

Interim Report

January – June 2008

Small
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Ahlstrom 

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Interim report January-June 2008: Sales growth continued, full-year result expected to improve from last year

Key highlights of April-June

- Net sales grew by 6.7% to EUR 465.9 million from the second quarter in 2007. Excluding the currency impact, net sales grew by 12.3%.
- Operating profit excluding non-recurring items amounted to EUR 19.5 million, improving by 5.6% from the first quarter of this year.
- Year-on-year, operating profit excluding non-recurring items decreased by 7.3%. The main reasons for the year-on-year decrease were the losses of the La Gère plant, low volumes of the wipes business in Europe, as well as the escalating raw material prices. Although La Gère improved its performance from the first quarter, it was still burdening the Group result by EUR 2.7 million.

Outlook

- Due to the continuing overcapacity in release base papers and wipes in Europe, as well as the uncertainty in the global economy reflecting in the demand of some of Ahlstrom's products, Ahlstrom revises its full-year outlook.
- As a result of the continuing volume growth and the positive impact of the restructuring actions taken, Ahlstrom still anticipates the net sales and operating profit to improve from last year, but is now expecting a milder improvement than earlier stated. Operating profit for the second half of this year is still expected to be clearly better than in the second half of 2007.

Key figures, EUR million	Q2/2008	Q2/2007	Q1-Q2/ 2008	Q1-Q2/ 2007	2007
Net sales	465.9	436.9	932.2	853.3	1,760.8
Operating profit	19.4	21.0	38.7	44.4	25.8
* excluding non-recurring items	19.5	21.0	37.9	40.6	67.8
Profit before taxes	14.2	16.4	25.4	36.7	0.2
* excluding non-recurring items	14.2	16.4	24.6	32.9	42.1
Return on capital employed (ROCE), %	6.3	8.0	6.3	8.5	2.5
* excluding non-recurring items	6.3	8.0	6.2	7.8	6.3
Earnings per share, EUR	0.22	0.26	0.37	0.55	0.01
*excluding non-recurring items	0.21	0.25	0.35	0.49	0.62
Cash earnings per share, EUR	0.12	0.20	0.99	-0.06	0.94
Gearing ratio, %	76.0	50.9	76.0	50.9	65.3

Risto Anttonen, CEO, comments on Ahlstrom's second quarter:

- During April-June, Ahlstrom's operating environment continued to be challenging. The anticipated softness of demand caused by the uncertainty in the global economy

started to reflect in the volumes of some of our products towards the end of the quarter. Cost inflation remained strong, with average USD price for pulp rising by approximately 20% compared with the corresponding period last year, and USD price for energy by over 40%. We are constantly implementing price increases to offset the cost effect, and their impact will be gradually visible.

- Net sales came in at EUR 465.9 million, growing by 6.7% from the previous year. We saw a nice progress also in comparable net sales adjusted for currency effect, acquisitions and closures, which grew by 8.1% on the second quarter, and by approximately 2.0% on the first quarter of this year.

- Second quarter operating profit excluding non-recurring items amounted to EUR 19.5 million, improving by 5.6% from the first quarter. Year-on-year, the impact of La Gère, low volumes in wipes as well as the escalating raw material and energy prices decreased the operating profit excluding non-recurring items by 7.3%.

- We have taken actions to tackle the challenges in the release base papers and wipes in Europe, e.g. by organizing the wipes business into a separate business area, and I am confident that their performance will gradually improve. I am pleased to see that all the other business areas were performing as anticipated.

OPERATING ENVIRONMENT

The anticipated signs of softness in demand began to materialize towards the end of the second quarter of 2008 as a result of the uncertainty in the global economy. This was especially visible in Ahlstrom's products, which are linked with changes in consumer spending patterns, such as wiping fabrics, filtration and nonwovens for cars, housing filtration materials, as well as glass fiber reinforcement applications for the marine industry.

Within the Fiber Composites segment, the overall demand for the products of the Nonwovens business area continued to be on a good level. However, a slowdown in wiping fabrics in Europe emerged, but the demand was still stable in the USA. The demand for medical and technical nonwovens remained stable in all geographical areas. In the Filtration business area, the demand in the transportation filtration market was solid in Europe, South America and Asia. In the USA, the growth of transportation filtration products was flat, and the air filtration market continued to suffer due to the weak construction market. Demand in the Glass Nonwovens business area continued at a very good level in the wind energy markets, but signs of softness of demand emerged in marine applications.

In the Specialty Papers segment, the demand in the Technical Papers business area was flat in most of the product lines, especially in abrasive and furniture papers. For the products of the Release & Label Papers business area, the demand was two-folded: South American label paper market grew strongly, but on the other hand, the current overcapacity of release base paper resulted in lower demand for Ahlstrom's products in Europe.

Raw material costs remained high during the review period. The average USD market price for BHKP pulp (Bleached Hardwood Kraft pulp, e.g. eucalyptus pulp), was on average approximately 23% higher than in the second quarter of 2007. The

market price for NBSK pulp (Northern Bleached Softwood Kraft pulp) was on average approximately 16% higher than in the second quarter of 2007. Also the price for rayon, one of Ahlstrom's most important synthetic raw materials, increased significantly year-on-year, by approximately 28%. However, the price for rayon has decreased since the first quarter of 2008.

Energy prices increased significantly in the second quarter due to rising oil prices. Compared with the second quarter of 2007, the price of oil has risen by approximately 79%. Ahlstrom's main energy sources are natural gas and electricity.

FINANCIAL PERFORMANCE

Ahlstrom's business is reported in two segments: the Fiber Composites segment and the Specialty Papers segment. The Fiber Composites segment comprises the Nonwovens, the Glass Nonwovens and the Filtration business areas, and the Specialty Papers segment comprises the Release & Label Papers and the Technical Papers business areas.

Ahlstrom provides information on the breakdown of net sales per segment, per business area and per geographical area. The breakdown of operating profit is reported per segment.

Net sales in April-June 2008

During the April-June period, Group net sales grew by 6.7%, amounting to EUR 465.9 million (EUR 436.9 million) compared with the same period last year. Excluding the currency effect, net sales grew by 12.3%. Recent acquisitions increased the net sales by 12.0% in the second quarter, whereas closing of unprofitable units decreased the net sales by 7.9%. Comparable net sales adjusted for the currency effect, acquisitions and closures grew by 8.1% from the same period last year.

Sales volumes developed favorably, growing by 7.1% from the second quarter of 2007. Most of the volume growth was attributable for the acquisitions made in 2007. Comparable volume growth adjusted for acquisitions and closures was 5.1%.

The Fiber Composites segment accounted for 55% and the Specialty Papers segment 45% of the Group net sales.

The net sales of the Fiber Composites segment grew to EUR 257.0 million (EUR 235.5 million), up by 9.1% from the previous year. Comparable net sales adjusted for the currency effect, acquisitions and closures grew by 11.0% from the same period last year. Sales volumes grew by 16.2% during the review period. Within the segment, net sales grew especially strongly in the Glass Nonwovens business area as a result of strong demand in windmill applications. In the Nonwovens business area, net sales growth was mainly generated by the acquisitions made in 2007. In the Filtration business area, net sales decreased as a result of the negative currency effect.

The Specialty Papers segment reported net sales of EUR 209.7 million (EUR 202.7 million), up by 3.5% from the second quarter of 2007 and by 2.7% in volumes. Comparable net sales adjusted for the currency effect, acquisitions and closures grew by 4.4% from the same period last year. Within the segment, Technical Papers posted an increase of net sales mainly driven by the West Carrollton acquisition completed in the first quarter of 2008. In the Release & Label Papers business area, net sales grew slightly, mainly generated by the acquired labeling business in Brazil.

In terms of geographical areas, Europe still dominated Ahlstrom's net sales split, accounting for 58% of the Group total. However, growth was strongest in South America as a result of completed acquisitions and good demand of certain Ahlstrom products, such as transportation filtration materials and labels.

Net sales in January-June 2008

In January-June 2008, Group net sales amounted to EUR 932.2 million (EUR 853.3 million), growing by 9.2% on the corresponding period in 2007. Most of the growth was generated by acquisitions, which increased the net sales by 14.7%. The weak USD decreased the net sales by 5.4% and closing of production units by 7.4%. Comparable net sales adjusted for the currency effect, acquisitions and closures grew by 7.3% from the same period last year.

Volumes grew by 8.8% and comparable volumes adjusted for acquisitions and closures by 4.9%.

The Fiber Composites segment accounted for 55% and the Specialty Papers segment 45% of the Group net sales.

The net sales of the Fiber Composites segment grew to EUR 509.0 million (EUR 441.9 million), up 15.2% from the previous year. Comparable net sales adjusted for the currency effect, acquisitions and closures grew by 10.5% from the same period last year. Sales volumes grew by 24.0% during the review period mainly as a result of the acquisitions.

The Specialty Papers segment reported net sales of EUR 426.7 million (EUR 414.1 million), up by 3.1% on 2007. Comparable net sales adjusted for the currency effect, acquisitions and closures grew by 4.1%. In terms of sales volumes, the growth amounted to 2.8%.

Net sales by segment and business area	Q2/2008	Q2/2007	Q1-Q2/2008	Q1-Q2/2007	2007
Fiber Composites	257.0	235.5	509.0	441.9	941.4
Nonwovens	138.7	119.2	275.7	216.5	491.6
Glass Nonwovens	36.1	30.5	71.7	58.4	122.0
Filtration	82.9	87.2	162.7	169.8	332.6
Specialty Papers	209.7	202.7	426.7	414.1	824.7
Technical Papers	130.4	125.5	266.3	251.9	485.6
Release & Label Papers	79.3	77.5	160.4	162.8	340.4

Net sales by geographical area	Q2/2008	Q2/2007	Q1-Q2/ 2008	Q1-Q2/ 2007	2007
Europe	270.6	276.4	555.3	544.3	1,086.5
North America	110.1	95.9	212.7	185.4	399.3
South America	45.1	18.6	87.6	34.2	104.0
Asia-Pacific	30.6	35.7	58.3	69.7	130.3
Rest of the world	9.6	10.3	18.2	19.7	40.6

Financial result in April-June 2008

In April-June 2008, Group operating profit excluding non-recurring items amounted to EUR 19.5 million (EUR 21.0 million), improving on the first quarter by 5.6%, but down by 7.3% from the second quarter of 2007. Operating profit amounted to EUR 19.4 million (EUR 21.0 million), decreasing by 7.6% from last year.

The main reasons for the year-on-year decrease were the losses of the La Gère plant, low volumes of the wipes business in Europe, as well as the escalating raw material prices. Although La Gère improved its performance from the first quarter, it was still burdening the Group result by EUR 2.7 million.

Ahlstrom has achieved price increases in many of its business areas.

The restructuring actions taken were reflected in fixed costs, which decreased by approximately 1.5 percentage units in relation to the net sales.

Total net financial expenses amounted to EUR 4.7 million (EUR 4.3 million). Ahlstrom's share of the losses of the associated companies was EUR 0.6 million (EUR 0.3 million).

Profit before taxes decreased to EUR 14.2 million (EUR 16.4 million) and excluding non-recurring items, to EUR 14.2 million (EUR 16.4 million).

Income tax expenses amounted to EUR 3.6 million (EUR 4.5 million). Profit for the period decreased to EUR 10.6 million (EUR 11.9 million) and earnings per share (EPS) to EUR 0.22 (EUR 0.26).

Return on capital employed (ROCE) amounted to 6.3% (8.0%), and excluding non-recurring items, to 6.3% (8.0%). Return on equity (ROE) was 5.8% (6.4%).

Financial result in January-June 2008

In January-June, Group operating profit amounted to EUR 38.7 million (EUR 44.4 million). Excluding non-recurring items, operating profit amounted to EUR 37.9 million (EUR 40.6 million). Profit before taxes was EUR 25.4 million (EUR 36.7 million), and EUR 24.6 million (EUR 32.9 million) excluding non-recurring items.

Income tax expenses amounted to EUR 7.0 million (EUR 11.4 million). Profit for the period decreased to EUR 18.4 million (EUR 25.3 million) and earnings per share (EPS) to EUR 0.37 (EUR 0.55).

Return on capital employed (ROCE) amounted to 6.3% (8.5%), and excluding non-recurring items, to 6.2% (7.8%). Return on equity (ROE) was 5.0% (6.7%). Net asset turnover was 1.5 (1.6).

Financial result by segment

In April-June 2008, the Fiber Composites segment posted operating profit of EUR 15.3 million (EUR 17.3 million) excluding non-recurring items. In January-June, operating profit amounted to EUR 30.3 million (EUR 30.7 million) excluding non-recurring items. The main reasons for the decrease in operating profit were the low volumes of the wipes business in Europe and the strong cost inflation coupled with the weak US dollar against the euro.

In April-June, the operating profit of the Specialty Papers segment improved to EUR 5.7 million (EUR 5.4 million) excluding non-recurring items. The slight improvement came as a result of the improved financial result of the Technical Papers business area. In January-June, operating profit decreased to EUR 10.9 million (EUR 14.0 million), mainly due to the losses of the La Gère plant as part of the continued overcapacity in release base papers in Europe.

Financial result by segment	Q2/2008	Q2/2007	Q1-Q2/ 2008	Q1-Q2/ 2007	2007
Fiber Composites					
Operating profit*	15.3	17.3	30.3	30.7	60.6
Operating profit*, %	6.0	7.3	6.0	6.9	6.4
Return on net assets*, %	7.9	9.5	7.7	8.7	8.7
Specialty Papers					
Operating profit*	5.7	5.4	10.9	14.0	13.9
Operating profit*, %	2.7	2.7	2.6	3.4	1.7
Return on net assets*, %	4.9	6.4	4.7	8.5	3.6

*Excluding non-recurring items

FINANCING

In January-June 2008, net cash flow from operating activities increased to EUR 46.1 million (EUR -3.0 million).

Interest-bearing net liabilities increased by EUR 56.6 million to EUR 547.7 million (December 31, 2007: EUR 491.1 million). Gearing ratio was 76.0% (December 31, 2007: 65.3%) and the equity ratio 41.6% (December 31, 2007: 44.0%).

CAPITAL EXPENDITURE

Ahlstrom's strategy is to grow both organically and by acquisitions. Growth investments are targeted to expand Ahlstrom's business to fast growing markets and to serve customers globally. The investments are expected to generate net sales amounting to 1.5 times the investment value in three to five years and reach a return of capital employed of at least 13%.

In January-June 2008, Ahlstrom's capital expenditure excluding acquisitions amounted to EUR 54.1 million (EUR 65.8 million).

In 2008, Ahlstrom's organic investments are expected to be approximately EUR 100 million including the following, previously announced major investments: food nonwovens production line to Chirnside, the UK, wiping fabrics line in Paulinia, Brazil, and partly the new medical nonwovens plant to be built in Gujarat, India.

Acquisitions and new investment decisions

Ahlstrom made no acquisitions during April-June 2008.

On February 1, 2008 Ahlstrom announced that it had signed an agreement to acquire Friend Group Inc., which consists of West Carrollton Parchment Company and West Carrollton Converting Company. The deal was closed on February 13, 2008, and the acquisition price was EUR 9.8 million.

Negotiations with Zhejiang KAN Specialty Material Co and its management to form a joint venture for the production of specialty paper in China were terminated on May 2, 2008. The deal was originally expected to be closed during the fourth quarter of 2007.

Organic growth investment decisions

Ahlstrom made no new organic investment decisions during the second quarter of 2008. Update on the status of previously announced major organic investments is provided below.

Investment start-ups

The building of Ahlstrom's two new dust filtration production lines, one in Wuxi, China and one in Bethune, South Carolina, the USA, have proceeded as planned. The Wuxi line started operations during the second quarter of this year and the Bethune line is expected to start production during the third quarter of 2008.

The new glassfiber tissue production plant established in 2007 in Tver, Russia, was inaugurated in June 2008, and will be ramping up for production during 2008. The plant will primarily serve Russian building and composites materials industries, and will strengthen Ahlstrom's position as a leading developer and manufacturer of specialty glassfiber tissues.

The building of Ahlstrom's new food nonwovens production line in Chirnside, the UK, has proceeded on schedule, and production is estimated to start during the fourth quarter of 2008. The new line utilizing spunmelt technology will primarily serve the growing infusion products market with next generation products used e.g. in teabags.

In Paulinia, Brazil, Ahlstrom is building a nonwoven wiping fabrics production line to start production during the fourth quarter of 2008. The investment consists of a building and machinery. The new production line will utilize spunlace technology and its main customers operate within the household and industrial wipes sectors in Latin America.

Ahlstrom is establishing a new medical nonwovens plant in Gujarat, India, with operations estimated to start in the first quarter of 2010. The new plant will manufacture a full range of spunmelt fabrics with a main focus on the medical fabrics market and the site also enables future expansions of Ahlstrom's business in India. The facility will be located in the Mundra Special Economic Zone (SEZ).

CHANGES IN ORGANIZATION AND MANAGEMENT

Ahlstrom announced on June 24, 2008 that it will change its Business Area organization as from July 1 to reflect the strong growth of its Nonwovens business.

The new structure will be implemented in Ahlstrom's financial reporting starting from the third quarter of this year. The former Nonwovens Business Area will be divided into two parts, Home & Personal Nonwovens Business Area, covering mainly the Wipes business, and Advanced Nonwovens Business Area, incorporating the Food, Medical and Industrial Nonwovens businesses.

Changes in the Corporate Executive Team have been made accordingly. Jean-Marie Becker, born 1957, B.Sc. (Tech.), was appointed Senior Vice President, Home & Personal Nonwovens and member of the Corporate Executive Team. Senior Vice President Claudio Ermondi, who previously led the Nonwovens Business Area, took the responsibility for the Advanced Nonwovens Business Area and continues as member of the Corporate Executive Team.

PERSONNEL

At the end of June 2008, Ahlstrom had 6,568 employees (6,325). The average number of employees during January-June was 6,538 (5,794).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal uncertainties that affect Ahlstrom's net sales and financial performance in the short-term are related to:

- General economic conditions and changes in the demand for end-user products
- Increases in raw material prices (e.g. pulp, chemicals and synthetic fibers)
- Increases in energy prices
- Fluctuations in foreign currency rates

These factors are described in more detail in Ahlstrom's Annual report 2007, on pages 20-23.

SHARES AND SHARE CAPITAL

During January-June 2008, a total of 3.8 million Ahlstrom shares were traded for a total of EUR 64 million. The lowest trading price during the review period was EUR 13.80 and the highest EUR 18.78. The closing price on June 30, 2008 was EUR 14.35 and market capitalization was EUR 670 million.

Equity per share of Ahlstrom Group was EUR 14.63 at the end of the review period (December 31, 2007: EUR 15.35).

At the end of the review period, there were no outstanding options entitling to subscription of Ahlstrom shares. The share capital at the end of the review period amounted to EUR 70,005,912.00. The total number of shares on June 30, 2008 was 46,670,608.

ANNUAL GENERAL MEETING 2008

Ahlstrom Corporation's Annual General Meeting of Shareholders (AGM) was held on April 2, 2008. The key resolutions of the AGM are summarized below.

The AGM resolved to distribute a dividend of EUR 1.00 per share for the fiscal year that ended on December 31, 2007 in accordance with the proposal of the Board of Directors. The AGM approved the financial statements and consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial period January 1–December 31, 2007.

PricewaterhouseCoopers Oy (PwC) was elected as Ahlstrom's auditor as recommended by the Audit Committee. PricewaterhouseCoopers Oy (PwC) has designated Authorized Public Accountant Eero Suomela as auditor in charge.

The AGM confirmed the number of Board members unchanged at seven. Thomas Ahlström, Sebastian Bondestam, Jan Inbarr, Bertel Paulig, Peter Seligson and Willem F. Zetteler were re-elected as members of the Board of Directors and Martin Nüchtern was elected as a new member as proposed by the Compensation and Nomination Committee of the Board. The term of the Board of Directors will expire at the close of the next Annual General Meeting.

The AGM authorized the Board of Directors to repurchase Ahlstrom shares as proposed by the Board of Directors, taking into account the limitations set forth in the Companies' Act. The maximum number of shares to be repurchased is 4,500,000, corresponding to less than 10% of all issued Company shares. The authorization is valid for 18 months from the close of the Annual General Meeting but will, however, expire at the close of the next Annual General Meeting, at the latest. The shares may be repurchased only through public trading at the prevailing market price by using unrestricted shareholders' equity.

The AGM authorized the Board of Directors to resolve to distribute a maximum of 4,500,000 own shares held by the Company as proposed by the Board of Directors. The Board of Directors is authorized to decide to whom and in which order the shares will be distributed. The Board of Directors may decide on the distribution of its own shares otherwise than in proportion to the existing pre-emptive right of shareholders to purchase the Company's own shares. The shares may be used as consideration in acquisitions and in other arrangements as well as to implement the Company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors has also the right to decide on the distribution of the shares in public trading for the purpose of financing possible acquisitions. The authorization is valid for 18 months from the close of the Annual General Meeting but will, however, expire at the close of the next Annual General Meeting, at the latest.

After the AGM, the organization meeting of the Board of Directors elected Peter Seligson as Chairman and Bertel Paulig as Vice Chairman of the Board. The Board of Directors also appointed the members of the permanent committees. The members of the Audit Committee are Bertel Paulig (Chairman), Thomas Ahlström and Willem F. Zetteler. The members of the Compensation and Nomination Committee are Peter Seligson (Chairman), Jan Inbarr and Sebastian Bondestam.

OUTLOOK

The uncertainty of the global economy has started to reflect in the demand for some of Ahlstrom's products. Signs of softness of demand are visible especially in products related with changes in consumer spending patterns, such as wiping fabrics, filtration and nonwovens for cars, housing filtration materials, as well as glass fiber reinforcement applications for the marine industry.

Prices for Ahlstrom's main raw materials, especially pulp, are expected to stay at high level during 2008. High oil prices are expected to keep energy and synthetic fiber costs high. For chemicals, there is a strong price pressure following the high oil price. On the other hand, the slowdown of the Chinese textile industry has started to decrease the price of rayon.

For the reasons stated above, as well as for the continuing overcapacity of release base papers and wipes in Europe, Ahlstrom revises its outlook for 2008 as follows.

Full-year net sales are estimated to grow from that of 2007 as a result of the completed acquisitions and the ongoing investment projects especially in BRIC countries (Brazil, Russia, India, China), and despite the closing of four production units in Europe and North America.

As a result of the continuing volume growth and the positive impact of the restructuring actions taken, Ahlstrom still anticipates the operating profit to improve from last year, but is now expecting a milder improvement than earlier stated. Operating profit for the second half of this year is still expected to be clearly better than in the second half of 2007.

This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS). The report is unaudited.

Comparable figures refer to the same period last year unless otherwise stated.

Helsinki, July 25, 2008

Ahlstrom Corporation
Board of Directors

ADDITIONAL INFORMATION ON JULY 25, 2008:

Risto Anttonen, CEO, tel. +358 (0)10 888 4166, at 14.00-15.00 Finnish time

Jari Mäntylä, CFO, tel. +358 (0)10 888 4768

News conference at 10.00 Finnish time

A news conference for media and analysts will be held on Friday, July 25, 2008 at 10.00 Finnish time at Ahlstrom's Head Office, address Salmisaarenaukio 1, 00101 Helsinki. The conference will be held in Finnish. Welcome.

Conference call at 13.00 Finnish time

A conference call for analysts and investors will be held in English at 13.00 Finnish time. To participate in the teleconference, please dial +358 (0)9 2313 9202 a few minutes before the call. Use the title of the conference call: Ahlstrom conference call. A replay number is available until August 1, 2008. The number for the replay is +358 (0)9 231 446 81, access code: 803525.

The presentation material will be available on July 25, 2008 after the interim report has been published, at www.ahlstrom.com > Investors > IR presentations.

This report contains certain forward-looking statements that reflect the present views of the company's management. Due to the nature of these statements, they contain uncertainties and risks and are subject to changes in the general economic situation and in the company's business.

Distribution:
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Main media

Ahlstrom in brief

Ahlstrom is a global leader in the development, manufacture and marketing of high performance fiber-based materials. Ahlstrom's materials are used in a large variety of everyday products, such as filters, food packaging, wipes, flooring, furniture, labels and tapes. Ahlstrom's 6,500 employees serve customers via sales offices and production facilities in more than 20 countries on six continents. In 2007, Ahlstrom's net sales amounted to EUR 1.8 billion. Ahlstrom's share is listed on the OMX Nordic Exchange Helsinki. The company website is at www.ahlstrom.com.

APPENDIX

Financial statements

APPENDIX

CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

This report has been prepared in accordance with the International Financial Reporting Standards (IFRS) and the accounting policies set out in IAS 34 (Interim Financial reporting) as adopted by EU and in the Group's Financial Statements for 2007.

Application of amended or new IFRS-standards as of January 1, 2008

The Group has adopted the following new interpretation as of January 1, 2008:

- IFRIC 11: IFRS 2 - Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements (not yet approved by EU)
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (not yet approved by EU)

The above mentioned interpretations do not have an effect on the consolidated financial statements.

Financial Statements are unaudited.

INCOME STATEMENT	Q2	Q2	Q1-Q2	Q1-Q2	Q1-Q4
Eur million	2008	2007	2008	2007	2007
Net sales	465.9	436.9	932.2	853.3	1,760.8
Other operating income	4.3	1.7	7.3	13.1	20.4
Expenses	-426.9	-396.5	-852.9	-781.4	-1,655.5
Depreciation, amortization and impairment charges	-23.9	-21.0	-47.9	-40.6	-99.8
Operating profit	19.4	21.0	38.7	44.4	25.8
Net financial expenses	-4.7	-4.3	-13.3	-7.3	-25.6
Share of loss of associated companies	-0.6	-0.3	-0.0	-0.4	-0.1
Profit before taxes	14.2	16.4	25.4	36.7	0.2
Income taxes	-3.6	-4.5	-7.0	-11.4	1.2
Profit for the period	10.6	11.9	18.4	25.3	1.3
Attributable to					
Equity holders of the parent	9.9	11.9	17.1	25.2	0.5
Minority interest	0.7	0.0	1.3	0.1	0.8
Basic earnings per share, EUR	0.22	0.26	0.37	0.55	0.01
Diluted earnings per share, EUR	0.22	0.26	0.37	0.55	0.01

BALANCE SHEET	Jun 30,	Jun 30,	Dec 31,
Eur million	2008	2007	2007
ASSETS			
Non-current assets			
Property, plant and equipment	738.6	678.4	747.7
Goodwill	179.4	143.0	179.7
Other intangible assets	56.7	39.1	58.2
Investments in associated companies	12.4	12.3	12.4
Other investments	0.2	0.2	0.2
Other receivables	16.7	12.9	16.9
Deferred tax assets	31.2	25.8	29.7
Total non-current assets	1,035.1	911.7	1,044.8
Current assets			
Inventories	256.9	233.1	246.3
Trade and other receivables	415.3	419.8	389.3
Income tax receivables	4.1	3.4	3.9
Other investments	0.0	0.0	5.8
Cash and cash equivalents	20.1	21.5	21.3
Total current assets	696.4	677.9	666.5
Total assets	1,731.5	1,589.6	1,711.4
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	683.0	751.2	716.4
Minority interest	37.8	0.7	36.0
Total equity	720.8	751.9	752.4
Non-current liabilities			
Interest-bearing loans and borrowings	290.2	149.0	202.7
Employee benefit obligations	84.9	97.2	87.7
Provisions	4.1	5.4	4.6
Other liabilities	0.2	0.8	0.6
Deferred tax liabilities	27.2	27.6	27.6
Total non-current liabilities	406.7	279.8	323.2
Current liabilities			
Interest-bearing loans and borrowings	277.6	255.2	315.5
Trade and other payables	296.8	284.0	273.1
Income tax liabilities	7.3	7.9	9.1
Provisions	22.3	10.7	38.1
Total current liabilities	604.0	557.9	635.8
Total liabilities	1,010.7	837.7	959.0
Total equity and liabilities	1,731.5	1,589.6	1,711.4

STATEMENT OF CHANGES IN EQUITY

- 1) Issued capital
- 2) Share premium
- 3) Non-restricted equity reserve
- 4) Hedging reserve
- 5) Translation reserve
- 6) Retained earnings
- 7) Minority interest
- 8) Total equity

Eur million	Attributable to equity holders of the parent						7)	8)
	1)	2)	3)	4)	5)	6)		
Equity at								
December 31, 2006	68.5	209.3	0.5	0.1	-3.1	490.4	0.8	766.6
Cash flow hedges, net of tax:								
Gains and losses taken to equity	-	-	-	-0.1	-	-	-	-0.1
Translation differences	-	-	-	-	-3.9	-	-	-3.9
Gains and losses from hedge of net investments in foreign operations, net of tax	-	-	-	-	1.6	-	-	1.6
Other changes	-	-	-	-	-	0.0	-0.0	0.0
Profit for the period	-	-	-	-	-	25.2	0.1	25.3
Total recognized income and expense for the period	-	-	-	-0.1	-2.3	25.3	0.0	22.9
Dividends paid	-	-	-	-	-	-46.6	-0.1	-46.7
Share options exercised	1.5	-	7.7	-	-	-	-	9.2
	1.5	-	7.7	-	-	-46.6	-0.1	-37.5
Equity at June 30, 2007	70.0	209.3	8.3	-0.0	-5.4	469.1	0.7	751.9
Equity at								
December 31, 2007	70.0	209.3	8.3	0.0	-15.5	444.3	36.0	752.4
Cash flow hedges, net of tax:								
Gains and losses taken to equity	-	-	-	0.4	-	-	-	0.4
Translation differences	-	-	-	-	-8.0	-	1.2	-6.8
Gains and losses from hedge of net investments in foreign operations, net of tax	-	-	-	-	4.6	-	-	4.6
Purchases of minority interest	-	-	-	-	-	-0.7	-0.7	-1.4
Other changes	-	-	-	-	-	-0.0	-	-0.0
Profit for the period	-	-	-	-	-	17.1	1.3	18.4
Total recognized income and expense for the period	-	-	-	0.4	-3.5	16.4	1.8	15.2
Dividends paid and other	-	-	-	-	-	-46.7	-	-46.7
Equity at June 30, 2008	70.0	209.3	8.3	0.4	-19.0	414.1	37.8	720.8

STATEMENT OF CASH FLOWS	Q2	Q2	Q1-Q2	Q1-Q2	Q1-Q4
Eur million	2008	2007	2008	2007	2007
Cash flow from operating activities					
Profit for the period	10.6	11.9	18.4	25.3	1.3
Adjustments, total	30.8	30.2	65.3	49.9	102.4
Changes in net working capital	-10.4	-21.2	-10.6	-48.4 *)	-35.6 *)
Change in provisions and pension liability	-11.3	-3.4	-19.8	-17.4 *)	10.4 *)
Financial items	-7.0	-3.2	5.5	-4.2	-15.1
Taxes paid	-7.3	-5.3	-12.7	-8.3	-19.7
Net cash from operating activities	5.4	9.0	46.1	-3.0	43.9
Cash flow from investing activities					
Acquisition of Group companies	-	-127.8	-11.0	-127.8	-217.2
Purchases of property, plant & equipment	-32.9	-30.0	-57.2	-62.8	-153.9
Other investing activities	4.2	-0.1	13.4	14.4	13.1
Net cash from investing activities	-28.6	-157.9	-54.8	-176.2	-358.1
Cash flow from financing activities					
Share issue	-	0.5	-	9.2	9.2
Dividends paid	-46.7	-46.8	-46.7	-46.8	-46.8
Other financing activities	60.2	192.7	54.3	218.0	353.1
Net cash from financing activities	13.5	146.4	7.6	180.5	315.6
Net change in cash and cash equivalents	-9.7	-2.5	-1.0	1.4	1.4
Cash and cash equivalents at beginning of period	29.3	23.9	21.3	20.1	20.1
Foreign exchange adjustment	0.5	0.1	-0.2	0.1	-0.2
Cash and cash equivalents at end of period	20.1	21.5	20.1	21.5	21.3

*) Includes EUR -20.8 million payment to the pension fund to cover approximately half of the historical deficit of the defined benefit pension plan in the United Kingdom in Q1 2007.

KEY FIGURES	Q2 2008	Q2 2007	Q1-Q2 2008	Q1-Q2 2007	Q1-Q4 2007
Operating profit, %	4.2	4.8	4.2	5.2	1.5
Operating profit (excluding non-recurring items), %	4.2	4.8	4.1	4.8	3.8
Return on capital employed (ROCE), %	6.3	8.0	6.3	8.5	2.5
ROCE (excluding non-recurring items), %	6.3	8.0	6.2	7.8	6.3
Return on equity (ROE), %	5.8	6.4	5.0	6.7	0.2
Interest-bearing net liabilities, EUR million	547.7	382.6	547.7	382.6	491.1
Equity ratio, %	41.6	47.3	41.6	47.3	44.0
Gearing ratio, %	76.0	50.9	76.0	50.9	65.3
Earnings per share, EUR	0.22	0.26	0.37	0.55	0.01
Earnings per share, diluted, EUR	0.22	0.26	0.37	0.55	0.01
Equity per share, EUR	14.63	16.11	14.63	16.11	15.35
Cash earnings per share, EUR	0.12	0.20	0.99	-0.06	0.94
Average number of shares during the period, 1000's	46,671	46,636	46,671	46,279	46,476
Number of shares at the end of the period, 1000's	46,671	46,671	46,671	46,671	46,671
Capital expenditure, EUR million	33.1	36.6	54.1	65.8	154.7
Capital employed, at the end of the period, EUR million	1,288.6	1,156.1	1,288.6	1,156.1	1,270.6
Number of employees, average	6,538	5,888	6,538	5,794	6,108

CHANGES OF PROPERTY, PLANT AND EQUIPMENT	Q1-Q2	Q1-Q2	Q1-Q4
Eur million	2008	2007	2007
Book value at Jan 1	747.7	601.7	601.7
Acquisitions through business combinations	3.4	56.5	116.8
Additions	53.9	64.9	150.3
Disposals	-3.0	-0.6	-1.2
Depreciations and impairment charges	-45.1	-38.4	-93.3
Translation adjustment and other changes	-18.3	-5.6	-26.5
Book value at end of the period	738.6	678.4	747.7

TRANSACTIONS WITH RELATED PARTIES	Q1-Q2	Q1-Q2	Q1-Q4
Eur million	2008	2007	2007

Transactions with associated companies			
Sales and interest income	0.4	0.3	1.3
Purchases of goods and services	-1.8	-3.0	-5.0
Trade and other receivables	0.1	0.2	0.1
Trade and other payables	0.4	0.5	0.5
Interest-bearing loans and borrowings	-	3.9	0.1

Market prices have been used in transactions with associated companies.

OPERATING LEASES	Jun 30,	Jun 30,	Dec 31,
Eur million	2008	2007	2007
Current portion	5.2	5.7	5.3
Non-current portion	13.0	11.4	14.9
Total	18.2	17.0	20.3

CONTINGENT LIABILITIES	Jun 30,	Jun 30,	Dec 31,
Eur million	2008	2007	2007

For own liabilities			
Other loans			
Amount of loans	0.8	1.2	0.9
Book value of pledges	0.9	1.3	1.0
For other own commitments			
Guarantees	18.7	19.5	23.8
For commitments of associated companies			
Guarantees	5.2	7.3	6.3
Capital expenditure commitments	26.2	49.3	32.4
Other contingent liabilities	4.2	5.1	4.7

Acquisitions in 2008

In February, Ahlstrom acquired the Friend Group Inc., which consists of West Carrollton Parchment Company and West Carrollton Converting Company. The Friend Group has two sites in West Carrollton serving mainly the food packaging market in the USA. West Carrollton is a producer of vegetable parchment and has parchментizing and converting operations located in West Carrollton, Ohio, the USA.

Ahlstrom West Carrollton has been incorporated in Ahlstrom's accounts as part of Specialty Papers segment since February 1, 2008. Management estimates that if the acquisition had occurred on January 1, 2008, Ahlstrom Group's net sales and profit for the period would not have changed materially.

The acquisition price includes professional fees amounting to EUR 0.1 million. The goodwill that arose from the acquisition of the shares of the Friend Group Inc. reflects the synergy benefits resulting from the expanded product offering to the Technical Papers' vegetable parchment business and provides synergies to our existing business as well as growth opportunities. The business combination and purchase price allocations were accounted for as preliminary.

The acquisition had the following effect on the Group's assets and liabilities:

ACQUISITIONS OF BUSINESSES	Book values before the consolidation	Fair values entered in consolidation
Eur million		
Property, plant and equipment	3.3	3.6
Intangible assets	0.0	1.3
Inventories	3.8	3.6
Trade and other receivables	2.7	2.7
Cash and cash equivalents	0.0	0.0
Assets, total	9.7	11.1
Deferred tax liabilities	0.4	0.6
Employee benefit obligations	0.4	0.6
Trade and other payables	3.1	3.1
Liabilities, total	3.9	4.3
Net assets	5.9	6.8
Goodwill arising in acquisition	-	3.0
Acquisition price paid (in cash)	-	9.8
Exchange rate differences	-	-0.2
Net cash outflow	-	9.6

In addition, Ahlstrom has acquired the shares from the minority shareholders of two sales companies amounting to EUR 1.4 million.

QUARTERLY DATA	Q2	Q1	Q4	Q3	Q2	Q1
Eur million	2008	2008	2007	2007	2007	2007
Net sales	465.9	466.2	462.5	444.9	436.9	416.5
Other operating income *	2.4	2.3	2.0	3.1	1.7	2.6
Expenses *	-425.0	-425.9	-429.0	-407.7	-396.5	-379.9
Depreciation, amortization, impairment charges *	-23.9	-24.1	-24.5	-24.1	-21.0	-19.6
Non-recurring items	-0.1	0.8	-45.7	-0.1	-	3.8
Operating profit / loss	19.4	19.3	-34.7	16.1	21.0	23.3
Net financial expenses	-4.7	-8.6	-8.6	-9.7	-4.3	-3.0
Share of profit / loss of associated companies	-0.6	0.5	0.1	0.2	-0.3	-0.1
Profit / loss before taxes	14.2	11.2	-43.2	6.7	16.4	20.3
Income taxes	-3.6	-3.4	14.2	-1.6	-4.5	-6.9
Profit / loss for the period	10.6	7.8	-29.0	5.0	11.9	13.4
Attributable to						
Equity holders of the parent	9.9	7.2	-29.6	4.9	11.9	13.3
Minority interest	0.7	0.6	0.6	0.1	0.0	0.0
Operating profit *	19.5	18.4	11.0	16.2	21.0	19.6
Operating profit, % *	4.2	4.0	2.4	3.6	4.8	4.7

* Excluding non-recurring items

QUARTERLY DATA BY SEGMENT	Q2	Q1	Q4	Q3	Q2	Q1
Eur million	2008	2008	2007	2007	2007	2007
Net sales						
Fiber Composites	257.0	252.0	249.7	249.8	235.5	206.4
Specialty Papers	209.7	217.0	214.4	196.3	202.7	211.4
Other operations and eliminations	-0.7	-2.8	-1.5	-1.2	-1.3	-1.3
Group total	465.9	466.2	462.5	444.9	436.9	416.5
Operating profit / loss						
Fiber Composites	16.8	15.5	2.7	13.5	17.3	15.2
Specialty Papers	4.7	5.5	-33.6	2.7	5.4	13.0
Other operations and eliminations	-2.0	-1.7	-3.7	-0.1	-1.7	-4.9
Group total	19.4	19.3	-34.7	16.1	21.0	23.3
Operating profit / loss excluding non-recurring items						
Fiber Composites	15.3	15.0	15.7	14.1	17.3	13.4
Specialty Papers	5.7	5.2	-2.8	2.7	5.4	8.6
Other operations and eliminations	-1.6	-1.7	-1.9	-0.7	-1.7	-2.5
Total	19.5	18.4	11.0	16.2	21.0	19.6
Non-recurring items	-0.1	0.8	-45.7	-0.1	-	3.8
Group total	19.4	19.3	-34.7	16.1	21.0	23.3
KEY FIGURES QUARTERLY						
Eur million	2008	2008	2007	2007	2007	2007
Net sales	465.9	466.2	462.5	444.9	436.9	416.5
Operating profit / loss	19.4	19.3	-34.7	16.1	21.0	23.3
Operating profit (excluding non-recurring items)	19.5	18.4	11.0	16.2	21.0	19.6
Profit / loss before taxes	14.2	11.2	-43.2	6.7	16.4	20.3
Profit before taxes (excluding non-recurring items)	14.2	10.4	2.5	6.7	16.4	16.5
Profit / loss for the period	10.6	7.8	-29.0	5.0	11.9	13.4
Gearing ratio, %	76.0	64.4	65.3	60.1	50.9	24.3
Return on capital employed (ROCE), %	6.3	6.4	-10.7	5.5	8.0	10.0
ROCE (excluding non-recurring items), %	6.3	6.2	3.6	5.5	8.0	8.4
Earnings per share, EUR	0.22	0.15	-0.64	0.10	0.26	0.29
Earnings per share (excluding non-recurring items), EUR	0.21	0.14	0.02	0.11	0.25	0.24
Cash earnings per share, EUR	0.12	0.87	0.21	0.79	0.20	-0.26
Average number of shares during the period, 1000's	46,671	46,671	46,671	46,671	46,636	45,918

CALCULATION OF KEY FIGURES

Interest-bearing net liabilities	Interest-bearing loans and borrowings - Cash and cash equivalents - Other investments (current)	
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - Advances received}} \times 100$	
Gearing ratio, %	$\frac{\text{Interest-bearing net liabilities}}{\text{Total equity}} \times 100$	
Return on equity (ROE), %	$\frac{\text{Profit (loss) for the period}}{\text{Total equity (annual average)}} \times 100$	
Return on capital employed (ROCE), %	$\frac{\text{Profit (loss) before taxes + Financing expenses}}{\text{Total assets (annual average) - Non-interest bearing liabilities (annual average)}} \times 100$	
Earnings per share, EUR	$\frac{\text{Profit (loss) for the period attributable to equity holders of the parent}}{\text{Average number of shares during the period}}$	
Cash earnings per share, EUR	$\frac{\text{Net cash from operating activities}}{\text{Average number of shares during the period}}$	
Equity per share, EUR	$\frac{\text{Equity attributable to equity holders of the parent}}{\text{Number of shares at the end of the period}}$	