TAMFELT GROUP

ANNUAL REPORT 1995

Contents

Company Profile

One of the pioneers of Finnish industry, Tamfelt was founded in 1797. The company was first listed on the Helsinki Stock Exchange in 1942.

Tamfelt has five strategically located plants: two in the United States, one in Portugal and two in Finland. The plant in Tampere, Finland, is one of the largest and most advanced in the world today.

The company's main products are forming fabrics, press felts and dryer fabrics for the pulp and paper industry. Filter fabrics cover a broad range, including the pulp, mining and chemical industries.

Tamfelt's quality system is certified according to the most recent SFS-EN ISO 9001 quality standard.

Tamfelt's customers require increasingly efficient products and advanced technical service to stay in the vanguard of the development. Tamfelt's state-of-the-art technology together with prompt and flexible service ensure the availability of products and technical expertise whenever the need arises in a customer's mill.

Key Data

	1995	1994	Change %
Net sales (FIM million)	479	428	12
Income before reserves and taxes (FIM million)	76	41	85
Gross investments (FIM millions)	39	20	95
Personnel, Dec. 31	1 127	1 147	-2
Return on net assets, %	17	11	
Equity/Assets ratio, %	72	66	
Earnings/stock (FIM)	7.95	4.75	67
Equity/stock (FIM)	68	62	10
Dividend/stock (FIM)			
- common	3.20	2.50	
- preferred	3.40	2.70	

Annual General Meeting

The Annual General Meeting of the company will be held on Tuesday, April 2, 1996 at 4.00 p.m. at Group headquarters in Tampere, Finland, Yrittäjänkatu 21.

Review by the President

Tamfelt's 1995 financial year followed the trend of the pulp and paper industry. Net sales increased to an all time high of 479 million Finnish marks, after 1994's slight decline which was largely caused by currency exchange rates. Volumes grew in domestic and export markets alike. Operating income grew at a higher rate than net sales due to cost containment programs, especially at the North American plants. The consolidated operating income was 71 million Finnish marks.

The company's position strengthened as a leading clothing supplier to modern, high-speed writing and printing papers machines. The Juankoski plant was expanded in an effort to reduce delivery times for our new, wider fabrics and to enhance product quality. A heat setting unit was started up and new seaming capacity was added. Consistent research and development continue on press felts in Tampere. Growing order volumes of special felts designed for high-speed paper machines and for felts used in shoe presses are proof of Tamfelt's high quality and technical ability.

Technical service personnel and testing equipment were added to assist our paper machine clothing customers. New weaving capacity was added for filter fabrics. Investments in new weaving looms were authorized, aimed at improving the quality of forming fabrics and press felts and to replace older machinery.

Representatives elected by the general employee population were added to the Executive Board of Tamfelt Group as well as to the management teams of all the divisions. The concept was first tried by the Forming Fabrics Division. As a result of its success, the representation was expanded to include all divisions.

The economic outlook for the pulp and paper industry has shown signs of uncertainty. Board and fine paper machines have resorted to restricting production. Order volumes for lightweight coated and supercalendered grades have also declined. A decrease in the price of chemical market pulp creates additional pressure to cut prices for many grades. The consumption, however, of paper products has grown and I believe the uncertainty will dissipate by summer. Price levels are likely to suffer for some time to come.

Despite the recent period of stagnation in the pulp and paper industry, Tamfelt's order volume is at a record high. Seven new paper machines to be started up in Finland and Sweden this and next year, combined with a number of paper machine rebuilds, will result in a surge in demand for paper machine clothing in our key market areas. The modernization program of our weaving capacity at the Juankoski and Tampere plants, together with additional investments in technical customer service, will enable us to meet the added demand with increasingly high standards of quality. I believe Tamfelt's sales will continue to grow and profitability further improve in 1996.

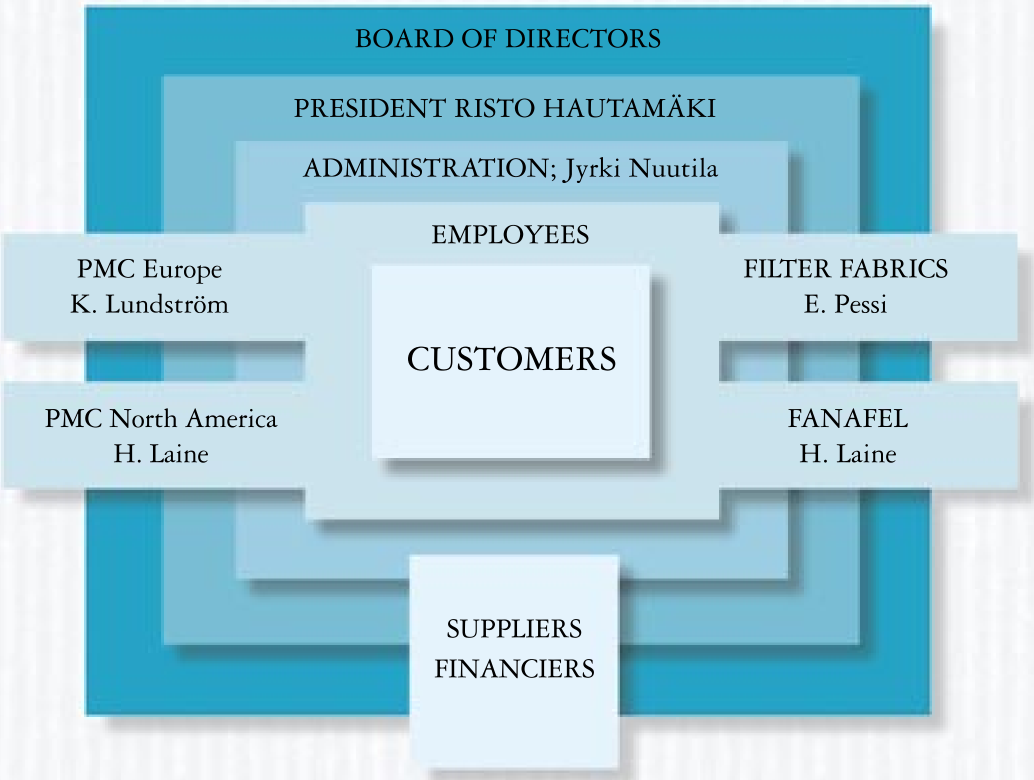
I would like to thank Tamfelt's customers and partners for their cooperation and a prosperous year, which has helped us to improve our products and services. I also thank our employees for their successful contribution to our company and our customers.

Risto Hautamäki

Photo Jorma Rajamäki

Executive Board: Risto Hautamäki (left), Kristian Lundström, Jaakko Räsänen, Hannu Laine, Leena Heinijoki, Jyrki Nuutila and Esko Pessi. Absent is Jarmo Järviö.

Organization



Board of Directors

Mikael von Frenckell, Chairman
Axel Cedercreutz, Vice Chairman

Karl Nordgren
Martin Lilius *
Vesa Kainu
Jouko Oksanen *

* Term expiring 1996, others 1997

Auditors

Eric Haglund
Matti Niemi
Thomas Stenius

Authorized Public Accountants
KPMG WIDERI OY AB
Christel von Frenckell-Ramberg
Marcus von Bonsdorff

Executive Board

Axel Cedercreutz, President and CEO through April 5
Risto Hautamäki, President and CEO from April 6
Jyrki Nuutila, Senior Vice President
Hannu Laine, Executive Vice President, Corporate Planning
Kristian Lundström, Executive Vice President, PMC Europe
Esko Pessi, Executive Vice President, Filter Fabrics
Leena Heinijoki *
Jarmo Järviö *
Jaakko Räsänen *

* Personnel representatives from November 15

Annual Report by the Board of Directors

General

Pulp and paper industry is Tamfelt Group's most important customer segment. The paper industry had a successful year in Tamfelt's major markets. The European and North American producers of wood-containing printing and writing papers were at near capacity throughout 1995. Wood-free fine paper machines have experienced downtime due to scarcity of orders. Paper buyers have reduced their inventories and attempted to reduce price levels. The price for fine paper and chemical pulp fell at the end of the year. The demand for board has also declined and plants using recycled fiber have curtailed production.

The mining and chemical industries are major customers for Tamfelt's filter fabrics. Worldwide, production of iron, copper, zinc and nickel concentrates has been high, although declining somewhat towards the end of the year. Similar trends are seen in the chemical industry.

Curtailment of production by the pulp and paper industry had little impact during 1995 on Tamfelt's order volume. A significant number of paper machine rebuilds started with Tamfelt's clothing. The company's capacity was almost entirely utilized. Production bottlenecks were alleviated by rearranging working schedules and by investments in new machinery and equipment. To guarantee an improving level of service and to shorten delivery times, efforts will be continued to remove impediments that stand in the way of production.

Attempts to increase prices of paper machine clothing proved, again, to be difficult. The most effective means of safeguarding profitable business remain commitment to continuous improvement of operations combined with expenditures in modern machinery, extensive research and customer-oriented service.

Average stock prices on the Helsinki Stock Exchange (HEX) fell 7.7% in 1995. While Tamfelt's common share was down just 1.3%, the preferred share dropped slightly more than the HEX general index. The turnover in the total number of Tamfelt shares was higher than 1994. During the two first months of 1996, Tamfelt's share value has jumped more than 20%. During the same period, the HEX general index climbed 7%. The Board of Directors' goal is to make Tamfelt stock a rewarding capital investment. The target is to distribute at least 35% of earnings per share as dividends, providing it will not endanger the company's economic position or development.

Photo Jarmo Hietaranta

Board of Directors: Front (left) Axel Cedercreutz and Mikael von Frenckell. Back (left) Vesa Kainu, Jouko Oksanen, Karl Nordgren and Martin Lilius.

Sales and earnings

Consolidated net sales were FIM 479 million, up 12 per cent from FIM 428 million in 1994. Most of the growth resulted from a higher sales volume by the parent company. Profitability improved due to a higher rate of capacity utilization and improved productivity. All profit centers and subsidiaries improved. The greatest performance improvement was attained by the company's North American subsidiaries. Sales outside Finland were 54%, compared to 53% in 1994. Group net income was FIM 71 million, up FIM 25 million from 1994, representing 15% of 1995 net sales, compared to 11% in 1994. Net income before reserves and taxes amounted to FIM 76 million vs. FIM 41 million in 1994.

Group liquidity remained good and no new loans were required. All pension loans were paid off and the repayment of loans from financial institutions was accelerated. Special attention was paid to asset-liability management and effective investment, which is visible in the earnings trend. The Group's net financial income was FIM 5.2 million, compared to an expense of FIM 6.1 million in 1994. The growth of financial yields was attributed to the trend in long-term interest rates and the weakening of the Finnish currency late in the year.

The parent company's net sales were FIM 387 million compared to FIM 344 million in 1994, net income FIM 61 million compared to FIM 50 million in 1994, and net income before extraordinary items, reserves and taxes FIM 69 million compared to FIM 60 million in 1994.

Investments

The rate of investment rose significantly in comparison with recent years. The largest outlay was the extension of the Juankoski building including the installation of the heat setting machine acquired from the United States. The machine is capable of treating high-quality multi-layer forming fabrics for the world's largest paper machines. Another major investment was a new production line for shoe press belts in Tampere, where production was started at the end of the year.

Research and development

The Paper Machine Clothing (PMC) Europe profit center reorganized its product development into independent R&D organizations for each product group. The main objective of these organizations is to meet the challenges presented by the rapid technical advance in paper, board and chemical pulp machinery. Tamfelt's cooperation with its customers and manufacturers of paper machines has been very successful.

The rapidly growing shoe press technology increases demands on press felts and belts. In an effort to accelerate R&D of press felts, the Tampere plant has been equipped with unique press and dewatering simulators. They are used to compare the performance and efficiency of different felt structures under simulated papermaking conditions. The triple layer forming fabric developed for exacting printing paper forming sections has consolidated its position. To meet the increasing demand, new capacity will be added during 1996. New hydrolysis-resistant dryer fabrics have been developed and are ready for production.

In cooperation with filtration equipment manufacturers, new fabrics have been developed for different types of applications. Some will address new filtration requirements arising from tightening environmental standards.

To ensure consistent high quality of every product supplied to the customer, Tamfelt has extensively standardized its product ranges, raw materials and manufacturing procedures. Research and development and technical customer service of press felts will be greatly improved by a new laboratory to be built in Tampere. Its completion is scheduled for late 1996.

The cost of research and development is 4 per cent of the company's net sales.

Photo Jorma Rajamäki

Marita Lautarinne operating the new seaming machine in Tampere seaming department.

Personnel

The company's new President Risto Hautamäki, the former Chairman of the Board of Directors, took office on April 6, 1996.

Personnel representation was extended to all of the company's domestic divisions. These personnel representatives sit on the management teams of each of the divisions and on the Executive Board of Tamfelt. Their participation enhances commitment to continual improvement of the company's operations.

Tamfelt Group employment averaged 1133 employees, of which an average of 807, excluding the commission dyeing services company, were in the parent company. In 1994, Tamfelt averaged 1153 employees, parent company 789, also excluding commission dyeing services. On the last day of the year, 1127 and 1147 people were on the payroll in 1995 and 1994, respectively. The parent company's personnel increased by 26, while employment at the North American subsidiaries declined due to reorganization.

Environment

An environmental program covering the Tampere and Juankoski facilities, was adopted in 1994 and was implemented starting in 1995. Tamfelt's environmental policy, the established targets to achieve sustainable development, and guidelines for maintaining an environmental management system, were published in Tamfelt's Environmental Handbook, prepared according to British Standard 7750. The monitoring of compliance with the standard is a part of Tamfelt's quality system.

Marko Taimi monitoring felt needling in Tampere needling department

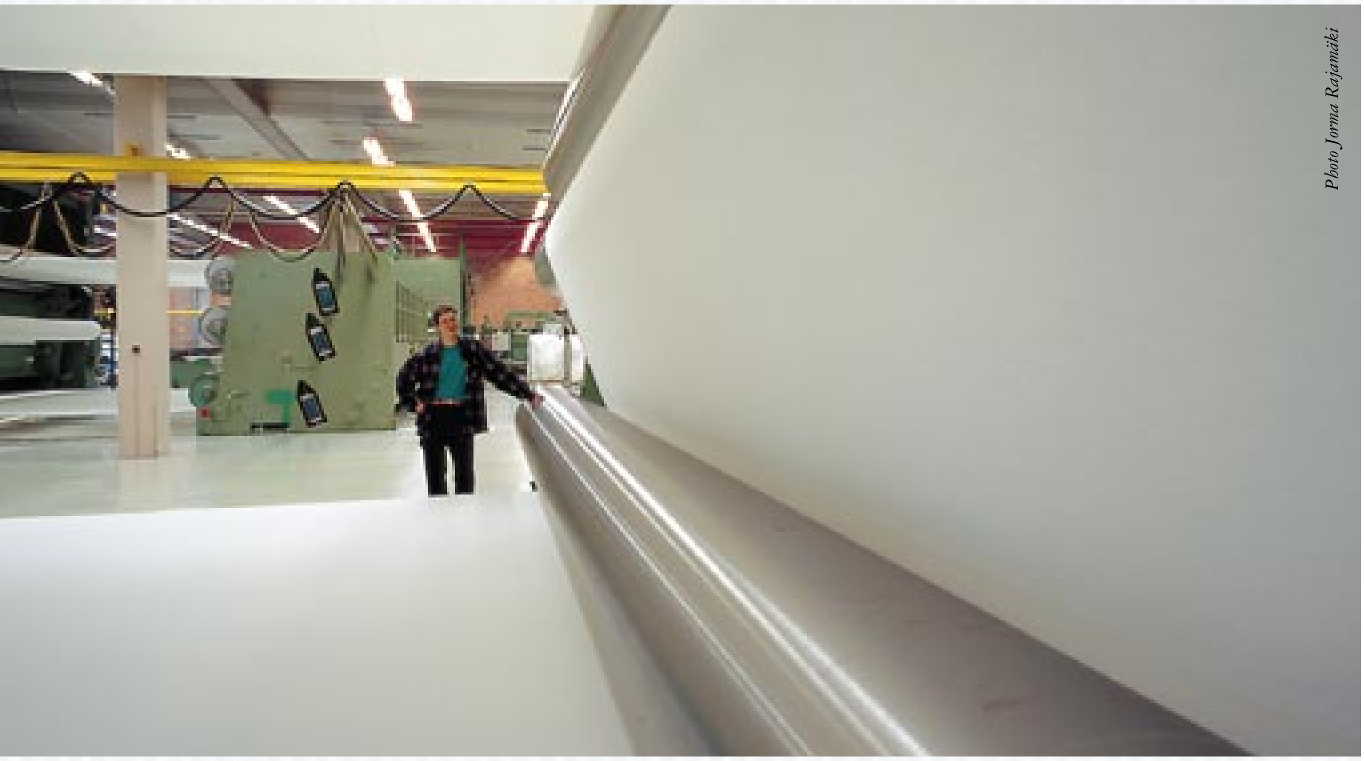


Photo Jorma Rajamäki

Photo Veli Heikkinen

New forming fabric heat setting machine in Juankoski, at the control panel Sulo Lipponen and Matti Savolainen.

Photo Jorma Rajamäki

New techniques in weaving: Tanja Lähteenmäki monitoring weaving loom and automatic spool changer.

Profit Centers

PMC Europe

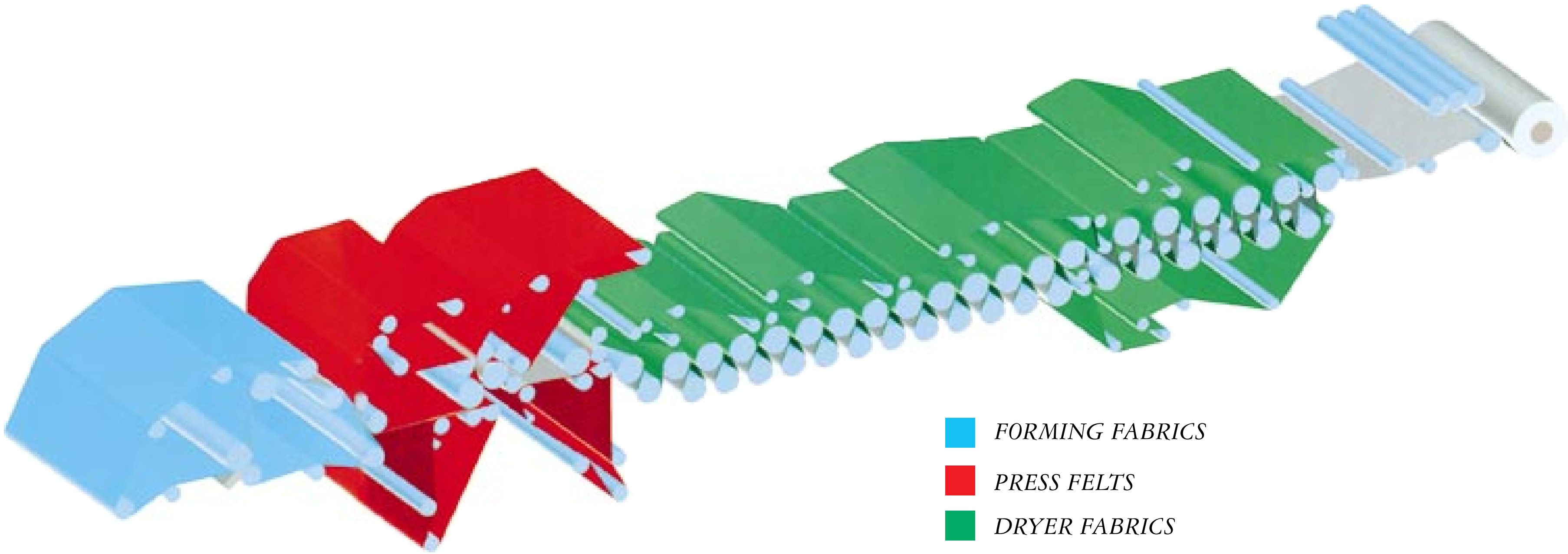
PMC Europe manufactures forming fabrics, press felts, dryer fabrics and shoe press belts for the paper, board and chemical pulp industries. High-quality technical service supports Tamfelt's paper machine clothing products.

PMC Europe has contributed as clothing supplier to new state-of-the-art paper machines in various parts of the world, which testifies to the customers' confidence in Tamfelt's products and services. Tamfelt's products have frequently contributed in world record breaking production technology. The company's active role in start-ups of new and rebuilt paper machines has reinforced Tamfelt's position as a technological leader in the marketplace.

Continued investment by the forming fabric division in the gap former technology has been profitable and strategically opportune. Tamfelt's products and special know-how have helped capture a sizable share of the market. The highly innovative Aquaduct press felt technology has produced an extensive array of related products. Aquanet press felts, in particular, have been exported in increasing numbers to be utilized on high-speed Western European paper machines. Innovative products from the dryer fabric division have been successful greatly expanding exports. Resources committed to R&D and renewal of product lines helped widen the customer potential.

Technical customer service, in the technical product group, has been a focus of investment in the export and domestic markets. The Tambelt shoe press belt, currently undergoing testing, is a newly engineered product designed for the rapidly expanding shoe press market segment.

PMC products continued to expand their share in the key European markets. For the third successive year the profit center increased sales and improved results. The volume of orders is high and the outlook for 1996 is good.



In paper manufacturing, the function of forming fabrics, press felts and dryer fabrics (clothing) is to transport the web of paper through the process and to remove water as efficiently as possible. Clothing has a major effect on the quality of paper as well as the economy of the process. Each fabric and felt is tailored for a specific machine and application. Large, high-speed paper machines continue to set increasingly high demands on clothing. Customer-oriented product development is vital for the supplier of paper machine clothing.

PMC North America

Tamfelt manufactures and supplies press felts, dryer fabrics and forming fabrics for the North American paper and board industries. The technical service force, strategically located in the main paper manufacturing regions throughout the United States and Canada, works closely with each customer. They provide a crucial communication link between the customer's needs for quality and performance improvement and Tamfelt's design and manufacturing personnel in North America.

Tamfelt Group in North America saw a dramatic turnaround during 1995. While financial results were still unsatisfactory, the company, with its sales increased and results improved, looks forward to another year with its cash needs balanced and a return to profitability in the near future.

The plans finalized in early 1995 called for full utilization of capacity at both manufacturing locations. The task was accomplished by relocating underutilized machinery from Peachtree City to the Finnish plant in Juankoski. The move went smoothly and the relocated machinery was in full production by the end of the year.

Other measures accomplished successfully included strict inventory controls at all locations. As a result, inventory turnover improved and it now is comparable to other Tamfelt companies. Overall inventory levels decreased by more than 30%, providing much needed cash flow. Employment at the end of the year was down 25% compared to the beginning of the year.

Fanafel Lda

Fanafel Lda in Portugal is a market leader in laundry felts for commercial laundries. In addition, the company produces paper machine clothing for press and dryer sections for pulp and paper industries, as well as increasingly important environmental protection products for dry filtration.

Fanafel's profitability improved with no growth in net sales. Employment remained at previous year's level. Paper machine clothing had a successful year, with the patented Aquaduct felts leading the development. Price competition in laundry products forced net sales down, while dry filtration sales remained at the record levels reached during 1994. Export sales, once again, outpaced domestic sales. Main export areas include Spain and Germany, but extend to most of Europe.

Fanafel develops its business based on its key strengths, with investments carefully planned to enhance quality and productivity.

Photo William O. Hocking

Robert Daly, warper operator, loading new warp yarn on creel in Canton.

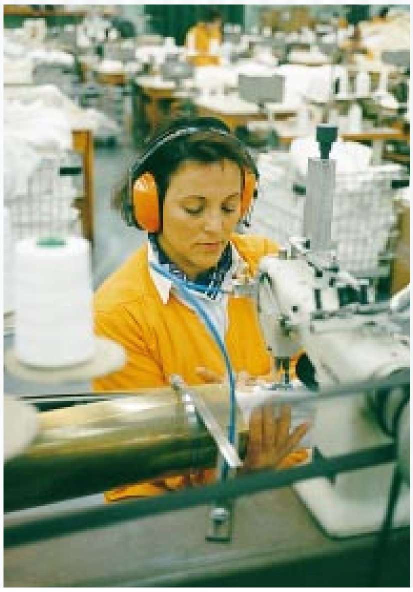


Photo Rui Almeida

Alcina Dias Oliveira working on Fanafel's new tubing line. This line produces filtration products for environmental protection.

Photo Jorma Rajamäki

Raija-Leena Nukarinen
inspecting a press felt
base weave in Tampere.

Photo Jorma Rajamäki

Blue dryer fabrics give way to red fabrics. Ready fabric being inspected by Kaarina Kolehmainen and Seija Kivirasi.

Photo Pertti Puranen

An example of Tamfelt's co-operation with machinery manufacturers, with environmentally friendly pulping processes as a goal: the first green liquor filter which was supplied to Wisaforest mill in Pietarsaari by Ahlstrom Machinery. Tamfelt filter bags were developed specially for this X-Filter ™ used in the caustisizing process.

Photo Jorma Rajamäki

Finishing: Jouni Hakanpää and a blue dryer fabric.

Filter Fabrics

The Division produces shrink fabrics, disc filter bags, press fabrics and filtration media used in special applications in the forest, mining and chemical industries. Filter fabrics are also manufactured for use in waste water treatment plants.

Deliveries of filter fabrics to Europe showed a remarkable increase in 1995. In North and South America sales and market share also increased. Cooperation with European filter equipment manufacturers resulted in an increasing number of new filtration applications utilizing Tamfelt's fabrics.

The Division's net sales and income were clearly improved from the previous year. Targets were exceeded in sales to both the mining and forest industries. Three-quarters of sales consisted of exports to 40 countries.

Growing demand prompted the expansion of the filter fabric manufacturing plant in Tampere while operations were streamlined resulting in considerably higher efficiency. Tamfelt's systematic development strategy for filter fabrics is geared to ensure competitiveness and capacity to satisfy demand.

Dyeing Services

Pirkanmaan Uusi Värjäämo Oy, started in 1995, is fifty per cent owned by Tamfelt. The company, incorporating the activities of Tamfelt Dyeing Services and Peitta Oy, experienced difficulty in merging two different corporate cultures and as a result operated at a loss. Improvements were noted by year end although the weakening economic outlook may undermine marketing efforts.

Outlook

Tamfelt's market outlook remains strong. The order base covers production well into the fall. The high number of replacements and new paper machine acquisitions in the offing provide a potential for Tamfelt to increase sales in Europe in 1996 and 1997. In North America, while competition is very strong, innovation, know-how and quality service should offer the potential for expanding market share. Capacity utilization is high in the mining and chemical industries and short-term prospects are favorable for Tamfelt's products. Unless sweeping changes occur in the market outlook, the company's financial performance for 1996 is expected to remain at the 1995 level.

Consolidated Statement of Income Jan. 1 - Dec. 31

(FIM 1 000)

	1995	%	1994	%
NET SALES	478 838	100	427 623	100
Increase (+) or decrease (-) in				
finished goods inventories	-8 447		13 146	
Production for own use	1 208		1 194	
Other operating income	7 869		1 897	
Costs and expenses				
Materials, supplies and products				
Purchases during the fiscal year	90 889		91 953	
Increase (-) or decrease (+)				
in inventories	1 869		1 615	
External services	2 760		1 140	
Personnel expenses	206 322		193 718	
Rents	3 512		3 358	
Other costs and expenses	71 426		72 323	
	-376 778		-364 107	
OPERATING INCOME BEFORE DEPRECIATION	102 690	21	79 753	19
Depreciation on fixed assets and other				
long-term expenditure	-31 536		-33 190	
OPERATING INCOME	71 154	15	46 563	11
Financial income and expenses				
Interest income	12 794		9 674	
Other financial income	6 540		2 083	
Interest expenses	-9 565		-10 038	
Other financial expenses	-4 595		-7 772	
	5 174		-6 053	
INCOME BEFORE EXTRAORDINARY ITEMS, RESERVES AND TAXES/ INCOME BEFORE RESERVES AND TAXES	76 328	16	40 510	9
Increase (-) or decrease (+) in				
accelerated depreciation	-24 756		9 770	
Increase (-) or decrease (+) in				
voluntary reserve	40 522		-126	
Income taxes	-23 950		-8 982	
Minority interest	-43		-23	
NET INCOME FOR THE YEAR	68 101	14	41 149	10

CONSOLIDATED BALANCE SHEET DEC. 31

(FIM 1 000)

ASSETS	1995	%	1994	%
FIXED ASSETS AND OTHER LONG-TERM INVESTMENT				
Intangible assets				
Intangible rights	2 526		2 174	
Consolidated goodwill	2 425		3 233	
Other long-term expenditure	1 496		818	
	6 447	1	6 225	1
Tangible assets				
Land and water	7 999		8 221	
Buildings	58 028		54 792	
Machinery, equipment and furniture	109 310		109 886	
Other tangible assets	482		440	
Advance payments and construction in progress	4 161		5 439	
	179 980	30	178 778	29
Financial assets				
Shares and holdings	1 538		1 537	
Loans receivable	5 215		4 929	
	6 753	1	6 466	1
CURRENT ASSETS				
Inventories				
Raw materials and consumables	23 269		25 347	
Work in progress	50 249		58 653	
Finished products	54 896		57 288	
Advance payments			172	
	128 414	21	141 460	23
Receivables				
Sales receivable	78 683		74 320	
Loans receivable	580		808	
Prepaid expenses and accrued income	28 421		19 739	
Other receivables	14 344		32 422	
	122 028	19	127 289	20
Securities				
Shares and holdings	1 377		11 285	
Other securities	112 937		53 344	
	114 314	18	64 629	10
Cash in hand and at bank	64 930	10	103 195	16
	622 866	100	628 042	100

LIABILITIES	1995	%	1994	%
STOCKHOLDERS' EQUITY				
Restricted equity				
Capital stock	66 000		66 000	
General reserve	13 745		13 745	
Non-restricted equity				
Contingency reserve	19 806		19 806	
Other non-restricted equity	121 809		97 781	
Net income for the year	68 101		41 149	
	289 461	47	238 481	38
RESERVES				
Total accelerated depreciation	77 094	12	52 338	8
Voluntary reserve				
Investment reserve	27 437		64 437	
Other reserves	52 282		55 804	
	79 719	13	120 241	19
MINORITY INTEREST	271	0	232	0
CREDITORS				
Long-term liabilities				
Loans from financial institutions	2 265		38 284	
Pension loans			31 790	
Other long-term liabilities	30 292		44 394	
	32 557	5	114 468	18
Current liabilities				
Loans from financial institutions	42 826		23 838	
Pension loans			2 393	
Advance received	5 144		4 740	
Accounts payable	21 732		19 109	
Accrued liabilities and deferred income	71 388		50 154	
Other current liabilities	2 674		2 048	
	143 764	23	102 282	17
	622 866	100	628 042	100

Consolidated Statement of Cash Flows

(FIM 1 000)

	1995	1994
OPERATING ACTIVITIES		
Internal financing		
Operating income	71 154	46 563
Depreciation	31 536	33 190
Financial income and expenses	5 174	-6 053
Taxes	-23 950	-8 982
	83 914	64 718
CHANGE IN WORKING CAPITAL		
Increase (-) or decrease (+) in inventories	13 046	-4 257
Increase (-) or decrease (+) in short-term receivables	-13 238	19 618
Increase (+) or decrease (-) in interest-free short-term debt	24 261	99
	24 069	15 460
Cash flow from operations	107 983	80 178
INVESTMENT		
Capital expenditure in fixed assets	-38 941	-21 905
Sales of fixed assets	83	128
Exchange rate differences on fixed assets	5 897	11 107
	-32 961	-10 670
Cash flow before financing	75 022	69 508
FINANCING		
Increase (-) or decrease (+) in long-term receivables	-286	-3 889
Increase (+) or decrease (-) in long-term loans	-75 555	-5 551
Increase (+) or decrease (-) in short-term loans	18 847	-18 157
Dividends	-17 300	-13 560
Exchange rate differences on long-term loans	-6 356	-15 192
Exchange rate differences on short-term loans	-1 630	-7 846
	-82 280	-64 195
Calculated increase in liquid assets increase (+) or decrease (-)	-7 258	5 313
Adjustments [1]	179	2 064
Balance-sheet increase (+) or decrease (-) in liquid assets	-7 079	7 377

The items of this Statement are not directly deducible from the Balance Sheet on account of changes in the Balance Sheet items.

[1] including translation adjustments, etc.

Statement of Income Jan. 1 - Dec. 31

Parent company (FIM 1 000)

	1995	%	1994	%
NET SALES	387 479	100	343 857	100
Increase (+) or decrease (-) in finished goods inventories	142		14 498	
Production for own use	1 208		1 194	
Other operating income	6 773		922	
Costs and expenses				
Materials, supplies and products				
Purchases during the fiscal year	75 808		74 741	
Increase (-) or decrease (+) in inventories	2 535		1 367	
External services	2 456		543	
Personnel expenses	161 174		145 469	
Rents	19 552		19 915	
Other costs and expenses	49 823		46 179	
	-311 348		-288 214	
OPERATING INCOME BEFORE DEPRECIATION	84 254	22	72 257	21
Depreciation on fixed assets and other long-term expenditure	-23 406		-22 627	
OPERATING INCOME	60 848	16	49 630	14
Financial income and expenses				
Dividend income	3 500		10 500	
Tax credit	1 167		3 500	
Interest income	5 884		4 321	
Other financial income	4 673		2 083	
Interest expenses	-3 253		-3 650	
Other financial expenses	-4 016		-6 019	
	7 955		10 735	
INCOME BEFORE EXTRAORDINARY ITEMS, RESERVES AND TAXES	68 803	18	60 365	18
Extraordinary income and expenses				
Extraordinary income	16 000		6 600	
Extraordinary expenses			-31 568	
	16 000		-24 968	
INCOME BEFORE RESERVES AND TAXES	84 803	22	35 397	10
Increase (-) or decrease (+) in accelerated depreciation	-27 324		9 195	
Increase (-) or decrease (+) in voluntary reserve	40 420			
Income taxes	-24 916		-11 220	
NET INCOME FOR THE YEAR	72 983	19	33 372	10

Balance Sheet Dec. 31

Parent company (FIM 1 000)

ASSETS	1995	%	1994	%
FIXED ASSETS AND OTHER LONG-TERM INVESTMENT				
Intangible assets				
Intangible rights	3 744		3 800	
Other long-term expenditure	660		770	
	4 404	1	4 570	1
Tangible assets				
Land and water	4 294		4 294	
Buildings	6 498			
Machinery, equipment and furniture	80 985		70 862	
Other tangible assets	482		440	
Advance payments and construction in progress	4 069		5 073	
	96 328	16	80 669	14
Financial assets				
Shares and holdings	205 623		205 623	
Loans receivable	18 006		9 057	
	223 629	37	214 680	37
CURRENT ASSETS				
Inventories				
Raw materials and consumables	18 087		20 622	
Work in progress	44 003		45 585	
Finished products	39 499		37 775	
Advance payments			172	
	101 589	17	104 154	18
Receivables				
Sales receivable	58 325		55 629	
Loans receivable	534		698	
Prepaid expenses and accrued income	31 210		15 700	
Other receivables	13 719		32 218	
	103 788	17	104 245	18
Securities				
Shares and holdings	1 377		1 568	
Other securities	28 437			
	29 814	5	1 568	0
Cash in hand and at bank	44 178	7	70 810	12
	603 730	100	580 696	100

LIABILITIES	1995	%	1994	%
STOCKHOLDERS' EQUITY				
Restricted equity				
Capital stock	66 000		66 000	
General reserve	13 745		13 745	
Non-restricted equity				
Contingency reserve	19 806		19 806	
Retained earnings	190 088		174 017	
Net income for the year	72 983		33 372	
	362 622	60	306 940	53
RESERVES				
Total accelerated depreciation	74 306	12	46 982	8
Voluntary reserve				
Investment reserve	27 437		64 437	
Other reserves	51 379		54 799	
	78 816	13	119 236	20
CREDITORS				
Long-term liabilities				
Loans from financial institutions	1 085		11 979	
Pension loans			31 790	
Other long-term liabilities			45	
	1 085	0	43 814	8
Current liabilities				
Loans from financial institutions	1 407		1 890	
Pension loans			2 393	
Advance received	5 139		4 739	
Accounts payable	17 775		13 669	
Accrued liabilities and deferred income	62 452		40 956	
Other current liabilities	128		77	
	86 901	15	63 724	11
	603 730	100	580 696	100

Statement of Cash Flows

Parent Company (FIM 1 000)	1995	1994
OPERATING ACTIVITIES		
Internal financing		
Operating income	60 848	49 630
Depreciation	23 406	22 627
Financial income and expenses	7 955	10 735
Extraordinary items	16 000	-24 968
Taxes	-24 916	-11 220
	83 293	46 804
CHANGE IN WORKING CAPITAL		
Increase (-) or decrease (+) in inventories	2 565	-13 303
Increase (-) or decrease (+) in short-term receivables	-17 851	11 772
Increase (+) or decrease (-) in interest-free short-term debts	26 008	3 746
	10 722	2 215
Cash flow from operations	94 015	49 019
INVESTMENT		
Capital expenditure in fixed assets	-40 927	-18 285
Sales of fixed assets	2 027	59
	-38 900	-18 226
Cash flow before financing	55 115	30 793
FINANCING		
Increase (-) or decrease (+) in long-term receivables	-9 032	-3 890
Increase (+) or decrease (-) in long-term loans	-42 730	-3 583
Increase (+) or decrease (-) in short-term loans	-2 831	-1 115
Dividends	-17 300	-13 560
Exchange rate differences on long-term receivables	83	416
Exchange rate differences on long-term loans		-2 083
	-71 810	-23 815
Calculated increase in liquid assets	-16 695	6 978
Balance-sheet increase (+) or decrease (-) in liquid assets	-16 695	6 978

Significant Accounting Policies

Principle

The financial statements are based on acquisition cost.

Consolidated financial statements

The statements include the parent company and those companies in which Tamfelt Corp., directly or indirectly, holds over 50% of the voting stock. A 50% ownership has been consolidated according to instructions governing joint companies. Other associated undertakings have been consolidated according to their capital contribution.

Inter-group transactions

All inter-group transactions have been eliminated. A joint company has been consolidated by eliminating mutual ownership and loans from stockholders.

Subsidiary stockholdings

The past equity method has been adopted for consolidation. Goodwill, the excess of acquisition cost over capital value, is amortized on a straight line basis over five years.

Foreign group companies

The income statements of the foreign group companies have been translated into Finnmarks at the average exchange rate for the year. Their balance sheets have been translated at the average rate quoted by the Bank of Finland on the balance sheet date. The resulting translation differences are shown in the non-restricted equity.

Net sales

Net sales are the sales revenues less sales-related discounts, credits, royalties, freights, duties, commissions and exchange rate differences.

Inventories

Inventories are valued at lower of cost or market, at either the purchase price, estimated purchase price or estimated net realizable value, whichever is the lowest. The purchase price is calculated on the direct cost of acquisition or manufacture using the FiFo principle.

For foreign subsidiaries, inventories are valued in accordance with local practice and also include indirect costs of production.

Foreign currencies

The parent company receivables and liabilities are entered at the average exchange rate quoted by the Bank of Finland on the balance sheet date. All exchange rate differences are recorded in the net income for the year.

Fixed assets and depreciation

Fixed assets are stated at cost less depreciation according to plan.

For the US plant investments, interests have been capitalized in fixed assets according to local practice.

The formulas used for calculating depreciation are:

- Planned depreciation is computed on the straight line method over estimated economic life as follows: Buildings 25 to 50 years, machinery 5 to 15 years (heavy-weight longer than light-weight, in the parent company max. 10 years), intangible assets 3 to 10 years, equipment and light-weight installations 3 to 5 years.
- Total depreciation is based on tax regulations and is entered and deducted accordingly.

The difference between planned and total depreciation is shown in the statement of income as the increase/decrease of accelerated depreciation.

Assets are entered in the balance sheet at cost less planned depreciation. Total accelerated depreciation is recorded in reserves.

Research and development

Parent company R & D costs are booked in the statement of income.

Reserves

Total reserves are booked in balance sheet liabilities. Voluntary reserve and total accelerated depreciation are not divided in non-restricted equity and calculated tax liability in the consolidated statements.

Taxes

Computed estimates of taxes are entered in the statement of income of the domestic companies. Foreign subsidiary taxes are presented in the consolidated statements as booked in their respective original accounts.

Pension liability in Finland

Liability for working employees is covered by pension insurance corporations. The parent company is responsible for voluntary, unregistered old age pensions. Corresponding figures are shown in the pledged assets included in Financial Data.

Financial data

Statement of Income (FIM 1 000)

Net sales

Tamfelt's line of business is technical textiles.

Net sales in the various market areas	Consolidated		Parent company	
	1995	1994	1995	1994
Nordic countries	269 142	245 085	258 037	245 085
Other Europe	125 120	107 069	98 478	74 786
North America	65 356	65 577	17 107	14 094
Other countries	19 220	9 892	13 857	9 892
Total	478 838	427 623	387 479	343 857

Personnel expenses and fringe benefits

	Consolidated		Parent company	
	1995	1994	1995	1994
Wages and salaries	158 542	156 162	123 412	111 172
Fringe benefits	401	425	397	425
Pension expenses	24 437	20 344	21 356	17 727
Other nonwage personnel expenses	23 343	17 212	16 406	16 570
Total	206 723	194 143	161 571	145 894
Remunerations				
Presidents and directors	1 611	2 544	1 219	1 023
Other remunerations	152 437	152 596	116 345	106 654
Total	154 048	155 140	117 564	107 677

Depreciation

Planned depreciation	Consolidated		Parent company	
	1995	1994	1995	1994
Intangible rights	1 147	1 385	1 554	1 788
Consolidated goodwill	808	808	-	-
Other long-term expenditure	222	141	110	110
Buildings	2 380	2 582	13	-
Machinery, equipment and furniture	26 971	28 266	20 221	20 721
Other tangible assets	8	8	8	8
Shares and holdings	-	-	1 500	-
Total	31 536	33 190	23 406	22 627
Change in accelerated depreciation (increase + or decrease -)				
Intangible rights	1 201	-	1 201	-
Other long-term expenditure	-110	-	-110	-
Buildings	5 857	-323	6 499	-
Machinery, equipment and furniture	17 808	-9 447	19 734	-9 195
Total	24 756	-9 770	27 324	-9 195

Inter-group financial income and expenses

	Parent company	
	1995	1994
Financial income from group companies		
Dividend income	3 500	10 500
Interest income from short-term receivables	-	29

Extraordinary income and expenses

Parent company's extraordinary income includes group subsidy of FIM 16.0 million (6.6 million) from Tamfelt Properties. Parent company's extraordinary expenses for 1994 include FIM 31.6 million of remissions of debts by subsidiary companies. The item improved TF Group, Inc.'s consolidated net income.

Change of voluntary reserve

(increase + or decrease -)	Consolidated		Parent company	
	1995	1994	1995	1994
Investment reserve	-37 000	-	-37 000	-
Replacement reserve	-3 420	-	-3 420	-
Residential house reserve	-102	126	-	-
	-40 522	126	-40 420	-

Taxes

	Consolidated		Parent company	
	1995	1994	1995	1994
Taxes for the year	23 916	9 322	24 882	11 559
Taxes for earlier years	34	-339	34	-339
Total	23 950	8 983	24 916	11 220

Balance Sheet

(FIM 1 000)

Intangible and tangible assets 1995

	Acquisition cost Jan. 1	Increase Jan. 1 through Dec. 31	Decrease Jan. 1 through Dec. 31	Translation differences	Acquisition cost Dec. 31	Accumulated depreciation according to plan Dec. 31	Book value Dec. 31
Consolidated							
Intangible rights	12 051	1 499			13 550	-11 024	2 526
Consolidated goodwill	5 699				5 699	-3 274	2 425
Other long-term expenditure	1 195	901		-2	2 094	-598	1 496
Land and water	8 221			-222	7 999		7 999
Buildings	89 325	6 525		-1 091	94 759	-36 731	58 028
Machinery, equipment and furniture	410 654	35 175	-22 667	-6 187	416 975	-307 665	109 310
Other tangible assets	715	50			765	-283	482
Advance payments and construction in progress	5 439	950	-2 210	-18	4 161		4 161
Total	533 299	45 100	-24 877	-7 520	546 002	-359 575	186 427
Machinery and equipment							97 362
Parent company							
Intangible rights	16 118	1 498			17 616	-13 872	3 744
Other long-term expenditure	1 100				1 100	-440	660
Land and water	4 294				4 294		4 294
Buildings		6 512			6 512	-14	6 498
Machinery, equipment and furniture	292 454	32 370	-14 382		310 442	-229 457	80 985
Other tangible assets	715	50			765	-283	482
Advance payments and construction in progress	5 072		-1 003		4 069		4 069
Total	319 753	40 430	-15 385		344 798	-244 066	100 732
Machinery and equipment							71 217

Intangible and tangible assets 1994

	Acquisition cost Jan. 1	Increase Jan. 1 through Dec. 31	Decrease Jan. 1 through Dec. 31	Translation differences	Acquisition cost Dec. 31	Accumulated depreciation according to plan Dec. 31	Book value Dec. 31
Consolidated							
Intangible rights	10 946	1 157	-52		12 051	-9 877	2 174
Consolidated goodwill	5 699				5 699	-2 466	3 233
Other long-term expenditure	2 303	65	-1 173		1 195	-377	818
Land and water	8 300			-79	8 221		8 221
Buildings	88 317	3 828		-2 820	89 325	-34 533	54 792
Machinery, equipment and furniture	419 412	15 585	-6 975	-17 368	410 654	-300 768	109 886
Other tangible assets	675	40			715	-275	440
Advance payments and construction in progress	1 205	4 234			5 439		5 439
Total	536 857	24 909	-8 200	-20 267	533 299	-348 296	185 003
Machinery and equipment							98 019

	Acquisition cost Jan. 1	Increase Jan. 1 through Dec. 31	Decrease Jan. 1 through Dec. 31	Translation differences	Acquisition cost Dec. 31	Accumulated depreciation according to plan Dec. 31	Book value Dec. 31
Parent company							
Intangible rights	14 961	1 157			16 118	-12 318	3 800
Other long-term expenditure	1 100				1 100	-330	770
Land and water	4 294				4 294		4 294
Machinery, equipment and furniture	285 602	12 516	-5 664		292 454	-221 592	70 862
Other tangible assets	675	40			715	-275	440
Advance payments and construction in progress	1 014	4 058			5 072		5 072
Total	307 646	17 771	-5 664		319 753	-234 515	85 238
Machinery and equipment							62 856

Shares and holdings owned by the Group and the parent company (1 000)

	Percentage of group ownership %	Percentage of group voting power %	Group ownership in equity FIM	Group ownership in net income FIM	Percentage of parent company ownership %	Shares owned by parent company	Par value	Book value FIM
Group companies								
Fanafel Lda	98	98	14 737	2 356	72	PTE	304 136	15 870
Kiinteistö Oy Juvanmänty	100	100	53	-1	0		-	-
Kiinteistö Oy Saarensahra	100	100	186	-	0		-	-
TF Group, Inc. *	100	100	-7 323	-6 515	100	USD	.	.
Tamfelt (UK) Ltd	100	100	143	-	100	GBP	.	181
Tamfelt Properties	100	100	194 273	133	100	FIM	83 109	187 535
Tampereen Verkatehdas Oy	100	100	23	-	100	FIM	10	10
								203 596
Associated companies								
Alakoski Oy **	39	39	-844	-742	39	FIM	4	4
Pirkanmaan Uusi Värjäämö Oy**	50	50	-1 354	-1 854	50	FIM	50	514
								518

Other parent company shares and holdings

	Number of shares	Par value		Book value
Helsinki Stock Exchange Ltd	20 000	FIM	200	150
Insurance Company Sampo	11 999	FIM	240	1
Condominiums and real estate companies	3 099	FIM	204	495
Other shares and holdings				228
Connection fees				635
				1 509

* Including subsidiares Formtec Forming Fabrics, Inc., Tamfelt, Inc., Tamfelt Canada, Inc. and Formtec Forming Fabrics of Canada, Inc.

** Closing day Dec. 12, 1995. Accounting months 12.

Fixed assets tax values

	Parent company 1995	1994
Land	3 881	3 880
Buildings	6 498	-
Shares and holdings	193 276	131 082

In the absence of tax value, book value is shown.

Long-term investment and loans receivable / Group companies and associated companies

Long-term investment in shares and loans receivable

	Parent company 1995	1994
Group companies		
Shares	203 596	203 596
Loans receivable	9 711	4 128
Total	213 307	207 734
Associated companies		
Shares	518	518
Loans receivable	6 580	3 889
Total	7 098	4 407

Current assets

Receivables and liabilities/Group companies and associated companies

	Parent company 1995	1994
Group companies		
Sales receivable	1 614	2 929
Prepaid expenses and accrued income	16 000	8
Short-term accounts payable	3 407	94
Accrued liabilities and deferred income	41	-
Associated companies		
Sales receivable	328	-
Prepaid expenses and accrued income	221	-
Short-term accounts payable	298	-
Accrued liabilities and deferred income	-	250

Stockholders' equity

	Consolidated		Parent company	
	1995	1994	1995	1994
Capital stock Jan. 1	66 000	44 000	66 000	44 000
Stock dividend Nov. 18, 1994		22 000		22 000
Capital stock Dec. 31	66 000	66 000	66 000	66 000
General reserve Jan. 1	13 745	35 745	13 745	35 745
Stock dividend Nov. 18, 1994		-22 000		-22 000
General reserve Dec. 31	13 745	13 745	13 745	13 745
Restricted equity Dec. 31	79 745	79 745	79 745	79 745
Contingency reserve Jan. 1	19 806	19 806	19 806	19 806
Contingency reserve Dec. 31	19 806	19 806	19 806	19 806
Other non-restricted equity Jan. 1	138 930	109 894	207 388	187 577
Dividend	-17 300	-13 560	-17 300	-13 560
Change in translation adjustment	161	1 447		
Two-rate consolidation differences	18			
Net income for the year	68 101	41 149	72 983	33 372
Other non-restricted equity Dec. 31	189 910	138 930	263 071	207 389
Non-restricted equity Dec. 31	209 716	158 736	282 877	227 195
Total stockholders' equity	289 461	238 481	362 622	306 940

Specification of accumulated depreciation

	Consolidated		Parent company	
	1995	1994	1995	1994
Intangible rights	1 201		1 201	
Other long-term expenses	660	770	660	770
Buildings	10 569	4 712	6 498	
Machinery, equipment and furniture	64 664	46 856	65 947	46 212
Total	77 094	52 338	74 306	46 982

Tax liability from reserves

Tax liability corresponding to the consolidated voluntary reserve and accelerated depreciation on December 31

	Consolidated	
	1995	1994
Accelerated depreciation	21 586	13 084
Voluntary reserve	22 321	30 060
Total tax liability	43 907	43 144

Creditors

Liabilities due within five years or later	Consolidated		Parent company	
	1995	1994	1995	1994
Pension loans	-	23 780	-	23 780
Other long-term liabilities	30 292	44 349	-	-
Total	30 292	68 129	-	23 780

Other long-term liabilities

Other long-term liabilities include a bond with equity warrants of FIM 45,000 directed to the company management. The option can be exercised from September 15, 1994 through October 31, 1996 with the restrictions specified in the bond terms. Each warrant authorizes the holder to subscribe for 200 common shares and 1,000 preferred shares. The subscription price is FIM 225 for a common share and FIM 49.50 for a preferred share. The company's capital stock can be raised by warrants with the maximum amount of FIM 540,000. The Board's, the President's and the Senior Vice President's total share of the bond is FIM 25,000.

Pledged assets and contingent liabilities

	Consolidated		Parent company	
	1995	1994	1995	1994
a) Own debt				
Mortgages in land and buildings	28 801	58 487	10 100	31 100
Mortgages in companies	1 000			
b) Consolidated debt				
Pledges		40 000		
Guarantees			68 430	77 352
c) Other own liabilities				
Bill liabilities	1 136	1 956		
Leasing liabilities	3 378	5 796		
Pension liabilities	3 273	2 902	1 404	1 441
Total	37 588	109 141	79 934	109 893

Consolidated Financial Summary

(FIM 1 000)

	1991	1992	1993	1994	1995
Net sales	375 894	420 641	441 774	427 623	478 838
Change %	1.7	11.9	5.0	-3.2	12.0
Exports and foreign subsidiaries	193 038	236 580	255 285	227 560	260 063
% of sales	51.4	56.2	57.8	53.2	54.3
Net income before reserves and taxes	18 451	47 462	43 900	40 510	76 328
% of sales	4.9	11.3	9.9	9.5	15.9
Return on equity I %	1.7	10.8	8.8	7.9	12.2
Return on equity II %	3.1	13.0	11.6	9.5	14.5
Return on net assets %	7.9	12.8	11.7	11.2	16.8
Equity/Assets ratio %	56.5	55.5	60.2	66.0	72.3

Return on equity I %

$$\frac{\text{Income before extraordinary items - taxes}}{\text{Equity + minority interest + reserves (year average)}} \times 100$$

Return on equity II % *)

$$\frac{\text{Income before extraordinary items - taxes - 25 \% of changes in reserves}}{\text{Equity + minority interest + 75 \% of reserves (year average)}} \times 100$$

Return on net assets %

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

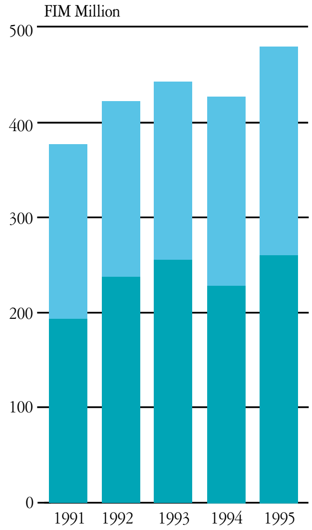
Equity/Assets ratio %

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

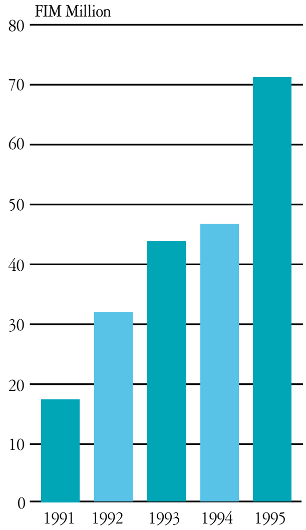
*) Deferred tax liability for 1991 counted at 40 % and for 1992 through 1995 at 25 %.

Net sales, consolidated

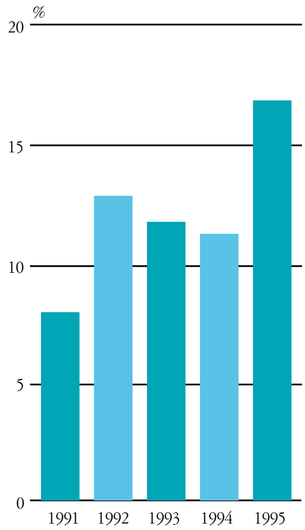
Total net sales
Exports and foreign subsidiaries



Operating income, consolidated

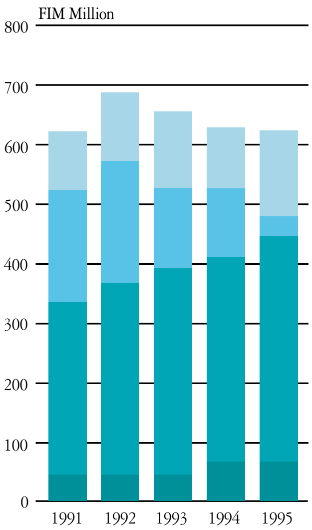


Return on net assets, consolidated

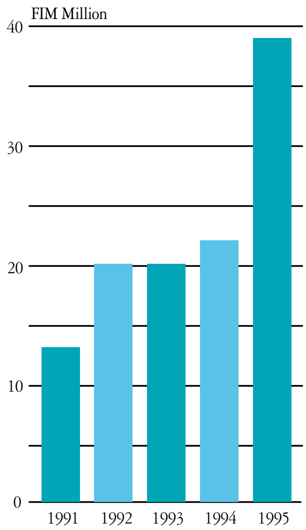


Financing, consolidated

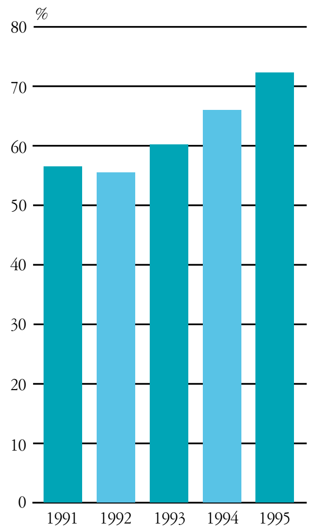
Capital stock
Other equity
Long-term debt
Short-term debt



Net investments, consolidated

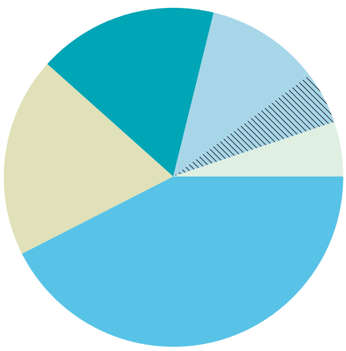


Equity/assets ratio, consolidated



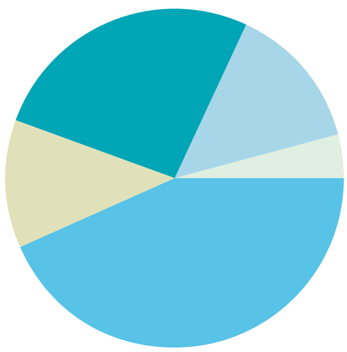
Distribution of income 1995, consolidated

Personnel costs 43 %
Raw materials and supplies 19 %
Other expenses 17 %
Depreciation according to plan 7 %
Net income 14 %, dividend 5 %



Net sales in various market areas 1995, consolidated

Finland 43.6 %
Scandinavia 12.6 %
Other Europe 26.2 %
North America 13.6 %
Other countries 4.0 %



Stock Analysis

Capital stock and types of shares

The capital stock of Tamfelt Corp. consists of common stock and preferred stock. The par value is 10 Finnmarks for each type of share. Preferred shares receive a two percentage points higher dividend than common shares. Common shares carry twenty votes and preferred shares one.

The capital stock remained unchanged in 1995 at 66 million marks. It is divided in 2,600,000 common shares and 4,000,000 preferred shares.

Trends and trade volumes

Over the year the HEX general index fell 7.7%. Tamfelt common stock fell 1.3% and preferred stock 8.9%. The exchange level of Other Industries, the business category in which Tamfelt's shares are listed, fell 29.3%.

On the Helsinki Stock Exchange, trading in Tamfelt common stock amounted to FIM 14.8 million (17.8) and preferred stock to FIM 44.4 million (49.6). The numbers traded were 218,612 (201,803) common shares and 710,462 (571,210) preferred shares.

The turnover of common shares was 8.4% of the company's total common stock. The corresponding percentage for preferred shares was 17.8%.

The highest quotation for a common share was 80 and the lowest 58 marks. The corresponding prices for a preferred share were 77 and 55 marks. The weighted quotation in 1995 trading was 67.61 marks for a common share and 62.53 marks for a preferred share.

Capital stock ownership

At the end of the year the company had 1,773 registered stockholders and three ownership registrations in the name of a nominee. The number of shares yet to be transferred to the book-entry securities system is 8,304 (0.13%). Board members, President and Senior Vice President held a total of 148,230 common and 118,363 preferred shares corresponding to 4.0% of the capital stock and a 5.5% voting power.

Stock ownership by voting power was divided at the year end as follows: private persons 46%, financial institutions 22%, non-profit corporations 17 %, companies 13%, and others 2%.

Biggest corporate stockholders by voting power on December 31, 1995

Pension-Varma, Mutual Insurance Company	9.0%
Industrial Insurance Company Ltd	5.0%
Valmet Corporation	4.4%
Waldemar von Frenckell Foundation	3.9%
von Frenckell, Christoffer	3.8%
Cedercreutz, Axel	3.1%
Nova Life Insurance Company Ltd	2.7%
Samfundet Folkhälsan i Svenska Finland	2.5%
The House of Nobility	1.8%
Insurance Company of Finland Limited	1.8%
TOTAL	38.0%

Biggest corporate ownership registrations by number of stock on December 31, 1995

Pension-Varma, Mutual Insurance Company	7.0%
Industrial Insurance Company Ltd	4.6%
Valmet Corporation	2.8%
Waldemar von Frenckell Foundation	2.7%
von Frenckell, Christoffer	2.7%
Suomi Mutual Life Assurance Company	2.6%
Samfundet Folkhälsan i Svenska Finland	2.3%
Cedercreutz, Axel	2.2%
The Local Government Pensions Institution	2.2%
Merita Bank Ltd./Reg. in name of nominee	1.8%
TOTAL	30.9%

	1991	1992	1993	1994	1995
Capital stock and number of shares					
Capital stock Dec. 31 (FIM million)	44.0	44.0	44.0	66.0	66.0
common	26.0	26.0	26.0	26.0	26.0
preferred	18.0	18.0	18.0	40.0	40.0
Stock exchange value Dec. 31 (FIM million)	230.3	360.5	625.8	487.0	458.4
Number of shares Dec. 31 (1 000)	2 200	2 200	2 200	6 600	6 600
common	1 300	1 300	1 300	2 600	2 600
preferred	900	900	900	4 000	4 000
Adjusted average number of shares (1 000)	6 600	6 600	6 600	6 600	6 600
Adjusted number of shares Dec. 31 (1 000)	6 600	6 600	6 600	6 600	6 600
Number of stockholders Dec. 31	2 223	2 222	1 738	1765	1 773
Nominee-registrated ownerships Dec. 31			3	3	3
Dividend					
Dividend (FIM million) [1)]	7.40	10.48	13.56	17.30	21.90
Dividend/share (FIM)					
common	3.20	4.60	6.00	2.50	3.20
preferred	3.60	5.00	6.40	2.70	3.40
Adjusted dividend/share (FIM)					
common	1.07	1.53	2.00	2.50	3.20
preferred	1.20	1.67	2.13	2.70	3.40
Dividend yield Dec. 31 (%)					
common	2.4	2.6	2.1	3.3	4.3
preferred	6.0	3.3	2.3	3.7	5.1
Dividend/income (%)	117.1	25.7	40.3	54.9	41.9
Trends and trading					
Unadjusted trading price at year-end					
common	132.00	179.00	291.00	75.00	74.00
preferred	60.00	150.00	275.00	73.00	66.50
Adjusted trading price at year-end					
common	44.00	59.70	97.00	75.00	74.00
preferred	20.00	50.00	91.70	73.00	66.50
Change of adjusted trading price (%)					
common	18.9	35.6	62.6	-22.7	-1.3
preferred	-40.0	150.0	83.3	-20.4	-8.9
Adjusted highest trading price (FIM)					
common	57.30	64.30	100.00	103.30	80.00
preferred	31.70	52.00	91.70	101.70	77.00
Adjusted lowest trading price (FIM)					
common	30.40	42.00	60.00	71.00	58.00
preferred	16.70	20.00	51.70	70.00	55.00
Trading volume (FIM million)					
common	4.2	18.7	28.2	17.8	14.8
preferred	2.2	46.0	114.4	49.6	44.4
Trading volume (number of shares) [*)]					
common	97 437	338 376	366 942	201 803	218 612
preferred	96 744	1 162 458	1 532 445	571 210	710 462
Trading volume/% of total stock					
common	2.5	8.7	9.4	7.8	8.4
preferred	3.6	43.1	56.8	14.3	17.8
Stock summary I					
(Deferred tax liability undeducted)					
Adjusted earning/share (FIM)	0.95	6.15	5.10	4.75	7.95
P/E ratio Dec. 31					
common	46.0	9.7	19.0	15.7	9.3
preferred	20.9	8.1	18.0	15.3	8.4
Adjusted equity/share Dec. 31 (FIM)	51	56	59	62	68
Stock summary II					
(Deferred tax liability deducted 40% for 1991 and 25% since 1992)					
Adjusted earning/share (FIM)	1.25	6.40	5.90	5.15	8.55
P/E ratio Dec. 31					
common	34.7	9.3	16.5	14.6	8.7
preferred	15.8	7.8	15.6	14.2	7.8
Adjusted equity/share Dec. 31 (FIM)	38	48	52	56	62

[1)] 1995 Board of Directors' proposal
[*)] Trading volume made commensurable with current par value.

Board of Directors' Proposal to Annual General Meeting

Consolidated non-restricted equity on the Balance Sheet totals FIM 209,716,000, of which FIM 68,101,000 is net income for the year.

Parent company non-restricted equity on the Balance Sheet totals FIM 282,877,531, of which

- retained earnings from previous years	190 088 211
- net income for the year	72 982 894
	263 071 105

The Board proposes that this sum be appropriated as follows:

- a dividend of FIM 3.20 a share paid on 2,600,000 common shares	8 320 000
- a dividend of FIM 3.40 a share paid on 4,000,000 preferred shares	13 600 000
- to be retained	241 151 105
	263 071 105

Helsinki, February 29, 1996

Mikael von Frenckell   Axel Cedercreutz
Karl Nordgren   Martin Lilius
Vesa Kainu   Jouko Oksanen

Risto Hautamäki
President

Auditors' report

To the shareholders of Tamfelt Corp.

We have audited the accounting records and the accounts, as well as the administration by the Board of Directors and the President of Tamfelt Corp. for the year ended 31 December, 1995. The accounts prepared by the Board of Directors and the President include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the accounts. Based on our audit we express our opinion on these accounts and the parent company's administration.

We have conducted the audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the President have complied with the rules of the Finnish Companies Act.

In our opinion, the accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The accounts give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations for the year 1995 as well as of the financial position at the year end. The accounts can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

We have reviewed the interim reports made public by the company during the year. It is our understanding that the interim reports have been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Tampere, March 6, 1996

Eric Haglund, Authorized Public Accountant   Matti Niemi   Thomas Stenius

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