculation purposes.

The parent company Tamfelt Corp. has signed electricity forward contracts to even out the effects of fluctuating electricity rates in the company's facilities in Finland. The contracts are charged through profit and loss as they mature. Liability for non-mature electricity forward contracts is presented in the Notes. Changes in the hedge fund are recognized in fair value reserve and other reserves included in the Statement of changes in consolidated equity.

Operating profit

IAS 1 *Presentation of Financial Statements* does not define the concept 'operating profit'. The Group has defined the concept as follows: operating profit is the net total which is formed when other operating income is added to net sales and the following items are detracted: the cost of purchase adjusted by change in the inventory of materials, finished goods, work in progress and the cost of manufacture for own use, the cost of employee benefits, depreciation, loss on impairment and other operating expenses. All other items of the income statement are presented below the operating profit line. Exchange differences are included in operating profit, if they arise from business-related items; otherwise they are recorded in financial items.

Accounting policies requiring management judgment and key uncertainty factors related to estimates

The preparation of financial accounts requires the management to make estimates and assumptions concerning future events, which call for judgment in the application of accounting policies. The estimates are based on the management's best judgment at the time of statement release. Changes, if any, to the estimates and assumptions are recognized during the period in which the change is made and in all subsequent periods.

Impairment testing

The Group conducts annual impairment testing on goodwill, intangible assets in progress and intangible assets with infinite useful life, and assesses whether there is any indication of impairment as provided above in Significant Accounting Policies. Recoverable amounts of cash-generating units are determined on the basis of value-in-use calculations. The calculation requires the use of estimates.

Application of new and amended IFRS standards

IASB has published the following new or revised standards and interpretations, which are not yet effective and which have not yet been applied by the Group. The Group will apply each standard and interpretation from the respective effective date or, if the effective date is other than the first date of the financial period, from the beginning of the next financial period following the effective date.

IAS23 *Borrowing Costs* (revised in 2007) (effective for annual periods beginning after January 1, 2009). The revised standard requires that the borrowing costs incurred from the acquisition, construction or production of a qualifying asset, such as a plant, are immediately recognized as part of the cost of that asset. As permitted under the previous version of the standard, the Group would expense borrowing costs in the period in which they were incurred. The Group estimates that the adoption of the revised standard will have no material impact on future consolidated statements. The revised standard has yet to be approved for application in the E.U.

IFRIC 13 *Customer Loyalty Programmes* (effective for annual periods beginning after July 1, 2008). The Group runs no loyalty programs, and the interpretation has no effect on the future consolidated statements. The interpretation has yet to be approved for application in the E.U.

IAS 1 *Presentation of Financial Statements* (revised in 2007) (effective for annual periods beginning after January 1, 2009). The revised standard changes the presentation of financial statements. It also alters much of the terminology used in other standards, and some titles in the statements will change. The basis for calculating earnings per share will not be affected. The revised standard has yet to be approved for application in the E.U.

IFRS 13 *Business Combinations* (revised in 2007) (effective for annual periods beginning on or after July 1, 2009). The scope of the revised standard is wider than the application hitherto. The standard entails several significant changes to the Group's statements. They affect the amount of goodwill to be booked on acquisitions and the sales figures of the businesses. They also affect the treatment of items recognized in the income statement both in the acquisition period and in the periods during which additional purchase price is paid or additional acquisitions are made. According to the transition rules, business combinations that were effected before the compulsory adoption of the standard are not adjusted. The revised standard has yet to be approved for application in the E.U.

IAS 27 *Consolidated and Separate Financial Statements* (amended in 2008) (effective for annual periods beginning on or after July 1, 2009). The amended standard requires the effects arising from changes in subsidiary ownership to be recognized directly in Group equity when the parent company remains in control. If subsidiary control is lost, the remaining investment is recognized at fair value through profit or loss. A similar accounting treatment will in future apply even to associates (IAS 28) and interests in joint ventures (IAS 31). As a result of the amendment, subsidiary losses can be allocated to the non-controlling interest even when they exceed the non-controlling interest in the subsidiary's equity. The revised standard has yet to be approved for application in the E.U.

IFRS 2 Amendments to *Share-based Payments – Vesting Conditions and Cancellations* (effective for annual periods beginning on or after January 1, 2009). The amendment requires that all non-vesting conditions are taken into account for the determination of the fair value of granted equity instruments. The amendment also specifies the treatment of cancellations. The Group is examining the effects of these amendments on future financial statements. The amendments have yet to be approved for application in the E.U.

IAS 1 *Presentation of Financial Statements* and IAS 32 *Financial Instruments*. Amendments to presentation standards. *Puttable Financial Instruments and Obligations Arising on Liquidation* (effective for financial periods beginning on or after January 1, 2009). The amendments require the classification of certain puttable financial instruments as equity rather than liability, as they have been treated hitherto. The adoption of the amended standard will have no effect on future consolidated statements. The amendments have yet to be approved for application in the E.U.

Improvements to IFRSs (Annual Improvements 2007) (effective mainly for annual periods beginning on or after January 1, 2009). Through the Annual Improvements process, small and less urgent amendments are collected into one entity and implemented once a year. The amendments included in the process apply to a total of 34 standards. The effects of the amendments vary depending on the standard, but the Group estimates that future amendments will not significantly affect the consolidated financial statements. The amendments have yet to be approved by the E.U.

Amendments to IFRS 1 *First-time Adoption of IFRS-standards* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity of Associate* (effective for annual periods beginning on or after January 1, 2009). The amendments apply to first-time adopters and thus have no effect on the Group's future financial statements.

IFRIC 15 *Agreements for the Construction of Real Estate* (effective for annual periods beginning on or after January 1, 2009). The interpretation offers guidance as to the choice of standard applicable to income generated from the construction of real estate and as to when the revenue can be recognized. The interpretation has no effect of future consolidated statements, because the Group is not involved in construction business. The interpretation has yet to be approved for application in the E.U.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (effective for annual periods beginning on or after October 1, 2008). The interpretation specifies the treatment of the hedging of a net investment in a foreign operation in consolidated statements. The Group assumes that the new interpretation has no significant effect on future consolidated statements. The interpretation has yet to be approved for application in the E.U.

Amendment to IAS 39 *Financial instruments: Recognition and Measurement (Eligible Hedged Items)* (effective for annual periods beginning on or after July 1, 2009). The amendments apply to hedge accounting. They specify the guidance provided in the standard on hedging a one-sider risk or inflation when the item is included in financial assets or liabilities. The Group assumes that the amendment has no significant effect on future consolidated statements. The amended standard has yet to be approved for application in the E.U.

1. Segment information

Segment information is presented according to the Tamfelt Group's business and geographical segments. The primary segment reporting format is based on business segments. The business segments are based on the Group's internal organization structure and internal financial reporting. The income of the business segments consists of technical textiles.

Segment assets and liabilities consist of business-related items, including tangible and intangible assets, inventories, trade and other business-related receivables, and trade and other business-related payables. Consolidated administrative expenses, assets and liabilities and financial items are shown in Other operations.

Pricing between business segments is determined by current market prices. There are no significant internal sales between the segments.

The Group's business segments are:
Paper and board clothing (Tamfelt PMC) and
Filter fabrics (Tamfelt Filtration).

The adoption of IFRS 8 has not affected the Group's business segment reporting, which was already based on internal management reporting where assets and liabilities are measured according to IFRS provisions. Segment information for 2007 was adjusted to conform to the presentation required by IFRS 8.

In 2008, the income from one single customer accounted for 14.5 per cent (down from 15.8 per cent) of the consolidated income.

Business segment 2008:

1,000 €	Tamfelt PMC	Tamfelt Filtration	Other	Group
Income				
External sales	111,763	52,969		164,732
Profit				
Operating profit	15,869	6,020	-2,411	19,478
Financial items			-2,104	-2,104
Taxes			-5,117	-5,117
Profit for the period				12,257
Other data				
Segment assets	121,589	39,740	17,024	178,353
Segment liabilities	48,590	10,960	11,411	70,961
Investments	12,067	2,617	980	15,664
Depreciation and impairment	8,304	2,360	166	10,830

Business segment 2007:

1,000 €	Tamfelt PMC	Tamfelt Filtration	Other	Group
Income				
External sales	113,693	53,813		167,506
Profit				
Operating profit	21,171	7,068	-2,331	25,908
Financial items			305	305
Taxes			-5,371	-5,371
Profit for the period				20,842
Other data				
Segment assets	113,990	39,059	12,019	165,068
Segment liabilities	25,975	8,012	21,513	55,500
Investments	20,748	2,989	729	24,466
Depreciation and impairment	7,235	2,177	183	9,595

Geographical segments

1,000 €	Net sales		Investments		Assets	
	2008	2007	**2008**	2007	**2008**	2007
Finland	55,874	57,580	9,902	14,242	139,672	136,232
Other Europe	65,185	68,152	344	1,114	17,364	15,308
Other countries	62,151	58,958	5,418	9,110	36,946	25,952
Elimination	-18,478	-17,184			-15,629	-12,424
Group	**164,732**	167,506	**15,664**	24,466	**178,353**	165,068

2. Other operating income

1,000 €	**2008**	2007
Gain on the disposal of property, plant and equipment	195	114
Rent income	18	19
Other	634	173
	847	306

3. Operating costs

Materials, services and other operating expenses

1,000 €	**2008**	2007
Change in the inventory of finished goods and work in progress	-1,915	1,558
Purchases during the period	37,032	37,657
Change in inventories	1,310	-2,448
Rent expenses	810	556
Outsourced and subcontracted services	574	1,075
Loss on the disposal and scrapping of property, plant and equipment	70	211
Other expense items	30,656	30,067
	68,537	68,676

Expenses from employee benefits

1,000 €	**2008**	2007
Payroll		
Members of the Boards of Directors and Presidents	1,541	1,172
Other salaries	52,841	48,851
	54,382	50,023
Pension expenses	8,276	8,962
Granted stock options settled in equity or in cash	130	130
Other social expenses	3,946	4,518
	66,734	63,633
Number of employees		
Average	1,534	1,469
At the end of the period	1,535	1,496

Information on management benefits and loans is presented in Note 27 Related-party transactions.

4. Depreciation and impairment

1,000 €	**2008**	2007
Depreciation per asset groups		
Property, plant and equipment		
Buildings	764	766
Machinery and equipment	9,145	7,975
Other tangible assets	14	14
Intangible assets		
Other intangible assets	907	840
	10,830	9,595

5. Research and development costs

The consolidated R&D cost was 4,281,000 euros (down from 4,475,000 euros).

6. Financial income

1,000 €	**2008**	2007
Interest income	322	378
Dividend income	125	80
Exchange rate gains	791	786
Remeasurement of forward exchanges, not in hedge accounting	271	
Gain on the disposal of financial assets held for trading	62	321
	1,571	1,565

Items above the operation profit include 86,000 euros of exchange rate gains in 2008 (2007: losses 960,000 euros).

7. Financial expenses

1,000 €	**2008**	2007
Interest expenses	2,021	973
Exchange rate losses	1,049	96
Remeasurement of forward exchanges, not in hedge accounting		63
Loss on the disposal of financial assets held for trading	64	
Change in the fair value of the financial assets at fair value through profit or loss	556	128
	3,690	1,260

8. Income tax

1,000 €	**2008**	2007
Tax based on taxable income for the period	5,230	6,342
Taxes for prior periods	-50	-811
Deferred taxes	-63	-160
	5,117	5,371

Reconciliation between income statement tax expences and taxes computed at the Group's domestic tax rate (26%).

1,000 €	**2008**	2007
Profit before tax	**17,374**	26,212
Taxes computed at domestic tax rate	4,517	6,815
Taxes for prior periods	-50	-811
Different tax rates in foreign subsidiaries	153	410
Taxfree income	-337	-606
Non-deductible expenses	275	137
Use of previously unrecorded fiscal losses	-267	-515
Unrecorded tax asset in the profit for the period	663	303
Change in deferred taxes	163	-362
Taxes in the income statement	**5,117**	5,371

9. Earnings per share

Basic earnings/share are computed by dividing profit attributable to equity holders of the parent by the weighted average number of outstanding shares in the period.

	2008	2007
Profit for the period attributable to equity holders of the parent, continuing operations (1,000 €)	12,409	20,869
Weighted average number of shares in the period (1,000)	27,564	27,564
Basic earnings per share (euro), continuing operations	0.45	0.76

In the computation of diluted earnings per share, the weighted average number of shares includes the dilutive effect following from the conversion into shares of all diluting potential shares. In the Group, stock options are an instrument increasing the number of shares. Stock options have a dilutive effect when the subscription price is lower than the fair value of the share. Dilutive effect is the number of shares which must be issued without consideration because the proceeds received from exercised stock options would not enable the Group to issue the same number of shares at fair value. The fair value of a share is based on the average price of shares during the period.

	2008	2007
Profit for the period attributable to equity holders of the parent, continuing operations (1,000 €)	12,409	20,869
Weighted average number of shares in the period (1,000)	27,564	27,564
Effect of stock options (1,000)	15	122
Weighted average number of shares for the calculation of diluted earnings per share (1,000)	27,579	27,686
Diluted earnings per share (euro), continuing operations	0.45	0.75

10. Property, plant and equipment

1,000 €	Land	Buildings	Machinery and equipment	Other tangible assets	Pre-payments	Total
Cost Jan. 1, 2008	880	30,650	175,874	474	1,398	**209,276**
Increase		330	14,322	46	955	**15,653**
Decrease		-85	-844		-1,197	**-2,126**
Exchange differences		274	1,046		-27	**1,293**
Cost Dec. 31, 2008	**880**	**31,169**	**190,398**	**520**	**1,129**	**224,096**
Depreciation and impairment Jan. 1, 2008		-11,372	-109,035	-378		**-120,785**
Depreciation		-770	-9,168	-14		**-9,952**
Decrease		6	801			**807**
Exchange differences			11			**11**
Depreciation and impairment Dec. 31, 2008		**-12,136**	**-117,391**	**-392**		**-129,919**
Carrying amount Jan. 1, 2008	880	19,278	66,839	96	1,398	**88,491**
Carrying amount Dec. 31, 2008	880	19,033	73,007	128	1,129	**94,178**
Machinery and equipment, undepreciated portion Dec. 31, 2008						**62,239**
Cost Jan. 1, 2007	942	24,164	161,580	474	7,551	**194,711**
Increase		7,100	22,126		1,382	**30,608**
Decrease	-62	-620	-7,835		-7,533	**-16,050**
Exchange differences		6	3		-2	**7**
Cost Dec. 31, 2007	**880**	**30,650**	**175,874**	**474**	**1,398**	**209,276**
Depreciation and impairment Jan. 1, 2007		-11,451	-107,145	-364		**-118,960**
Depreciation		-766	-7,974	-14		**-8,754**
Decrease		843	6,077			**6,920**
Exchange differences		2	7			**9**
Depreciation and impairment Dec. 31, 2007		**-11,372**	**-109,035**	**-378**		**-120,785**
Carrying amount Jan. 1, 2007	942	12,713	54,435	110	7,551	**75,751**
Carrying amount Dec. 31, 2007	880	19,278	66,839	96	1,398	**88,491**
Machinery and equipment, undepreciated portion Dec. 31, 2007						**63,412**

11. Intangible assets

1,000 €	Goodwill	Other intangible assets	**Total**
Cost Jan. 1, 2008	1,346	11,787	**13,133**
Increase		1,208	**1,208**
Exchange differences		-5	**-5**
Cost Dec. 31, 2008	**1,346**	**12,990**	**14,336**
Depreciation and impairment Jan. 1, 2008	-1,059	-7,499	**-8,558**
Depreciation		-907	**-907**
Depreciation and impairment Dec. 31, 2008	**-1,059**	**-8,406**	**-9,465**
Carrying amount Jan. 1, 2008	287	4,288	**4,575**
Carrying amount Dec. 31, 2008	287	4,584	**4,872**
Cost Jan. 1, 2007	1,346	11,826	**13,172**
Increase		1,241	**1,241**
Acquisition of subsidiary			**0**
Decrease		-1,279	**-1,279**
Exchange differences		-1	**-1**
Cost Dec. 31, 2007	**1,346**	**11,787**	**13,133**
Depreciation and impairment Jan. 1, 2007	-1,059	-7,793	**-8,852**
Depreciation		-840	**-840**
Decrease		1,134	**1,134**
Exchange differences			**0**
Depreciation and impairment Dec. 31, 2007	**-1,059**	**-7,499**	**-8,558**
Carrying amount Jan. 1, 2007	287	4,033	**4,320**
Carrying amount Dec. 31, 2007	287	4,288	**4,575**

12. Other financial assets

The Group sold housing shares in the review period. Change in the fair value of investments available for sales is recognized in equity in fair value reserve.

1,000 €	**2008**	2007
Publicly quoted equity investments	966	1,059
Non-quoted equity investments	315	337
	1,281	1,396

13. Deferred tax assets and liabilities

Change in deferred tax in 2008

1,000 €	Jan. 1, 2008	Charged to income statement	Charged to equity	Dec. 31, 2008
Deferred tax assets				
Internal margin in inventories	436	35		471
Amortization differences	488	-16	125	597
	924	**19**	**125**	**1,068**
Deferred tax liabilities				
Accumulated depreciation difference	8,981	-97		8,884
Fair value measurement of other investments	36		-24	12
Fair value measurement of derivatives	4	70		74
Acquisition of subsidiaries	40	-4		36
Other remeasurement differences	660	-101		559
Amortization differences	871	50		921
	10,592	**-82**	**-24**	**10,486**

Change in deferred tax in 2007

1,000 €	Jan. 1, 2007	Charged to income statement	Charged to equity	Dec. 31, 2007
Deferred tax assets				
Internal margin in inventories	512	-76		436
Amortization differences	136	352		488
	648	**276**		**924**
Deferred tax liabilities				
Accumulated depreciation difference	8,879	102		8,981
Fair value measurement of other investments	178		-142	36
Fair value measurement of derivatives	21	-17		4
Acquisition of subsidiaries	40			40
Other remeasurement differences	758	-98		660
Amortization differences	974	-103		871
	10,850	**-116**	**-142**	**10,592**

14. Inventories

1,000 €	**2008**	2007
Materials and supplies	11,355	12,560
Work in progress	13,764	8,524
Finished products	10,338	11,965
Total	**35,457**	33,049

Expenses recognized on the carrying amount of inventories were 2,248,000 euros (up from 1,143,000 euros in 2007).

15. Trade and other receivables

1,000 €	**2008**	2007
Trade receivables	27,061	27,353
Accrued income	3,363	2,636
Loan assets	346	319
	30,770	30,308

Material items in accrued income consist of amortization related to personnel and taxes. The Group recognized a loss of 182,000 euros on trade receivables (up from 33,000 euros).

Non-interest bearing receivables were distributed among various currencies as follows:

1,000 €	**2008**	2007
AUD	91	56
BRL	433	509
CAD	680	752
CHF	1	
CNY	1,483	1,815
EUR	19,205	20,862
GBP	163	39
KRW	38	
NOK	11	77
PLN	208	336
SEK	79	144
USD	9,237	5,455
	30,424	29,989

16. Cash and cash equivalents

1,000 €	**2008**	2007
Cash on hand and in banks	9,767	4,438
	9,767	4,438

17. Equity

1,000 €	Quantity (1,000)	Share capital	Premium
Jan. 1, 2007	27,564	27,564	1,015
Dec. 31, 2007	27,564	27,564	1,015
Jan. 1, 2008	27,564	27,564	1,015
Dec. 31, 2008	27,564	27,564	1,015

Minimum capital stock according to Tamfelt Corp.'s Articles of Association is 10,000,000 euros and maximum capital stock 80,000,000 euros. On December 31, 2008 the company's capital stock was 27,563,964 euros and the number of shares was 27,563,964.
The shares were divided as follows:

	2008		2007	
	Quantity	eur	Quantity	eur
Common share (20 votes/share)	10,119,198	10,119,198	10,119,198	10,119,198
Preferred share (1 vote/share)	17,444,766	17,444,766	17,444,766	17,444,766
	27,563,964	**27,563,964**	27,563,964	27,563,964

Dividends

The Board of Directors proposes to the Annual General Meeting that dividend should be distributed as follows:

Common share	0.16 euros/share
Preferred share	0.18 euros/share

Description of reserves

Translation differences

Translation differences reserve contains differences arising from the translation of the financial statements of foreign entities. In the opening IFRS balance sheet, accumulated translation differences of foreign entities were assumed as zero.

Fair value reserve and other reserves

Fair value reserve consists of difference between the fair value and the carrying value of financial assets available for sale adjusted by deferred tax liability.

Mandatory redemption clause

A shareholder whose percentage of the company's aggregate stock or number of votes equals or exceeds 33 1/3 per cent shall be liable to redeem the shares held by other shareholders, irrespective of the class of share, in so far as other shareholders demand their rights of redemption, on the conditions detailed in Article 12 of the Articles of Association.

Detailed information on shares is presented in Stock analysis.

18. Share-based payments

The Group has run stock option schemes since April 1, 1998. Options granted after November 7, 2002 and not vested before January 1, 2005 are recognized according to IFRS 2 Share-based Payments. In Tamfelt's statements for 2008 this applies to E and F options of the year 2005.

The E options vested at November 1, 2007 and the F options will vest at November 1, 2009, and both will mature at May 30, 2011. The 2005 options expire also if the holder's employment in the Group ends before November 1, 2009 for a reason other than death or retirement on a pension.

Other key conditions of stock options effective during the year are presented in the table below.

Option scheme

	Share-based E options granted to key executives	**Share-based F options granted to key executives**
Nature of the scheme	Granted stock options	Granted stock options
Grant date	May 10, 2005	May 10, 2005
Number of granted instruments	218,500	218,500
Exercise price, euro	9.20	9.20
Share price at grant date, euro	8.10	8.10
Agreed term in years	5.10	5.10
Expected volatility, %	20.95	20.95
Time to maturity, years	6.1	6.1
Risk-free interest, %	2.87	2.87
Fair value of instrument at grant date, euro	1.81	1.81
Valuation model	Black-Scholes	Black-Scholes

Changes and weighted average redemption prices of the stock options during the period are:

	2005 E options		2005 F options	
	Exercise price as weighted average euro/share	**Quantity**	**Exercise price as weighted average euro/share**	**Quantity**
At the beginning of the period	8.18	218,500	8.18	218,500
Granted new options	-	-	-	-
Forfeited options	-	-	-	-
Exercised options	-	-	-	-
Expired options	-	-	-	-
Exercisable options at the end of the period	7.64	218,500	7.64	218,500

The redemption prices and deadlines of options outstanding on the accounting date are the following:

Maturity year	**2008 Exercise price (euro)**	**2008 Quantity**
2007	7.64	218,500
2009	7.64	218,500

The fair value of shares in option schemes under which shares are granted is based on quoted share price. Dividends are not included in the calculation of fair value of stock options.

19. Pension liabilities

Pension plans for the Group companies are operated by insurance corporations, and most of them are defined contribution plans. A few foreign Group companies run benefit-based schemes, in which case the liability is presented in the balance sheet and change for the period as an expense in the income statement. In defined contribution plans, contributions are paid to the insurance corporation, after which the Group has no other payment liabilities. The Group's payments to the defined contribution plans are recognized as an expense for the period which the charge relates to.

1,000 €	**2008**	2007
Defined benefit-based pension liability in balance sheet	684	804

20. Interest-bearing liabilities

1,000 €	**2008**	2007
Long-term		
Other loans	18,280	11,728
	18,280	11,728
Short-term		
Pension loans		1,583
Other loans	17,068	4,245
	17,068	5,828

Maturity dates of long-term loans

Year 2008

1,000 €	**2010**	**2011**	**2012**
Bank loans	2,011	2,000	14,269
	2,011	**2,000**	**14,269**

Year 2007

1,000 €	**2009**	**2010**	**2011**	**2012**
Other loans	2,067	2,011	2,000	5,650
	2,067	**2,011**	**2,000**	**5,650**

The Group's bank loans bear either variable or fixed interest. The average interest rate is 5.62 per cent (down from 5.66 in 2007).

Interest-bearing long-term liabilities were distributed among various currencies as follows:

1,000 €	**2008**	2007
EUR	5,011	7,078
CNY	13,269	4,650
	18,280	11,728

21. Trade and other payables

1,000 €	**2008**	2007
Short-term		
Trade payables	2,983	6,781
Advances received	359	408
Accrued liabilities	17,533	15,428
Other liabilities	4,252	4,473
	25,127	27,090

Material items of accrued and other liabilities consist of amortized staff costs and taxes.

Non-interest bearing short-term liabilities were distributed among various currencies as follows:

1,000 €	**2008**	2007
BRL	185	232
CAD	189	761
CHF	3	
CNY	122	67
EUR	23,540	25,468
GBP	10	9
PLN	97	337
SEK	6	6
USD	974	210
	25,127	27,090

22. Financial risk management

The objective of the Group's financial risk management is hedging against the impact of unfavorable changes in the financial market. The goals and limits of the Group's financial operations are defined in the financial policy adopted by the company's Board of Directors. Currency risk is the primary financial risk.

Currency risk

Some 13 per cent of the Group's sales and some 15 per cent of purchases are conducted in foreign currencies. The U.S. dollar is the principal sales currency. As a rule, the currency-specific net position is reviewed in one-year term, and the Group's policy is to hedge this position. The main hedging instruments are 1 to 12-month forward exchange contracts that are not covered by cash flow hedging. Currency risk related to the equity of foreign subsidiaries is not hedged. The Group has foreign net investments and it is thus exposed to risks that arise when JPY-denominated investments are translated into the parent company's functional currency. The Group has not hedged its foreign net investments.

The parent company's functional currency is the euro. The foreign-currency denominated assets and liabilities translated into the euro at the rate of the closing date are the following:

2008, Nominal values

1,000 €	BRL	CAD	CNY	PLN	USD
Non-current assets	477	17	16,097	520	217
Non-current liabilities			13,269		
Exchange rate change in non-current items	-97	-3	1,755	-91	6
Current assets	705	1,162	4,550	414	9,910
Current liabilities	185	189	122	97	974
Exchange rate change in current items	-47	-21	16	199	341

2007, Nominal values

1,000 €	BRL	CAD	CNY	PLN	USD
Non-current assets	498	21	10,429	672	102
Non-current liabilities			4,650		
Exchange rate change in non-current items	9	2	-84	15	-4
Current assets	1,203	2,293	6,378	942	6,097
Current liabilities	962	2,154	6,174	533	200
Exchange rate change in current items	29	194	-154	7	-30

The table below depicts the strengthening or weakening of the euro against the U.S. dollar, Canadian dollar and Chinese yuan while all other factors remain constant.

2008

1,000 €	CAD	CNY	USD
Change %	5	5	5
Effect on post-tax profit	28	68	658
Effect on equity Jan. 1	5	315	256
Effect on capital stock increase		35	
Total Dec. 31	**33**	**418**	**914**

2007

1,000 €	CAD	CNY	USD
Change %	5	5	5
Effect on post-tax profit	40	63	919
Effect on equity Jan. 1		69	321
Effect on capital stock increase			
Total Dec. 31	**40**	**132**	**1,240**

Interest risk

Current money market investments expose the Group to cash flow interest rate risk, but the overall impact is not significant. Most of the Group's income and operative cash flows are independent of the fluctuations of the market rate of interest. The Group is most exposed to fair value interest risk, which is mainly associated with the loan portfolio. On the balance sheet date, 100 per cent of the loans were variable-rate loans with the duration of 2.8 years. The Group may take out loans at fixed or variable interest rates and use interest rate swaps to achieve the goals of its financing policy. The Group had 7 million euros of open interest rate swaps on the balance sheet date. Changes in the fair values of derivative interest-rate contracts are immediately recognized in the income statement.

Investment market risk

In liquid fund investments, Tamfelt avoids risks. The company invests mainly in money market instruments. Limited amounts of liquid funds can be placed in shares. According to principles confirmed by the Board of Directors, investment risks and counterparty risks can only be taken with counterparties of a certain level of creditworthiness, whose market value and risk profile can be monitored regularly and reliably. The table below shows the price risk of investments if various share indices strengthened or weakened by 5 per cent while all other factors remained constant. Change in the value of financial assets stated at fair value through profit or loss affects the post-tax income. Change in financial assets available for sale affects the equity. The calculations are based on the assumption that Group investments change according to changes in the particular index.

	Changes in income statement		**Changes in equity**	
1,000 €	**2008**	**2007**	**2008**	**2007**
OMX	35	70	35	70
TOPIX	-	-	36	39

Price risk

The risk involved in the price of electricity required by the manufacturing process of the Group's domestic facilities is hedged with electricity derivatives.

Cash flow and fair value credit risks

The Group's financial policy determines requirements of creditworthiness for customers, investment transactions and derivative contracts and the investment policy. The Group's customer base is spread worldwide and does not entail any significant concentration of credit risk. The credit limits and financial standing of customers are continuously monitored. The Group's maximum credit risk is the carrying amount of financial assets at December 31 less cash in hand and in bank and secured receivables.

Liquidity risk

The Group is committed to regular assessment and monitoring of the level of financing to ensure the adequacy of liquid assets. The availability and flexibility of financing is guaranteed by unwithdrawn portions of credit limits and by relying on several banks and financing forms for funding. The amount of the unwithdrawn portion of credit limit at December 31, 2008 was 21 million euros (up from 18 million at December 31, 2007).

A contractual maturity analysis is described in Note No. 20 to consolidated financial statements. All trade payables have a maturity of less than one year.

Capital management

The Group's capital management policy has been designed to support the business with an optimal capital structure by safeguarding normal operating conditions and to raise shareholder value to the best possible yield. Optimal capital structure also reduces the cost of capital.

The trend of the Group's equity structure is monitored by gearing. At the end of 2008, the consolidated interest-bearing net debts stood at 24.6 million euros (up from 11.2 million on Dec. 31, 2007) and gearing was 22.9 per cent (up from 10.3 per cent on Dec. 31, 2007). Gearing is calculated by dividing interest-bearing net debts (interest-bearing liabilities less cash and cash equivalents) by equity, at the end of 2008 amounting to 107.4 million euros (down from 109.6 million on Dec. 31, 2007).

23. Fair values of financial assets and liabilities

Financial derivatives are recognized in the balance sheet at fair value, which is determined as the price at which parties would be willing to trade them in an ongoing event other than liquidation or forced sale. Fair values of forward exchange contracts are based on the prices of the balance sheet date. Commodity derivatives are measured at the market price of the balance sheet date.

1,000 €	**2008**	2007
Financial assets at fair value through profit or loss		
Fair value	960	1,886
Carrying amount	960	1,886
Forward exchanges, not in hedge accounting		
Fair value	4,599	2,734
Value of underlying asset	4,311	2,717
Electricity derivatives		
Fair value	1,826	2,057
Trading value	2,306	1,689

24. Adjustment of cash flows from operations

1,000 €	**2008**	2007
Other financial items net	2,104	-305
Depreciation	10,830	9,595
Employee benefits	130	130
Exchange differences of working capital and financial items	-472	560
Minority interests	152	27
Taxes for the period	5,117	5,371
	17,861	14,829

25. Other rental agreements

The Group has no non-cancellable operating leases referred to in IAS 17.35a-d or IAS 17.56a-c.

26. Contingent liabilities

Collaterals and contingent liabilities

1,000 €	**2008**	2007
Collaterals on own behalf		
Deposit guarantee	20	20
Other contingent liabilities		
Pension liabilities		347
Operational lease liabilities, maturity in 12 months	172	153
Operational lease liabilities, maturity in over 12 months	188	166
	380	686

27. Related-party transactions

The Group's parent company/subsidiary relations are the following:

Company	Country of domicile	Shareholding (%)	Share of voting power (%)
Parent company Tamfelt Corp.	Finland		
Fanafel - Fábrica Nacional de Feltros Industriais Lda.	Portugal	100	100
Tamfelt Filtration Corp.	Finland	100	100
Tamfelt (UK) Ltd.	Great Britain	100	100
Tamfelt - GMCC (Tianjin) Paper Machine Clothing Co., Ltd.	China	60	60
Tamfelt, Inc.	U.S.A.	100	100
Tamfelt Properties	Finland	100	100
Tamfelt PMC Corp.	Finland	100	100
Tamfelt PMC, Canada Inc.	Canada	100	100
Tamfelt PMC, Inc.	U.S.A.	100	100
Tamfelt Special Textiles (Shanghai) Co., Ltd.	China	100	100
Tamfelt Tianjin PMC Co., Ltd.	China	100	100
Tamfelt Tecnologia em Filtração Ltda.	Brazil	99.99	99.99
Tamfelt Sp. z o.o.	Poland	80	80
Tampereen Verkatehdas Oy	Finland	100	100

The following transactions were carried out with related parties:

1,000 €	**2008**	2007
Employee benefits to executives in the Executive Board		
Salaries and other current benefits	1 004	1 155
Share-based payments		296
Salaries and fees		
President & CEO	403	354
Board members		
Cedercreuz, Axel		5
Cedercreuz, Carl-Magnus	24	22
von Frenckell, Mikael	45	42
Kainu, Vesa	24	22
Lilius, Martin	23	14
Oksanen, Jouko	24	22
Savander, Niklas	23	22

The President & CEO and Deputy CEO as well as executives who were members of the Executive Board as of January 1, 2005 can retire on an old-age pension earliest at the age of 60. The costs of reduced retirement age and other supplements to statutory pension security are covered by voluntary pension insurances.

In addition to salary and bonuses, the members of the Executive Board are entitled to stock option benefits. The members of the Executive Board hold options from the 2005 option scheme. The management or other related parties have not been granted loans, guarantees or collaterals.

The President & CEO's period of notice to resign is twelve months if given by the company or six months if given by himself. The remuneration paid in case of a notice given by the company equals the salary payable for the period of notice.

Consolidated financial summary

1,000 €, IFRS	**2008**	2007	2006	2005	2004
Net sales	164,732	167,506	154,972	140,087	133,760
Change, %	-1.7	8.1	10.6	4.7	6.4
Exports and foreign operations	116,722	115,420	102,814	94,556	83,692
% of net sales	70.9	68.9	66.3	67.5	62.6
Operating profit	19,478	25,908	25,877	21,574	15,854
% of net sales	11.8	15.5	16.7	15.4	11.9
Profit before extraordinary items, taxes and minority interest	17,374	26,213	26,203	20,801	16,282
% of net sales	10.5	15.6	16.9	14.8	12.2
Profit before taxes and minority interest	17,374	26,213	26,203	20,801	16,282
% of net sales	10.5	15.6	16.9	14.8	12.2
Return on equity, %	11.3	19.2	19.4	16.1	13.7
Return on net assets, %	14.4	22.7	23.7	19.5	15.7
Equity/Assets ratio, %	60.3	66.5	70.6	66.7	64.7
Gearing, %	22.9	10.3	-4.3	6.5	11.5
Gross investment	15,664	24,466	11,539	10,165	15,379
% of net sales	9.5	14.6	7.4	7.3	11.5
R&D expenditure	4,281	4,475	4,381	3,289	3,593
% of net sales	2.6	2.7	2.8	2.3	2.7
Average employment during the period	1,534	1,469	1,415	1,333	1,325

Return on equity, %

$$\frac{\text{Profit before extraordinary items, taxes and minority interest - taxes}}{\text{Equity + minority interest (average)}} \times 100$$

Return on net assets, %

$$\frac{\text{Profit before extraordinary items, taxes and minority interest + interest and other financial expenses}}{\text{Balance-sheet total - interest-free liabilities (average)}} \times 100$$

Equity/assets ratio, %

$$\frac{\text{Equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$$

Gearing, %

$$\frac{\text{Interest-bearing liabilities – cash, bank and short-term investments}}{\text{Equity + minority interest}} \times 100$$

Parent company statement of income

1,000 €	Ref.	2008 Jan. 1 – Dec. 31	%	2007 Jan. 1 – Dec. 31	%
Net sales	1.	**14,595**	100	**140,361**	100
Change in finished goods inventory and work in progress				-1,299	
Other operating income	2.	474		328	
Materials and services	3.	-2,142		-29,927	
Personnel expenses	4.	-10,600		-55,425	
Depreciation and impairment	5.	-958		-7,992	
Other operating expenses		-3,780		-27,667	
		-17,480		-121,011	
Operating profit		**-2,411**	-17	**18,379**	13
Financial income and expenses	6.	-835		121	
Profit before extraordinary items, appropriations and taxes		**-3,246**	-22	**18,500**	13
Extraordinary items	7.	15,450		1,430	
Profit before appropriations and taxes		**12,204**	84	**19,930**	14
Appropriations		-41		-2,007	
Direct taxes	8.	-3,154		-3,405	
Profit for the period		**9,009**	62	**14,518**	10

Parent company balance sheet

1,000 €	Ref.	Dec. 31, 2008	%	Dec. 31, 2007	%
Assets					
Non-current assets					
Intangible assets	10.	2,090		4,325	
Tangible assets	11.	2,999		60,690	
Investment	12.	73,470		45,580	
		78,559	72	**110,595**	70
Current assets					
Inventories	13.	2,266		20,838	
Long-term receivables	14.			162	
Short-term receivables	15.	27,380		24,671	
Cash and bank		705		618	
		30,351	28	**46,289**	30
Assets total		**108,910**	100	**156,884**	100
Liabilities and shareholders' equity					
Equity	16.				
Capital stock		27,564		27,564	
Premium reserve		1,015		1,015	
Equity issue					
Retained earnings		25,243		25,407	
Profit for the period		9,009		14,518	
		62,831	58	**68,504**	44
Accumulated appropriations	18.	**960**	1	**32,863**	21
Liabilities					
Long-term liabilities	19.	5,011		7,021	
Short-term liabilities	19.–20.	40,108		48,496	
		45,119	41	**55,517**	35
Liabilities and shareholders' equity total		**108,910**	100	**156,884**	100

Parent company cash flow statement

1,000 €	2008 Jan. 1 – Dec. 31	2007 Jan. 1 – Dec. 31
Cash flow from operating activities		
Operating profit	**-2,411**	**18,379**
Adjustments to profit*)	1,192	7,623
Change in working capital		
Change in trade and other receivables	-592	-2,171
Change in inventories	148	1,101
Change in trade and other payables	1,188	-541
Change in provisions		-42
Interest received	1,157	173
Interest paid	-1,843	-1,661
Other financial items, net	-149	1,609
Taxes	-4,490	-5,631
Net cash flow from operating activities	**-5,800**	**18,839**
Cash flow from investing activities		
Investment in property, plant and equipment	-468	-9,082
Investment in intangible assets	-511	-1,161
Other investments		-4,960
Gain on the disposal of property, plant and equipment	135	505
Net cash flow from investing activities	**-844**	**-14,698**
Cash flow from financing activities		
Withdrawal of loans	12,003	15,493
Repayment of loans	-5,660	-6,952
Dividends paid	-14,682	-16,612
Group subsidy received	15,450	1,430
Net cash flow from financing activities	**7,111**	**-6,641**
Change in cash and cash equivalents	467	-2,500
Cash and cash equivalents at the beginning of the period	618	3,118
Cash and cash equivalents from business transfer	-390	
Cash and cash equivalents at the end of the period	**695**	**618**

*) Gain and depreciation on the disposal of property, plant and equipment

Notes to parent company financial statements

Significant accounting policies

The statements are prepared in compliance with the accounting standards applicable at the beginning of the financial period.

Net sales

For the calculation of net sales, indirect taxes, discounts and exchange rate differences, among others, were deducted from sales revenue.

Receivables and liabilities in foreign currencies

Foreign currency denominated receivables and liabilities are recognized at the average official exchange rate of the balance sheet date. Current hedging instruments for foreign denominated items are recognized at the value of the date, including the effect of interest. Hedging instruments to cover the order-book backlog are valued applying the prudence concept.

Measurement of non-current assets

Non-current assets are recognized in the balance sheet at acquisition cost less annual depreciation according to plan. Difference between total accelerated depreciation and planned depreciation is recognized as a separate item in appropriations.

Planned depreciation is calculated using the straight-line method over the useful life of the asset. The most common periods are:

Intangible rights	3 to 10 years
Other long-term expenditure	10 years
Buildings	25 to 40 years
Machinery and equipment	3 to 15 years
Other tangible assets	10 years

Inventories

Inventories are valued at lower of cost or market, at either the purchase price, or estimated net realizable value, whichever is lower. The cost of inventories is defined using the direct cost of purchase or manufacture on the FIFO principle.

Current investments

Certificates of claim are entered in assets at acquisition cost, allocating the difference between cost and nominal value as an increase or decrease of cost, according to maturity. In the final accounts, however, they are not valued higher than the market price. Shares and interests are stated at cost or market price, whichever is lower.

Nominal interest income from certificates of claim is booked in interest income. The difference between cost and nominal value is allocated as an increase or decrease of interest income. If certificates of claim are sold in advance of maturity date, a gain is recorded in other financial income and a loss in other financial expenses.

Research and development

The R&D expenditure is recognized as expenses of the financial period in which it was incurred, with the exception of research equipment, which is depreciated according to plan over five years by the straight-line method.

Taxes

Calculated estimates of taxes are recognized in the income statement.

Pension liabilities in Finland

Liability for working employees is covered by insurances with pension insurance corporations. Future expenditure in old-age pensions is booked in statutory provisions. The parent company is responsible for voluntary, unregistered old-age pensions. This liability is recorded as an expense.

Environmental expenditure

Environmental expenditure is recognized in the financial period in which it was incurred, with the exception of machinery and equipment, which are depreciated according to plan over three to five years on a straight-line basis.

1. Net sales

(Tamfelt's line of business: technical textiles)

Net sales per segments

1,000 €	**2008**	%	2007	%
Finland	14,426	99	52,086	37
Other Europe	23	0	55,254	39
Other countries	146	1	33,021	24
	14,595	100	140,361	100

2. Other operating income

1,000 €	**2008**	2007
Gain on the disposal of property, plant and equipment	27	46
Rent income	107	107
Other	340	175
	474	328

3. Materials and services

1,000 €	**2008**	2007
Purchases during the period	1,995	29,454
Change in inventories	-147	-197
Outsourced and subcontracted services		670
	1,848	29,927

4. Personnel expenses

1,000 €	**2008**	2007
President & CEO	403	354
Board members	101	150
Other salaries and fees	7,991	43,319
Pension costs	1,326	8,111
Other social expenses	779	3,491
	10,600	55,425
Number of employees		
Average	178	1,053
At the end of the period	175	1,057

5. Planned depreciation

1,000 €	**2008**	2007
Intangible rights	463	614
Other long-term expenditure	74	210
Buildings		124
Machinery and equipment	416	7,030
Other tangible assets	5	14
	958	7,992

Information on related party transactions is presented in Note 27 to Consolidated Statements.

6. Financial income and expenses

1,000 €	**2008**	2007
Dividend income from Group companies		951
Dividend income from others	39	
	39	951
Other interest and financial income		
From Group companies	1,075	
From others	619	860
	1,694	860
Financial income total	1,733	1,811
Interest expenses and other financial expenses		
To Group companies	-1,001	-810
To others	-1,567	-880
Financial expenses total	-2,568	-1,690
	-835	121

Interest and financial income include exchange gain (+) or loss (–) of -188,000 euros net (687,000 in 2007).

7. Extraordinary items

1,000 €	**2008**	2007
Group subsidies	15,450	1,430

8. Direct taxes

1,000 €	**2008**	2007
Income tax on extraordinary items	-4,017	372
Income tax on regular operations	863	3,033
	-3,154	3,405

9. Environmental costs

Environmental costs have no significant impact on the view given by the financial statements.

10. Intangible assets

1,000 €	**2008**	2007
Intangible rights		
Cost Jan. 1	8,988	9,773
Increase	156	508
Decrease	-4,204	-1,293
Cost Dec. 31	**4,940**	8,988
Accumulated depreciation and impairment Jan. 1	-6,100	-6,636
Depreciation	-463	-614
Decrease	3,058	1,150
Accumulated depreciation and impairment Dec. 31	**-3,505**	-6,100
Carrying amount Dec. 31	**1,435**	2,888
Other long-term expenditure		
Cost Jan. 1	2,849	2,196
Increase	355	653
Decrease	-2,147	
Cost Dec. 31	**1,057**	2,849
Accumulated depreciation and impairment Jan. 1	-1,413	-1,203
Increase	-74	-210
Decrease	1,085	-1,413
Accumulated depreciation and impairment Dec. 31	**-402**	-1,413
Carrying amount Dec. 31	**655**	1,437

11. Tangible assets

1,000 €	**2008**	2007
Land		
Cost Jan. 1	767	767
Cost Dec. 31	**767**	767
Carrying amount Dec. 31	**767**	767
Buildings		
Cost Jan. 1	4,888	4,888
Decrease	-4,888	
Cost Dec. 31		4,888
Accumulated depreciation and impairment Jan. 1	-1,232	-1,108
Depreciation		-124
Decrease	1,232	
Accumulated depreciation and impairment Dec. 31		-1,232
Carrying amount Dec. 31		3,656
Machinery and equipment		
Cost Jan. 1	149,909	142,508
Increase	446	13,592
Decrease	-142,328	-6,191
Cost Dec. 31	**8,027**	149,909
Accumulated depreciation and impairment Jan. 1	-94,751	-93,741
Depreciation	-416	-7,030
Decrease	89,165	6,020
Accumulated depreciation and impairment Dec. 31	**-6,002**	-94,751
Carrying amount Dec. 31	**2,025**	55,158
Carrying amount of production machinery Dec. 31	**1,531**	52,945
Other tangible assets		
Cost Jan. 1	474	474
Decrease	-93	
Cost Dec. 31	**381**	474
Accumulated depreciation and impairment Jan. 1	-378	-363
Depreciation	-5	-14
Decrease	81	
Accumulated depreciation and impairment Dec. 31	**-302**	-378
Carrying amount Dec. 31	**79**	96
Advances paid and construction in progress		
Cost Jan. 1	**1,014**	5,524
Increase	22	998
Decrease	-908	-5,508
Cost Dec. 31	**128**	1,014
Carrying amount Dec. 31	**128**	1,014

12. Investments

1,000 €	**2008**	2007
Shares in Group companies		
Cost Jan. 1	44,326	39,366
Increase	40,824	4,960
Decrease	-12,763	
Cost Dec. 31	**72,387**	44,326
Carrying amount Dec. 31	**72,387**	44,326
Other shares		
Cost Jan. 1	1,254	1,104
Increase		150
Decrease	-172	
Cost Dec. 31	**1,082**	1,254
Carrying amount Dec. 31	**1,082**	1,254

13. Inventories

1,000 €	**2008**	2007
Materials and supplies	2,266	8,325
Work in progress		8,149
Finished products		4,364
	2,266	20,838

14. Long-term receivables

1,000 €	**2008**	2007
Other loan assets		162

15. Short-term receivables

1,000 €	**2008**	2007
Trade receivables from others	2	17,642
Trade receivables from Group companies	2,022	5,628
Other loan assets		248
Loan assets from Group companies	23,350	1,152
Accrued income	1,656	1,152
Accrued income from Group companies	349	1,152
	27,379	24,670
Significant items in accrued income		
Staff-related amortization	66	234
Tax amortization	1,531	599
Other amortization	408	319
	2,005	1,152

16. Equity

1,000 €	**2008**	2007
Restricted equity		
Capital stock Jan. 1	27,564	27,564
Capital stock Dec. 31	**27,564**	27,564
Premium reserve Jan. 1	1,015	1,015
Premium reserve Dec. 31	**1,015**	1,015
Non-restricted equity		
Retained earnings Jan. 1	39,925	42,019
Dividend	-14,682	-16,612
Retained earnings Dec. 31	**25,243**	25,407
Profit for the period	**9,009**	14,518
Total equity	**62,831**	68,504

17. Statement of distributable assets

1,000 €	**2008**	2007
Retained earnings	25,243	25,407
Profit for the period	9,009	14,518
	34,252	39,925

18. Accumulated appropriations

Accumulated appropriations consist of accumulated depreciation difference.

19. Interest-bearing liabilities

1,000 €	**2008**	2007
Other loans	11	7,021
	11	7,021
Short-term		
Pension loans		1,583
Other loans	11	77
Bank loans	11,000	4,000
Other loans from Group companies	23,796	20,793
	34,807	26,453

Maturity dates of long-term loans

Year 2008	**2010**	**2011**	**2012**
Other long-term loans	2,011	2,000	1,000

Year 2007	**2009**	**2010**	**2011**	**2012**
Pension loans				
Other long-term loans	2,011	2,010	2,000	1,000
	2,011	**2,010**	**2,000**	**1,000**

20. Trade and other payables

1,000 €	**2008**	2007
Short-term		
Advances received		147
Trade payables	808	4,808
Trade payables to Group companies	959	509
Other liabilities	806	3,467
Accrued liabilities	2,729	13,113
	5,302	22,044
Significant items in accrued liabilities		
Personnel expenses amortization	2,524	10,071
Other amortization	205	3,042
	2,729	13,113

21. Collaterals and contingent liabilities

1,000 €	**2008**	2007
Collaterals on own behalf		
Guarantees	19,269	4,650
Deposit guarantee	20	20
Operational lease liabilities, maturity within 12 months	80	153
Operational lease liabilities, maturity within over 12 months	110	166
	19,479	4,989

22. Derivative financial instruments

1,000 €	**2008**	2007
Forward exchange contracts		
Fair value	4,599	2,734
Value of underlying asset	4,311	2,717
Electricity derivatives		
Fair value	1,826	2,057
Trading value	2,306	1,689

Stock analysis

Share capital and classes of shares

The share capital of Tamfelt Corp. consists of common shares and preferred shares. The accounting par value of a share is 1.00 euro. Whenever the Annual General Meeting decides that a dividend be distributed, each preferred share shall collect a two percentage units higher dividend than a common share, calculated on the accounting par value. A common share carries twenty votes and a preferred share carries one vote. If requested by the holder, a common share can be converted into a preferred share on the conditions specified in Article 3a of the Articles of Association. Both classes of shares are quoted on NASDAQ OMX Helsinki Ltd. at “Industrials”.

Tamfelt’s registered share capital at the end of the financial period was 27,563,964.00 euros. The share capital consisted of 10,119,198 common shares and 17,444,766 preferred shares. The aggregate stock was 27,563,964 shares and the aggregate vote 219,828,726. The company’s minimum share capital is 10,000,000.00 euros and maximum share capital 80,000,000.00 euros. Within these limits the share capital can be increased or decreased without amending the Articles of Association.

Option scheme

Tamfelt Corp.’s Annual General Meeting of March 10, 2005 decided to grant options to the company’s key executives. The number of options granted under the 2005 scheme was 437,000; of these 218,500 were marked “E” and 218,500 “F”. Each option entitles its holder to subscribe for one preferred share in Tamfelt Corp. The subscription price is the volume-weighted average price of the preferred share on the Helsinki Exchanges between February 1 and March 9, 2005, added by 0.35 euros and rounded up to the nearest ten cents. The subscription price will be reduced at the dividend record date by the amount of dividend to be paid before the subscription. However, the minimum subscription price will not fall below the accounting par value of the share. The subscription price at December 31, 2008 was 7.64 euros.

Subscription for shares under the E option rights began on November 1, 2007 and under the F option rights it will begin on November 1, 2009. The subscription for both will expire on May 31, 2011. The E and F options entitle to the maximum subscription of 437,000 preferred shares, which corresponds to 1.6 per cent of the company’s share capital and 0.2 per cent of the voting power. The maximum increase of the share capital with the 2005 stock options is 437,000.00 euros. The terms and conditions of the option scheme are presented on the company’s web pages at www.tamfelt.com.

The option schemes are a part of the company’s key executive incentive scheme. Altogether 22 persons are covered by the 2005 option scheme.

Trends and trade volumes

The OMX Helsinki Cap index fell 50.0 per cent in 2008. The rate of Tamfelt’s common share fell 39.2 per cent and the rate of Tamfelt’s preferred share fell 54.1 per cent.

Trading in Tamfelt’s common shares on NASDAQ OMX Helsinki Ltd. in 2008 amounted to 0.8 million euros (2.9 million euros in 2007) and in preferred shares to 10.5 million euros (17.4 million). The units traded were 80,107 (253,315) common shares and 1,331,789 (1,533,963) preferred shares.

Turnover in 2008 (2007) in common shares was 0.8 per cent (2.5) of the company’s total common stock. Turnover in preferred shares was 7.6 per cent (8.8) of the total preferred stock.

The highest quotation for a common share in 2008 was 12.00 euros and the lowest 6.50 euros. The respective quotations for a preferred share were 11.30 and 5.04 euros. The closing rates at the year-end were 7.30 euros and 5.10 euros, respectively. The average rate of the common share was 9.49 euros. In 2008 the average rate of the preferred share was 7.91 euros. The market capitalization of the company’s total stock at the end of 2008 was 161,826,532 euros.

Dividend policy and proposed dividend for 2008

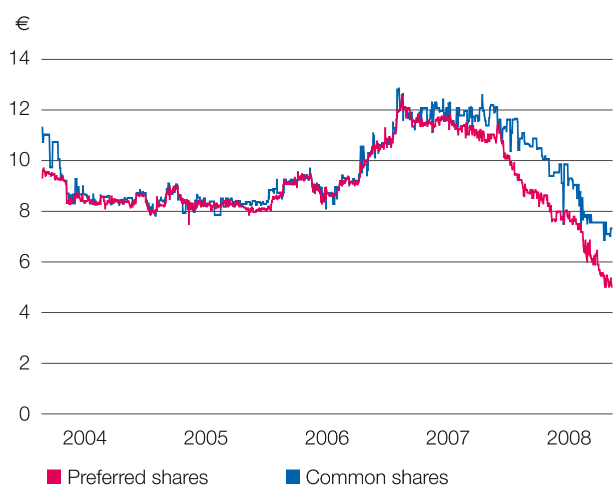
According to Tamfelt’s dividend policy, at least 50 per cent of the company’s earnings per share shall be distributed as dividend provided that this will not jeopardize the company’s financial position or development.

The Board of Directors will propose to the 2009 Annual General Meeting that a dividend of 0.16 euros be paid on a common share and 0.18 euros on a preferred share. The aggregate proposed dividend is 4.8 million euros, corresponding to 38,4 per cent of the earnings. The dividend record date is March 23, 2009 and the payment date is March 30, 2009.

Share capital ownership

At the end of 2008 the company had 3,354 (3,202) shareholders and four (three) ownership registrations in the name of a nominee. Domestic ownership accounts for 97.1 per cent of the share capital, 38.0 % of this being private investors. The number of shares registered in the name of a nominee was 345,618 (503,779).

Share price development 2004–2008



Flagging announcements in 2008

There were no flaggings in 2008.

Own shares and authorities of the Board of Directors

Tamfelt does not hold its own shares, and the Board of Directors has no authorization to acquire the company's own shares.

Shareholder agreements

The company is not aware of any current agreements on share ownership or the use of voting power.

Mandatory redemption

Tamfelt Corp.'s Articles of Association include an article concerning liability to redeem shares. The article provides that a shareholder whose percentage of the company's aggregate stock or number of votes equals or exceeds 33 1/3 per cent shall be liable to redeem the shares held by other shareholders, irrespective of the class of share, in so far as other shareholders demand their right of redemption. The conditions are detailed in Article 12 of the Articles of Association.

Management shareholding

On December 31, 2008 the company's Board of Directors, President & CEO, and Deputy to the CEO (including the holdings of closely associated persons) held a total of 169,593 (169,053) common and 159,723 (159,123) preferred shares, corresponding to 1.2 per cent (1.2) of the share capital and a 1.6 per cent (1.6) voting power. The President & CEO and the Deputy to the CEO held a total of 50,000 options at the end of the year. These options entitle them to subscribe for maximum 50,000 preferred shares altogether, corresponding to 0.18 per cent of the company's entire stock and 0.02 per cent of the total voting power on December 31, 2008. The share ownership of the Company's Board of Directors and Group Executive Board is detailed on pages 26 to 29 of this Annual Report.

Basic information on shares December 31, 2008

Tamfelt's shares are quoted on NASDAQ OMX Helsinki Ltd. at "Industrials".

Trading code	
common share	TAFKS
preferred share	TAFPS
Number of shares	
common share	10,119,198
preferred share	17,444,766
Closing price	
common share	7.30 €
preferred share	5.10 €
Number of votes	
common share	20 votes
preferred share	1 vote
Total capital stock	27,563,964.00 €
Total number of votes	219,828,726 votes

Largest ownership registrations by voting power Dec. 31, 2008 (Dec. 31, 2007)

			%	
1.	(1.)	Varma Mutual Pension Insurance Company	7.5	(7.5)
2.	(2.)	Mandatum Life Insurance Company	7.2	(7.2)
3.	(3.)	Waldemar von Frenckell Foundation	5.7	(5.7)
4.	(4.)	Ilmarinen Mutual Pension Insurance Company	4.6	(4.6)
5.	(5.)	Metso Corporation	4.5	(4.5)
6.	(6.)	Cedercreutz, Axel	3.6	(3.6)
7.	(7.)	Svenska Litteratursällskapet i Finland r.f.	3.5	(3.5)
8.	(8.)	Kaleva Mutual Insurance Company	2.9	(2.9)
9.	(9.)	Samfundet Folkhälsan i Svenska Finland r.f.	2.5	(2.5)
10.	(10.)	Snäll, Clara	2.3	(2.3)
		Total above	**44.3**	**(44.3)**
		Ownership registered in the name of nominee	0.6	(0.7)
		Other	55.1	(55.0)
		Total	**100.0**	**(100.0)**

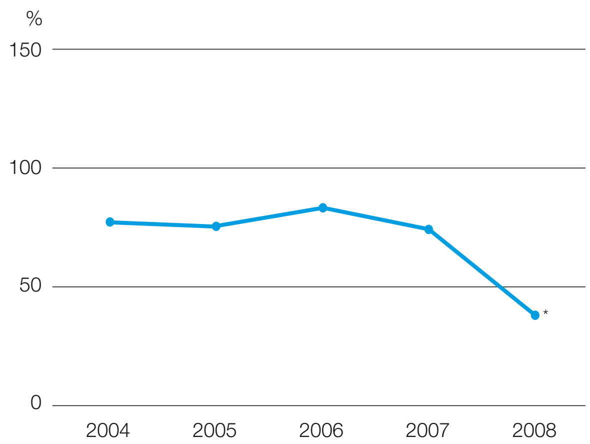
Largest ownership registrations by number of shares Dec. 31, 2008 (Dec. 31, 2007)

			%	
1.	(1.)	Ilmarinen Mutual Pension Insurance Company	7.4	(7.3)
2.	(2.)	Varma Mutual Pension Insurance Company	6.1	(6.1)
3.	(3.)	Tapiola Mutual Pension Insurance Company	3.9	(3.8)
4.	(4.)	Svenska Litteratursällskapet i Finland r.f.	3.1	(3.1)
5.	(5.)	Mandatum Life Insurance Company	2.9	(2.8)
6.	(6.)	Metso Corporation	2.6	(2.6)
7.	(7.)	Waldemar von Frenckell Foundation	2.6	(2.6)
8.	(8.)	Samfundet Folkhälsan i Svenska Finland r.f.	2.2	(2.2)
9.	(9.)	Sigrid Juselius Foundation	2.1	(2.0)
10.	(10.)	Cedercreutz, Axel	1.7	(1.7)
		Total above	**34.6**	**(34.2)**
		Ownership registered in the name of nominee	1.3	(1.8)
		Other	64.1	(64.0)
		Total	**100.0**	**(100.0)**

Share ownership by size Dec. 31. 2008

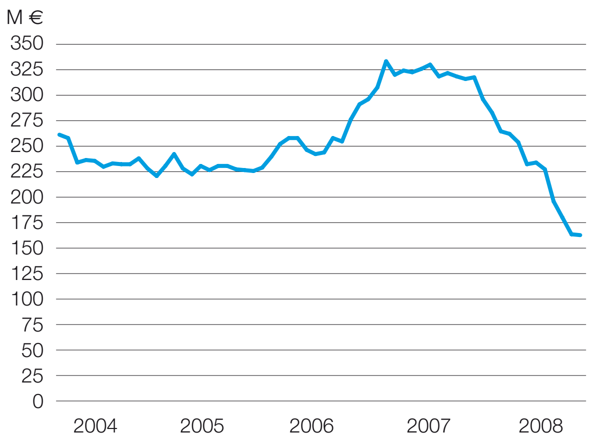
Shares	Ownership	%	Shares	%	Votes	%
1 – 500	1,455	43.4	334,049	1.2	1,459,286	0.7
501 – 5,000	1,473	44.0	2,485,426	9.0	11,048,669	5.0
5,001 – 10,000	166	4.9	1,184,086	4.3	6,029,333	2.7
10,001 – 50,000	177	5.3	3,973,601	14.4	29,469,948	13.4
50,001 – 100,000	35	1.0	2,472,837	9.0	19,385,649	8.8
100,001 –	48	1.4	17,113,965	62.1	152,435,841	69.3
Total	3,354	100.0	27,563,964	100.0	219,828,726	100.0
Issued units			27,563,964	100.0	219,828,726	100.0

Dividend/earnings 2004–2008

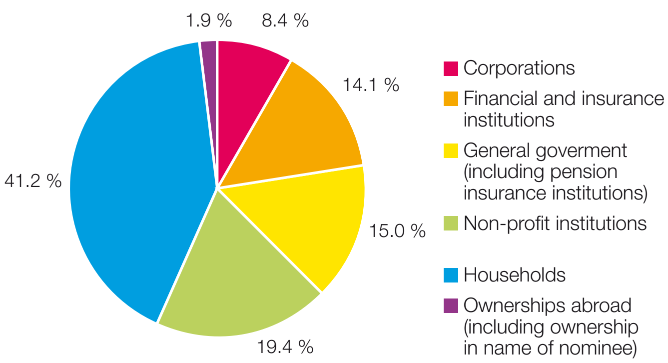


* Board of Directors' proposal

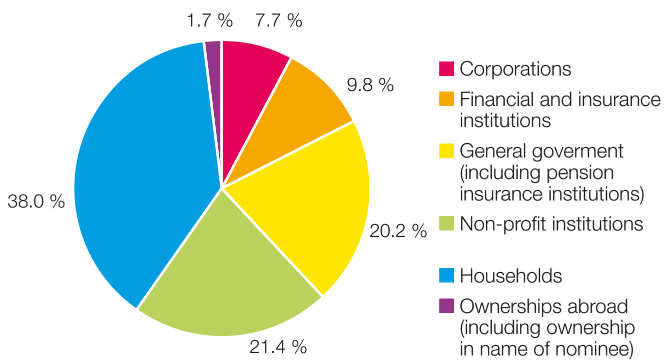
Total market capitalization 2004–2008



Share ownership by voting power



Share ownership by number of shares



Stock summary

The key figures have been adjusted for share issue.

	IFRS **2008**	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Earnings/share, basic, €	0.45	0.76	0.73	0.56	0.47
Earnings/share, diluted, €	0.45	0.75	0.73	0.56	0.46
Equity/share Dec. 31, basic, €	3.89	3.97	3.90	3.60	3.31
Equity/share, Dec. 31, diluted, €	3.89	3.95	3.90	3.60	3.31
Dividend					
Dividend, million €	4.8*	14.7	16.6	11.1	9.4
Dividend/share, €					
common	0.16*	0.52	0.59	0.39	0.33
preferred	0.18*	0.54	0.61	0.41	0.35
Dividend/earnings %	38.4*	70.4	82.3	71.9	73.7
Effective dividend yield Dec. 31, %					
common	2.2*	4.3	5.6	4.5	4.1
preferred	3.5*	4.9	5.7	5.1	4.4
P/E ratio Dec. 31, diluted					
common	16.2	15.9	14.5	15.4	17.3
preferred	11.3	14.7	14.6	14.4	17.2
Trends and trade volumes					
Trading price at year-end, €					
common	7.30	12.00	10.62	8.60	8.05
preferred	5.10	11.10	10.65	8.05	7.98
Change of trading price, %					
common	-39.17	12.99	23.49	6.83	-28.13
preferred	-54.05	4.23	32.30	0.88	-13.88
Highest trading price, €					
common	12.00	12.75	10.99	9.00	11.20
preferred	11.30	12.88	11.99	9.00	9.67
Lowest trading price, €					
common	6.50	10.35	8.11	7.90	7.83
preferred	5.04	9.55	8.13	7.50	7.81
Medium trading price, €					
common	9.49	11.55	9.11	8.63	8.42
preferred	7.91	11.34	9.23	8.42	8.69
Trading volume/total stock, %					
common	0.8	2.5	2.8	3.9	11.2
preferred	7.6	8.8	15.7	17.4	18.1
Share capital and number of shares					
Share capital Dec. 31, million €	27.6	27.6	27.6	27.6	27.3
common	10.1	10.1	10.1	10.1	10.1
preferred	17.4	17.4	17.4	17.4	17.2
Market capitalization Dec. 31, million €	161.8	315.1	293.3	227.4	219
Number of shares Dec. 31, 1,000	27,564	27,564	27,564	27,552	27,355
common	10,119	10,119	10,119	10,119	10,119
preferred	17,445	17,445	17,445	17,433	17,236
Average number of shares, (1,000), basic	27,564	27,564	27,564	27,388	27,342
Average number of shares (1,000), diluted	27,579	27,686	27,584	27,388	27,360
Number of shares Dec. 31 (1,000), basic	27,564	27,564	27,564	27,552	27,355
Number of shares Dec. 31 (1,000), diluted	25,579	27,686	27,584	27,552	27,374
Number of shareholders Dec. 31	3,354	3,202	3,194	3,099	2,948
Nominee-registered ownerships Dec. 31	4	3	2	2	2

*) Board of Directors' proposal

Signatures to the annual report and the financial statements

Helsinki, February 6, 2009

Mikael von Frenckell
Martin Lilius
Vesa Kainu

Niklas Savander
Jouko Oksanen
Carl-Magnus Cedercreutz

Reima Kerttula
President & CEO

Auditor's report

To the Annual General Meeting of Tamfelt Corp.

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Tamfelt Corp. for the year ended on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 6, 2009

Jari Paloniemi, Authorized Public Accountant

Veikko Terho, Authorized Public Accountant

Stockholder information

Annual General Meeting
The Annual General Meeting of Tamfelt Corp. will be held at 4.00 p.m. on Wednesday, March 18, 2009 at Group Headquarters, Yrittäjänkatu 21, Tampere, Finland.

The right to attend the Annual General Meeting is held by stockholders entered in the register of the Euroclear Finland Ltd. on March 6, 2009 at the latest.

A stockholder wishing to attend the Annual General Meeting should notify the company by 4.00 p.m. on Friday, March 13, 2009. This can be done by letter addressed to Tamfelt Corp., Stockholder Register, P.O. Box 427, 33101 Tampere, Finland, by telephone +358 10 404 9000/9201, or by e-mail to mirja.takatalo@tamfelt.com. Proxies, if any, should be delivered at the same time.

The financial records are available at the Headquarters for inspection for a week before the Annual General Meeting.

Dividend and shares
The Board of Directors 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 for the fiscal year 2008. The dividend is payable to stockholders entered in the register of the Euroclear Finland Ltd. on the dividend record date, Monday, March 23, 2009. The dividend will be paid on Monday, March 30, 2009, as proposed by the Board of Directors.

Stockholders are entitled to convert common shares into preferred shares on the terms specified in the Articles of Association.

Financial reports in 2009
In addition to Financial Statement Bulletin and Annual Report for the year 2009, Tamfelt will release three Interim Reports. Interim reports for 2009 will be issued as follows:

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

Availability of financial reports
The financial reports will be published in Finnish, Swedish and English. They will also be available on Tamfelt's website, in English at www.tamfelt.com.

A copy of the printed Annual Report will be sent to each stockholder. The Interim Reports will be available in photocopies. All financial reports can be ordered from:
Tamfelt Corp./Mirja Takatalo
P.O. Box 427, 33101 Tampere, Finland
Tel. +358 10 404 9201
E-mail: mirja.takatalo@tamfelt.com

Change of address
Stockholders are requested to notify the book-entry securities register of any change of address; the company will be informed accordingly.

Investor relations
Tamfelt's IR policy has been designed to provide correct and real-time information to all market participants on a regular and equal basis.

Tamfelt observes a two-week silent period prior to the announcement of the company's interim or full-year results, during which the company's representatives refrain from all comment regarding financial accounts.

Any questions about Tamfelt's business activities can be addressed to:

Reima Kerttula, President & CEO
Tel. +358 10 404 9200
E-mail: reima.kerttula@tamfelt.com

Kimmo Pärssinen, CFO
Tel. +358 10 404 9215
E-mail: kimmo.parssinen@tamfelt.com

Analysts
Investment analyses of Tamfelt have been made by companies including:

- eQ Bank
- E.Öhman J:or Group
- Pohjola Bank plc
- Seligson & Co.

Tamfelt shall not be held accountable for the assessments.

Contacts

Tamfelt Corp., Group Headquarters
Tamfelt PMC Corp.
Tamfelt Filtration Corp.
P.O.Box 427
33101 Tampere, Finland
Tel. +358 10 404 9000
tamfelt@tamfelt.com
firstname.lastname@tamfelt.com
www.tamfelt.com

Juankoski plant
73500 Juankoski, Finland
Tel. +358 10 404 9000

Tamfelt PMC, Inc.
450 Pearl Street, 2nd Floor
Stoughton, MA 02072
U.S.A
Tel. +1 781 344 4778

Tamfelt Tianjin PMC Co., Ltd.
No. 1 Xi Er Dao, bonded Area
Tianjin Airport Free Trade Zone
Tianjin 300308
China
Tel. +86 136 5208 0424

Fanafel Fábrica Nacional de Feltros Industriais Lda.
Apartado 9
3884-909 Ovar
Portugal
Tel. +351 256 579 579

Tamfelt Tecnologia em Filtração Ltda.
BR 262, 1300 (Anel Rodoviario)
30390-085 Belo Horizonte – MG
Brazil
Tel. +55 31 2101 1500

Tamfelt Sp. z o.o.
ul. Wierzbowa 48
90-133 Łódź
Poland
Tel. +48 42 678 1071

Tamfelt Special Textiles (Shanghai) Co., Ltd.
Bldg No. 2, 1055 Beihe Road
Jiading
Shanghai 201821
China
Tel. +86 21 5165 1605

Tamfelt Shanghai Rep. Office
RM 1901, JingAn China Tower
1701 Beijing Xi Road
Shanghai 20040
China
Tel. +86 21 6288 5701

Design Imageneering. Photos Sami Helenius, Jukka Nuutinen, Jorma Rajamäki and Tamfelt. Printing Hämeen Kirjapaino Oy.

Innovation adds performance.

TAMFELT