Annual Report 2011

AHLSTROM

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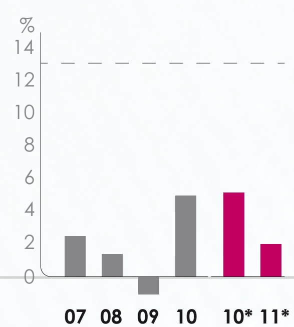
Financial targets and dividend policy

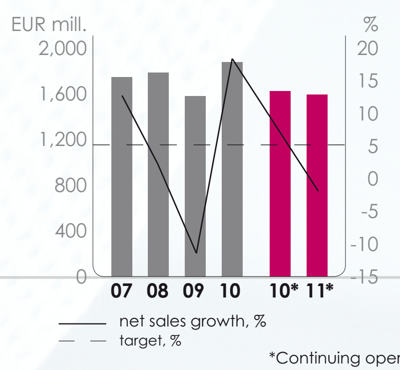
Return on capital employed



*Continuing operations

Return on capital employed (ROCE)
at least 13%

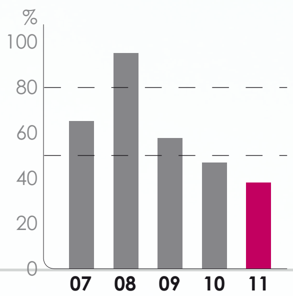
Net sales



*Continuing operations

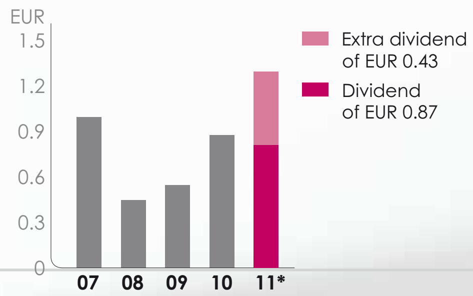
Annual net sales
growth
at least 5%
at constant currency rates, including acquisitions

Gearing ratio



Gearing ratio
50–80%

Dividend per share



*The Board of Directors' proposal to the Annual General Meeting.

Ahlstrom aims to pay a dividend of
not less than one third
of the net cash flow from operating activities after operative investments, calculated as a three-year rolling average.

Core purpose

Ahlstrom is a high performance materials company, partnering with leading businesses around the world to help them stay ahead.

Vision

Inspiring people
Passionate about new ideas
Growing with customers

Values

Act responsibly
Create value
Learn and renew

Brand promise

Stay ahead

Performance
Improvement
Certainty
Simplicity

Year 2011 in brief

Operating environment and financial performance

KEY FINANCIAL FIGURES

EUR million	2011*	2010*	Change, %	2009
Net sales	**1,607.2**	1,636.3	-1.8	1,596.1
Operating profit / loss	**20.1**	46.5	-56.7	-14.6
Operating profit excluding non-recurring items	**49.7**	66.8	-25.6	39.8
% of net sales	**3.1**	4.1		2.5
Profit / loss before taxes	**-6.6**	18.8		-40.1
Profit / loss for the period	**-12.2**	10.9		-32.9
Earnings per share, EUR	**-0.38**	0.11		-0.72
Return on capital employed, %	**2.0**	5.2		-1.1
Capital expenditure excluding acquisitions	**66.4****	47.2**	40.6	63.8
Gearing ratio, %	**38.2****	46.9**		57.7
Net cash from operative activities	**83.7**	167.5	-50.0	209.6
Dividend per share, EUR	**1.30*****	0.88	47.7	0.55

*Continuing operations
**Including discontinued operations
***The Board of Directors' proposal to the Annual General Meeting. Consisting of a dividend of EUR 0.87 per share and an extra dividend of EUR 0.43 per share.

In the first half of 2011, the overall demand for most of Ahlstrom's products was stable. However, the market started to decline after the summer holiday season following the slowdown in the global economy and particularly in Europe. The slowdown impacted many of our markets such as construction. This was reflected in the demand for wallcovering and flooring materials, which started to decline in the fourth quarter after a good growth in the earlier part of the year. The demand for food packaging and tape materials also softened in the review period.

The demand for the majority of the specialty paper materials, made by the Label and Processing business area, fell during the review period. The market for specialty reinforcements used by the wind energy industry in Ahlstrom's main markets also remained at a weak level. The situation in the market for transportation filtration materials in North America improved towards the end of the review period after a slowdown earlier in the year. The Advanced filtration materials market served by Ahlstrom was at a good level. The demand for medical materials also remained strong.

Net sales from continuing operations fell 1.8 percent to EUR 1,607.2 million from EUR 1,636.3 million the previous year. The decline was due to lower sales volumes. Operating profit excluding non-recurring items from continuing operations fell to EUR 49.7 million from EUR 66.8 million in the previous year as higher selling prices only partially compensated for increased raw material costs. The successful waste reduction program as well as cost savings in the supply chain had a positive impact on profitability.

Steps in strategy execution

Ahlstrom divested its wipes fabrics, the Home and Personal Business area, to Suominen Corporation. The total value of the transaction was approximately EUR 170 million and Ahlstrom became the largest shareholder in Suominen with a 27.1 percent stake as part of the deal. In line with Ahlstrom's strategy, the divestment will steer the company towards a more focused business and product portfolio.

The company continued to expand its operations in Asia. Ahlstrom decided to invest EUR 30 million to start production of high-performance wallcover materials at its Binzhou plant in China in the beginning of 2013. Manufacturing of specialty reinforcements for the wind energy industry was ramped up at the same site during the year 2011.

Ahlstrom acquired a 49.5 percent stake in Porous Power Technologies, LLC. The U.S.-based company develops technology for lithium-ion battery separators. Ahlstrom has an option to acquire the remaining shares at a later stage.

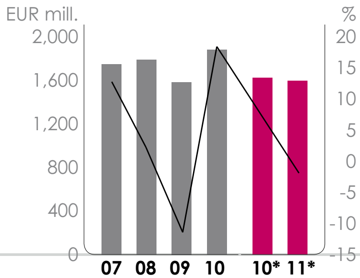
Waste Management program

The project to reduce material waste in manufacturing launched in 2010, reached successfully its final stage and will be completed in the beginning of 2012. Production waste was reduced by approximately 10 percent in volume by the end of 2011, which equals annual savings of about EUR 14 million. The targeted reduction of 15 percent in waste in annual volume equaling annual savings of about EUR 20 million is expected to be fully visible in 2012.

Profit improvement program

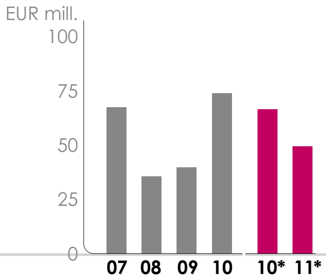
Ahlstrom completed a profit improvement program to address underperforming businesses. The program aims to improve annual operating profit by approximately EUR 15 million euros starting from the year 2012 and affecting a total of 362 employees at various plants worldwide. Under the program, the company decided to close glassfiber specialty reinforcements plant in Bishopville, SC, USA, end production of glassfiber in Karhula, Finland and shut a hybrid wallcover materials production line in Turin, Italy. Personnel reductions were initiated in Jacarei, Brazil and Osnabrück, Germany.

Net sales



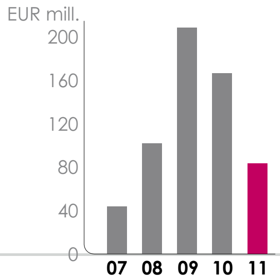
*Continuing operations

Operating profit ex. non-recurring items



*Continuing operations

Cash flow



The past year, 2011, marked solid progress on many fronts for us at Ahlstrom and we took firm steps in executing our strategy.

I'm particularly pleased with the fundamental change we have made in how we manage our business. This work will certainly continue in 2012.

CEO's message

The past year, 2011, marked solid progress on many fronts for us at Ahlstrom and we took firm steps in executing our strategy. The divestment of our wipes fabrics business was a key milestone in making the company more focused, thus freeing up resources to strengthen the businesses where we seek growth. At the same time, we continued to make headway in our expansion in Asia through significant investment commitments. We also introduced our new vision to crystallize the kind of company we aim to be in the next 5–10 years. Our ambitious goals provide us with a roadmap for the future.

We have identified growth, technology base and global presence as our strategic themes. This means that our focus will be on sectors where high performance materials enable our customers to build their product offering in a differentiated and a more sustainable way. By leveraging and developing our technology base and know-how we can strive for growth in existing and new markets. The investment we made in Porous Power Technologies is a good example of this. Finally, we operate around the world and have clearly improved our capability in terms of serving global and local customers well.

Throughout the year we worked vigorously on our development programs, which are aimed at building a harmonized company with a unified high performance culture and common processes. I'm particularly pleased with the fundamental change we have made in how we manage our business. This work will certainly continue in 2012. To illustrate the ongoing change, we renewed our brand identity to better reflect what we stand for today. We also set out to gain efficiencies in the supply chain and took firm action to address underperforming units, which unfortunately also led to personnel reductions.

Last year was two-fold in terms of net sales and profit development. I'm happy to say our financial position is strong following a significant debt reduction that started in 2008 and this will definitely support us in today's uncertain economic environment. However, we must acknowledge that our financial performance was disappointing, particularly in the second half of last year. After a good start of the year, our profitability started to weaken as we were not able to fully compensate for the increased raw material costs with higher selling prices. During the latter part of the year, the sales volumes for many of our products declined. We anticipate the demand environment to be soft, particularly in the first half of 2012. Therefore we do not expect to meet our target of at least 13 percent return on capital employed this year.

We have set aspiring goals for ourselves and we will work together to achieve them. I would like to thank all our employees who made such great efforts last year. Let me also take the opportunity to express my warmest thanks to all of our stakeholders including customers, shareholders and partners for 2011.

Jan Lång
President and CEO

We focus on high performance materials that allow our customers to build their product offering in a differentiated and more sustainable way.

Strategy

In 2011, Ahlstrom introduced a new vision 'Inspiring people, passionate about new ideas, growing with our customers'. These three ideas capture the kind of company we aim to be in the next five to ten years. We now have a vision, core purpose and a set of strategic goals giving us a clear roadmap for the future.

During the year, we made good progress in implementing our strategy. Key milestones last year were the divestment of Home and Personal business area, the acquisition of a battery separator developer Porous Power Technologies and the decision to exit our own glassfiber production.

REVISED STRATEGY > NEW OPERATING MODEL AND RENEWED VALUES > NEW VISION AND BRAND

2009 2010 2011

Strategic themes

Growth

Grow organically as well as with acquisitions and partnerships
Geographical focus in Asia
Grow through differentiation, improved performance and sustainable solutions

Technology base

Unique knowledge on high performance fibers, chemistry, advanced technologies and processes
Enhance technology base with unique platforms, e.g. nano-technologies
Leverage existing technologies to new applications and innovate new solutions

Global presence

Global market reach, local customer insights
Global operations, local customer service
Global product offering, customize to market needs

Ahlstrom has identified growth, technology base and global presence as its strategic themes. Asia is our prime focus geographically, but we will explore any market developments that offer us the opportunity to make productive new partnerships or strategic acquisitions, or the prospect of growing our existing businesses. We do have competitive advantage in our unique and sustainable product offering, and we are capitalizing on our improved performance as a unified organization. In 2011, we continued to strengthen our presence in Asia through significant investment commitments.

Technology base is a vital strategic asset. We use our expertise in both new and existing markets, developing high performance materials that enable our customers to build their product offering in a differentiated and more sustainable way. We bring together unrivalled practical know-how on high performance fibers, chemistry, advanced technologies and processes to create products that offer unique value to our customers. And we intend to continue leveraging and enhancing this capability. One remarkable example of this was the introduction of Ahlstrom Acti-V™, a new generation of release papers that enables our customers to enhance quality and reduce manufacturing costs. Another example is the novel technology used by our new acquisition, Porous Power Technologies, to create lithium-ion battery separators for electric vehicles.

Global presence gives us economies of scale and market reach, which we combine with local market insights through our 32 sales units worldwide. Serving both global and local customers calls for highly efficient global processes as well as flexibility and capabilities at a local level to meet specific customer needs. With the aim of strengthening customer focus, we established a global key account and sales management processes in 2011.

Throughout 2011, good progress was made with development programs, aimed at building a harmonized company with a unified culture and common processes. In 2012, this work will continue, with a specific focus on sales and marketing, supply chain and product and technology development.

High priority programs

Winning in Asia

We will significantly increase our business in Asia in terms of sales and people

Anticipating and delivering on customer expectations

We will enhance customer loyalty through understanding and meeting customer needs and offering world-class service to our customers

Growing through differentiation

We will drive growth through unique products and advanced technology

Implementing high performance culture

We will continue develop culture and way of working where people take responsibility, learn, live up to our values and reach their targets

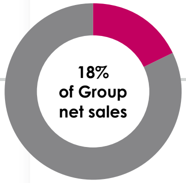
Achieving efficient supply chain

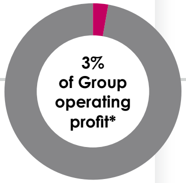
We will increase the efficiency and performance of supply chain in terms of quality, cost and customer service

Looking ahead, we have defined five high priority programs, which are essential in achieving our strategic ambitions successfully. They are strategic initiatives where the company needs to succeed in order to reach its long-term goals. The five programs are: winning in Asia, anticipating and delivering on customer expectations, growing through differentiation, implementing a high-performance culture and achieving an efficient supply chain. They are all linked to our strategic themes and development programs.

Business areas

Building and Energy





* Excluding non-recurring items

Building and Energy is one of the leading players globally for materials used in wall coverings, floorings and windmill blades. It has plants in Belgium, China, Finland, France, Russia and Sweden.

Strategic priorities

To strengthen wallcover material presence particularly in Asia and expand the differentiated offering.

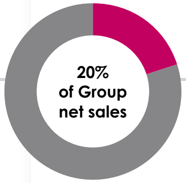
To strengthen position in cushion-vinyl flooring materials globally.

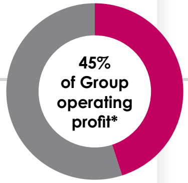
To align supply platform for reinforcements' materials for wind energy and marine industries to global trends.

CUSTOMERS

THE BUSINESS AREA SERVES CUSTOMERS MAINLY IN THE CONSTRUCTION, ENERGY, FABRIC, MARINE AND TRANSPORTATION INDUSTRIES.

Filtration





* Excluding non-recurring items

Filtration is the global leader in transportation filtration materials. It has plants in Brazil, China, Finland, Italy, Spain, South Korea and the U.S.

Strategic priorities

To grow next generation applications and invest in global supply platform in transportation filtration.

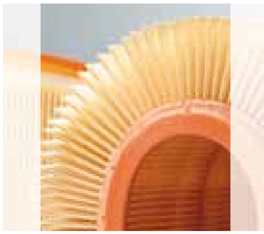
To grow substantially and establish global presence in air, water and life science materials.

CUSTOMERS

THE BUSINESS AREA SERVES CUSTOMERS MAINLY IN THE AUTOMOTIVE, WATER, ENERGY, HEALTHCARE AND FOOD INDUSTRIES.

We make high performance materials for various industrial and consumer applications from both natural and synthetic fibers. Our materials are used in a wide variety of end-use applications.

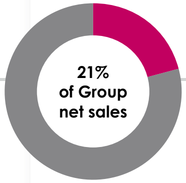
Wall covering · Floorings · Fabric care · Windmill blades · Boat hulls · Building panels

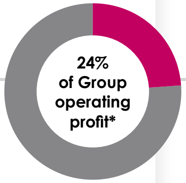


Automotive and transportation filtration · Gas turbine filtration · Water and air filtration

Life science and laboratory filtration

Food and Medical





* Excluding non-recurring items

Food and Medical is one of the leading players globally for materials used in teabags, food packaging, masking tape and medical gowns and drapes. It has plants in China, Finland, France, India, the U.K. and the U.S.

Strategic priorities

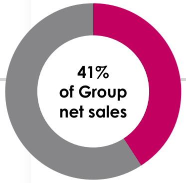
To expand the range of sustainable products and strengthen global presence in food applications.

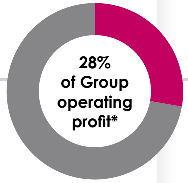
To expand the differentiated product offering and strengthen global platform in medical applications.

CUSTOMERS

THE BUSINESS AREA SERVES CUSTOMERS MAINLY IN THE FOOD, BEVERAGE, MEDICAL, HEALTHCARE AND CONSTRUCTION INDUSTRIES.

Label and Processing





* Excluding non-recurring items

Label and Processing is one of the largest suppliers of specialty papers globally. It has plants in Brazil, France, Germany and Italy.

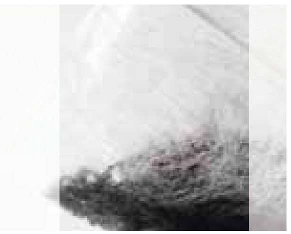
Strategic priorities

To focus on cost effective materials with sustainable features.

To grow release liners globally.

CUSTOMERS

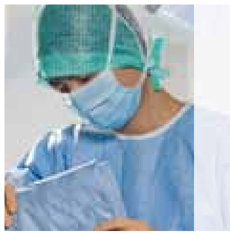
THE BUSINESS AREA SERVES CUSTOMERS MAINLY IN THE LABELING, FOOD AND INDUSTRIAL PACKAGING, GRAPHICS, COSMETICS AND PHARMACEUTICAL PACKAGING, PRINTING, FURNITURE AND CONSTRUCTION INDUSTRIES.



Teabags
Food packaging

Substrates for masking tape
Fibrous meat casings

Sterilization wraps
Drapes and face masks



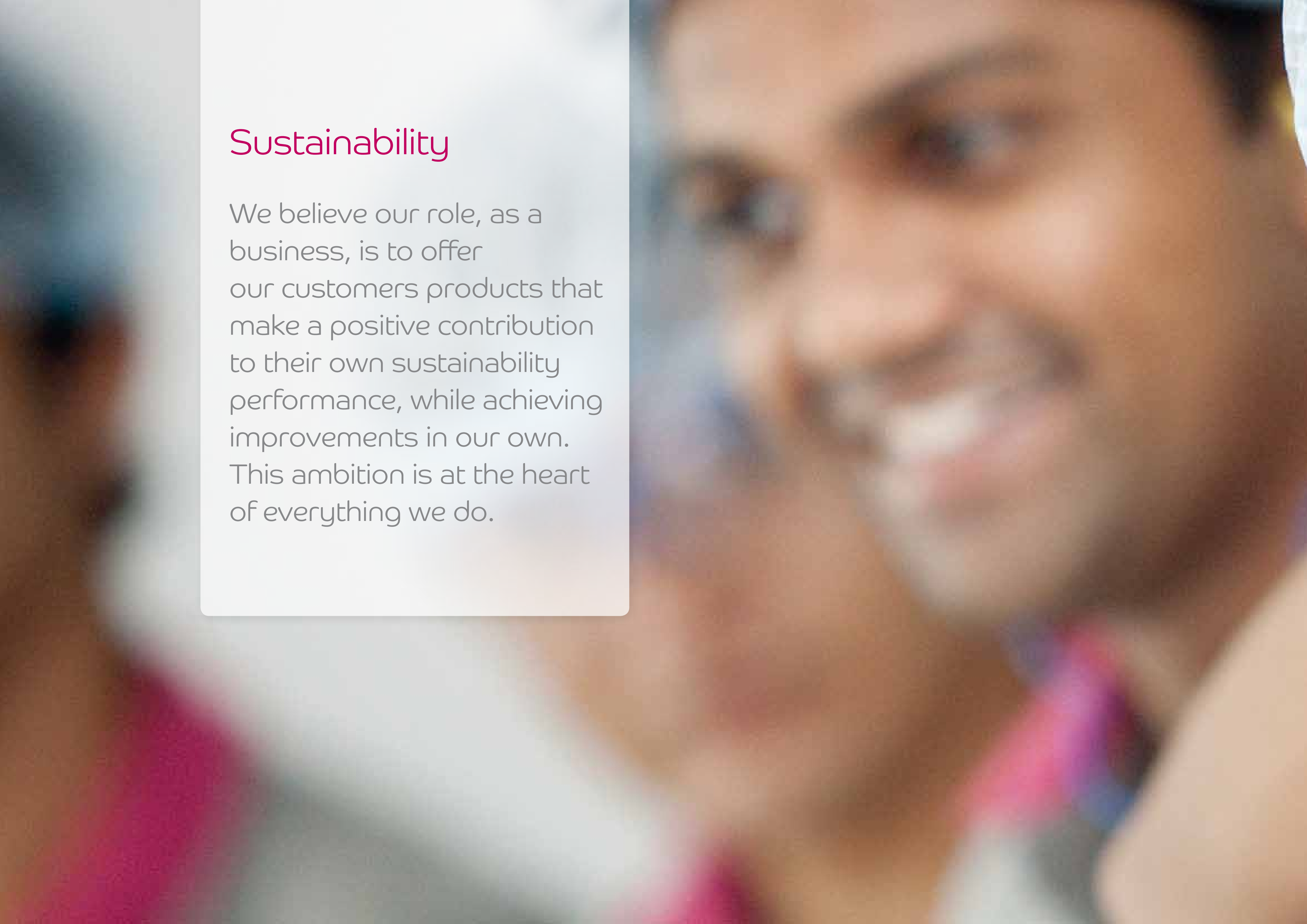
Medical gowns

Release liners
Poster papers

Self-adhesive labels
Repositionable notes

Wet glue and metalized labels
Furniture foils

Abrasive papers
Flexible packaging



Sustainability

We believe our role, as a business, is to offer our customers products that make a positive contribution to their own sustainability performance, while achieving improvements in our own. This ambition is at the heart of everything we do.


uvex

Our approach to sustainability

We want Ahlstrom to be a successful and sustainable business, not just economically, but socially and environmentally. Everything we do is underpinned by this belief, from the way we manage our supply chain to the way we manage our people and workplaces.

We put this into practice by organizing our sustainability efforts in the same way as we organize our business. And right across Ahlstrom you'll find the same commitment to safety and human rights, and a shared ambition to be a leader in sustainability in our industry.

When we determined the most material sustainability aspects for Ahlstrom, offering products that help our customers solve their sustainability challenges was ranked as our highest priority. It all starts with product development. We make products that are designed to be useful, but thanks to the high proportion of renewable raw materials we use they are also extremely sustainable. The product development process is particularly significant in this respect; because as much as 80 percent of a product's environmental impacts are determined in the design phase. We invested in our own Life Cycle Assessment process in 2011 and are now able to determine the potential environmental impacts of our products from cradle to gate.

Green chemistry is a whole new approach to product design, which aims to reduce or eliminate hazardous chemicals from product development and manufacture. The key point is that this assessment occurs in the design phase on the basis that it is better to prevent waste or harmful emissions than to deal with them later. We have started a gradual removal of all hazardous raw materials such as formaldehyde from our existing products and manufacturing operations.

Sourcing is a particularly important area for us, given the nature of our products. In 2011 87 percent (82%) of our fiber raw materials came from renewable sources, and all our wood fiber suppliers have Chain-of-Custody certification. The main synthetic fiber we use is polyester; for example in our wallcoverings we use only recycled polyester fibers.

Our target in 2012 is to implement a Supplier Code of Conduct for our raw material suppliers.

ECONOMIC, SOCIAL AND ENVIRONMENTAL FOCUS AREAS IN AHLSTROM'S VALUE CHAIN:

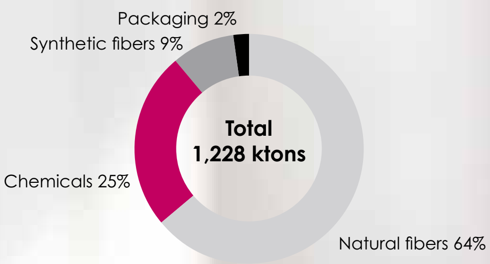
PRODUCT DEVELOPMENT	RESPONSIBLE SOURCING	MANUFACTURING	SALES AND MARKETING
Minimized environmental impacts of the products over their life cycle (LCA) Social impacts of products	Certified fiber sources Supplier Code of Conduct	Water use Waste minimization Resource efficiency Energy use Minimized emissions to air, water and soil	Product stewardship Sustainable value propositions Helping customers to solve their sustainability challenges

Safety in workplace, human rights, leadership and management practices

Our manufacturing operations are always striving to be more efficient. It's all about doing more with less, and saving both money and resources. Our waste reduction project aiming to reduce internal waste yielded good results in 2011 with approximately EUR 14 million savings in raw materials, energy and CO_2. At the same time we want to minimize our emissions to air, water and soil. Last year, nine plants did not send any waste to landfills. We have set ourselves an important and ambitious target to achieve zero landfill from our operations by 2015. Concerning our other environmental KPI's, we improved with process heat and CO_2 emissions. Last year, 98 percent of our production capacity was certified with ISO 14001 environmental management system. Our aim is to reach 100 percent by 2013.

We are good stewards of the products we make, and pride ourselves on building long-term relationships with our customers. They face many of the same sustainability challenges that we do, and we can help them meet these challenges by providing more sustainable products, and sharing our own expertise.

Material flow



KEY ENVIRONMENTAL PERFORMANCE INDICATORS

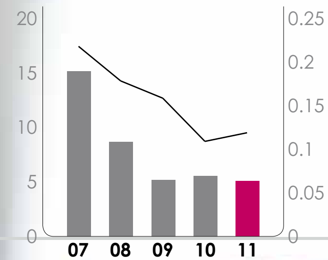
	2011	2010	2009
Water intake, m3/T	**42.8**	41.9	43.4
Electricity usage, MWh/T	**1.04**	1.04	1.05
Fuel energy efficency, GJ/T	**10.37**	10.29	10.11
CO_2 direct emissions, kg/T	**553**	572	559
Waste, kg/T	**14.6**	15.6	17.4
ISO 14001, % of production	**98**	90	90

People and culture

We continued our work towards creating a harmonized culture, or 'One Ahlstrom'. An important objective in this is to create a high performance culture at the company, where a target-oriented, motivating and open work environment is valued.

One of Ahlstrom's special qualities as a company is the mix of people who work here. We rejoice in the diversity of nationalities and backgrounds that come together in Ahlstrom, and we are united in our belief in the same values, and our commitment to the same goals. We're proud of the positive working environment we create at Ahlstrom – we believe in working hard and achieving goals, but it's equally important to have a good balance between work and free time.

Accident Frequence Rate (AFR, columns)
and Accident Severity Rate (ASR, line)



In the long term our ambition is to have no workplace accidents at all.

Ahlstrom as an employer

Our vision as a company is 'inspiring people', and that ambition extends from our own employees to our customers and business partners, and all our other stakeholders. We particularly want to inspire our own people - empower them to succeed and encourage them to fulfill their potential. We want to be an employer of choice and an organization that never stops learning.

There were 5,185 people working at Ahlstrom at the end of 2011, compared to 5,639 at the end of 2010. This reduction was largely due to the divestment of the Home and Personal business to Suominen Corporation, and the profit improvement program. The employee turnover rate was 4.2 percent (4.0 percent in 2010), and 98 percent were in permanent positions, compared to 96 percent the year before.

Learning

Learning and renewing is one our core values, and in the last year we've made a number of improvements to each of the three main components of our portfolio of training courses. The first of these is the Ahlstrom Academy, which is open to all employees, and where we have continued to focus on skills of strategic importance for us.

The second element of our training program is leadership and management development. During 2011 the first two groups of senior managers graduated from our "The Way Forward program", which aims to build knowledge in key strategic e areas such as leading people and change, sales and marketing, supply chain, strategy, and business practices in Asia.

We also extended the third element of our training: our leadership development and mentoring program for future leaders, which is called JUMP, and which celebrated its 25th anniversary in 2011. This is one of our most important programs, and has helped us identify and develop some of our most successful leaders.

Health and safety

We've made significant progress on reducing workplace injuries at our manufacturing sites over the last ten years. The Accident Frequency Rate, or AFR, is defined as number of lost time accidents per million man hours. This was 39.08 in 2001, which equated to 373 lost time accidents, but by 2011 it had dropped to 5.11 – a reduction of nearly 90 percent in ten years. Our target for 2012 is 2.0.

In the long term our ambition is to have no workplace accidents at all, and we fully believe this is achievable. In fact 16 of our 38 sites did so in 2011. Our challenge now is to achieve this across the whole group, which will help us fulfill our ambition to be the leader in our industry in terms of employee safety.

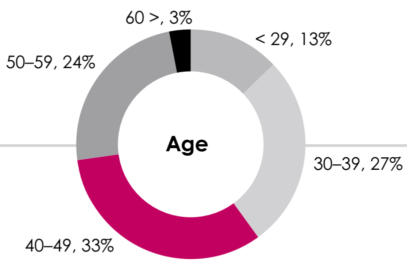
Employee feedback

A company-wide employee survey was run for the second time in 2011 with the purpose of assessing the level of satisfaction, motivation and commitment of the whole company's personnel globally and giving the personnel an opportunity to express their views and recommendations for improvement actions regarding their work and workplace.

The response rate was a very good 80.5 percent (74.3%) with 4,221 respondents in 17 languages and 27 countries using the internet and paper questionnaires.

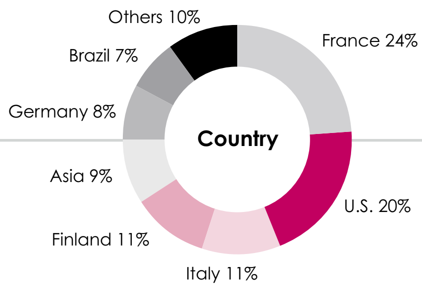
The overall results of Ahlstrom Group measured by a Human Potential Index (HPI) improved in all examined areas, except in evaluations on employer image which received the most critical feedback. People at Ahlstrom appreciate the possibilities to independently make decisions related to their work, and own tasks are often reported to be demanding enough according to the white-collar employees. The blue-collar respondents again felt most satisfied with the co-operation within their own teams. Main strengths of Ahlstrom were that people tend to be well balanced with the demands of the job and were willing to try new work methods, reflecting well our values. A main area for improvement was team spirit.

Headcount* by age



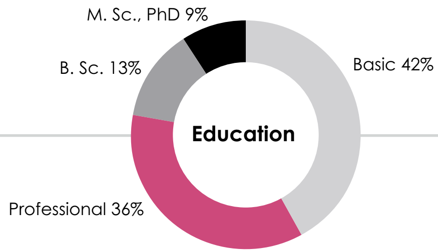
*Employed December 31, 2011

Headcount* by country



*Employed December 31, 2011

Headcount* by educational level



*Employed December 31, 2011

Corporate Governance Statement 2011

The Group's parent company, Ahlstrom Corporation ("Ahlstrom" or the "Company"), is a Finnish limited liability company that is listed on the NASDAQ OMX Helsinki Ltd stock exchange (Helsinki exchange). In its governance, Ahlstrom complies with applicable laws and regulations, its Articles of Association and the Finnish Corporate Governance Code ("Code"). The Code was issued by the Securities Markets Association in 2010 and is available at www.cgfinland.fi.

Ahlstrom departs from recommendation 22 of the Code as, in addition to three board members, there are two non-board members, Carl Ahlström and Risto Murto as members of the Nomination Committee. The current composition of the Nomination Committee aims at increasing shareholder influence in nomination matters. Carl Ahlström represents Antti Ahlström Perilliset Oy and Risto Murto represents Varma Mutual Pension Insurance Company. Both companies are major shareholders of Ahlstrom.

This statement has been prepared in accordance with Chapter 2, Section 6 of the Securities Markets Act and Recommendation 54 of the Code. The statement has been approved by the Company's Audit Committee and examined by the Company's auditor.

The Report of operations for 2011 is included in the Annual Report 2011 available on the website www.ahlstrom.com.

General Meeting

The General Meeting is the ultimate decision-making body of Ahlstrom, and normally convenes once a year. Its tasks and procedures are defined in the Finnish Companies' Act and the Company's Articles of Association. Certain important matters, such as amending the Articles of Association, approval of the Financial Statements, approval of the dividend, election of the members of the Board of Directors ("Board") and the auditors fall within the sole jurisdiction of the General Meeting.

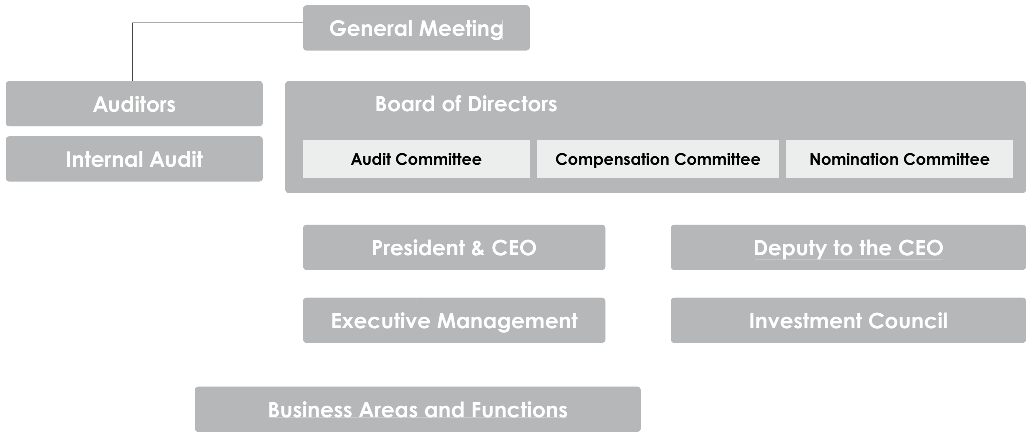
The General Meeting is convened by the Board. The Annual General Meeting must be held within six months of the end of the financial period. An Extraordinary General Meeting shall be held whenever the Board deems necessary, the auditor of the Company or shareholders with at least 10% of the shares so demand in writing in order to deal with a given matter, or if this otherwise is required by law.

According to the Company's Articles of Association, the notice to the General Meeting is published on the Company's

STRUCTURE OF AND GOVERNANCE IN THE AHLSTROM GROUP

EXTERNAL STEERING INSTRUMENTS

Finnish Companies´ Act, Accounting Act, Securities Markets Act and other relevant legislation, Stock Exchange Rules and Regulations



INTERNAL STEERING INSTRUMENTS

Articles of Association, Rules of Procedure of the Board of Directors, Audit Committee Charter, Compensation Committee Charter, Nomination Committee Charter, Code of Conduct, Compliance and other Group policies such as Approval and Signing Policy, Disclosure Policy, Corporate Risk Management Policy, Credit Policy, Group Treasury Policy, Investment Policy, HR policies, Sales Contract Policy and IS Governance Policy

website not earlier than three months and not later than three weeks before the meeting. The convocation shall, however, never be made later than nine days before the record date of the General Meeting. In addition to publishing the notice on the Company's website, the Board may decide to publish it, in whole or in part, through such other means of communication as it deems appropriate.

The notice of the General Meeting and the following information are available also on the website of the Company at least three weeks before the meeting:

- the documents to be submitted to the General Meeting, and
- any proposals for resolutions made by the Board

The Annual Report of the Company as well as other material related to a General Meeting is sent on request to shareholders prior to said General Meeting.

The minutes of the General Meeting, including the voting results and appendices of the minutes that are part of the resolutions made by the meeting, are posted on the Company's website within two weeks from the meeting.

Shareholders may attend a General Meeting either in person or by proxy. In order to attend a General Meeting, a shareholder shall give prior notice to Ahlstrom to attend, by the date mentioned in the notice of the meeting. Only shareholders, who, on the record date set forth in the notice, are registered in the register of shareholders maintained by Euroclear Finland Ltd are entitled to participate in a General Meeting. Holders of nominee registered shares may be registered temporarily in said shareholders' register and therefore, they are advised to request from their custodian banks necessary instructions regarding such temporary registration and the issuing of proxy documents. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder.

Each share has one vote in all matters dealt with by a General Meeting.

If a shareholder wishes to bring up a matter for consideration by the General Meeting, he/she/it shall present the matter in writing to the Board at the latest on the date specified by the Company on its website www.ahlstrom.com. As regards the Annual General Meeting 2012, no such notifications were submitted by the set date January 13, 2012.

Ahlstrom aims to ensure that all Board members, the auditor, the President & CEO ("CEO") and the Chief Financial Officer ("CFO") are present at the General Meeting in order to give the shareholders the opportunity to put questions to them in relation to the matters on the agenda.

Dividend is paid to a shareholder who on the date of record for dividend payment is registered in the register of shareholders of Ahlstrom.

General Meeting in 2011

In 2011, Ahlstrom held its Annual General Meeting in Helsinki, Finland, on March 30, 2011.

261 shareholders were present representing 45.5% of the voting rights of the Company. All Board members were present at the General Meeting. In addition, the CEO, CFO and all other members of the

Executive Management Team ("EMT") as well as the auditor attended said meeting. All documents related to the Annual General Meeting 2011 are available on the Company's website www.ahlstrom.com.

Board

The Board has general authority to decide on and act in any matters not reserved by law or under the provisions of the Articles of Association to any other governing body of the Company. The Board is responsible for the Company's management and the proper organization of its operations. It confirms the Company's long-term business strategies, values and policies, and approves the Company's business plans and annual plans. The Board decides on major capital expenditures, acquisitions and substantial divestments of assets as well as approves the general framework for other capital expenditures. It also monitors the Company's performance and human resources development. Each Board member receives a monthly performance report, including financial data and management comments. The Board appoints and dismisses the CEO and his Deputy, if any, as well as the senior management reporting to the CEO.

The Board has established and approved Rules of Procedure of the Board to complement the Articles of Association and Finnish applicable laws and regulations. Said rules describe the duties of the Board and CEO, division of tasks within the Board, meeting practices and reporting to the Board as summarized in this statement.

The Board consists of 5 – 7 members. The General Meeting confirms the number of members of the Board, elects them, and decides on their compensation. The mandate of each member of the Board expires at the end of the Annual General Meeting immediately following their election. There are no limitations as to the number of terms a person can be member of the Board and no maximum age.

The majority of the Board members shall be independent of the Company and at least two of the members representing this majority shall also be independent of the significant shareholders of the Company. Each Board member shall provide the Board with sufficient information that will allow the Board to evaluate his or her qualifications and independence and notify the Board without delay of any changes in such information.

All Board members are required to deal at arm's length with Ahlstrom and its subsidiaries and to disclose to the Board circumstances that might be perceived as a conflict of interest.

Most of the Board meetings are held at Ahlstrom's head office in Helsinki, but from time to time the Board also visits other locations of the Company and holds meetings there. If necessary, the Board also holds telephone and audiovisual meetings. The CEO normally attends the Board meetings. Other members of the EMT attend upon invitation by the Board. The General Counsel acts as Secretary to the Board.

The Board makes an internal self-assessment of its performance, practices and procedures annually. Occasionally the assessment is made by an external consultant.

Board in 2011

The Annual General Meeting held on March 30, 2011, confirmed the number of Board members to be seven. Thomas Ahlström, Sebastian Bondestam, Lori J. Cross, Anders Moberg and Peter Seligson were re-elected as Board members. Esa Ikäheimonen, born 1963, and Pertti Korhonen, born 1961, were elected as new members. Immediately after the Annual General Meeting, the Board elected Peter Seligson as Chairman of the Board and Pertti Korhonen as Vice Chairman.

Biographical details of the Board members and the Board members' shareholdings in the Company are set forth at the end of this statement. The Board considers all of the Board members independent from the Company. The Board considers the Board members independent from its significant shareholders, except for Peter Seligson, who is a member of the Board of Directors of Antti Ahlström Perilliset Oy, and Thomas Ahlström, who is the Managing Director of Antti Ahlström Perilliset Oy.

In 2011, the Board convened 14 times, (two before March 30, 2011) including seven meetings held as telephone or audiovisual meetings. The average attendance frequency was 99%. The attendance of the individual Board members is set forth in the table below.

Board member	Number of Board meetings attended	Attendance percentage
Peter Seligson	14	100
Bertel Paulig (until March 30,2011)	2	100
Thomas Ahlström	14	100
Sebastian Bondestam	14	100
Lori J. Cross	13	93
Anders Moberg	14	100
Pertti Korhonen (as from March 30, 2011)	12	100
Esa Ikäheimonen (as from March 30, 2011)	12	100

Board Committees

The Board annually appoints an Audit Committee and may also appoint other permanent committees if considered necessary at its constitutive meeting following the General Meeting.

According to the Board's rules of procedure, the Board shall also appoint a Compensation Committee and a Nomination Committee. The duties and working procedures of the committees shall be defined by the Board in the charters confirmed for the committees. The committees regularly report on their work to the Board.

Audit Committee

The Audit Committee consists of 3 – 4 members, all of which shall be Board members who are independent of the Company and shall have the qualifications necessary to perform the responsibilities of the committee. At least one member shall be independent of the significant shareholders and at least one member shall have expertise specifically in accounting, bookkeeping or auditing. The expertise may be based on, e.g. experience in corporate management.

According to its Charter, the Audit Committee assists the Board in fulfilling its supervisory responsibilities. The Audit Committee also makes recommendations to the Board. The Board has authorized the Audit Committee to make decisions in matters related to profit warnings, the detailed content of interim reports, the internal audit and internal audit plans as well as certain company policies. In addition, the Audit Committee makes recommendations for the election and removal of the external auditors and for their compensation and approves the external auditors' audit plan based on the auditors' proposal. Among its other duties, the Audit Committee reviews and monitors the financial reporting process, the effectiveness of the system of internal control and risk management, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. The committee ensures that the Board is aware of matters which may significantly impact the financial conditions or affairs of the Company´s business.

In performing its duties, the committee will maintain effective working relationships with the Board, management, and the internal and external auditors.

Compensation Committee
The Compensation Committee consists of three members, a majority of which shall be Board members who are independent of the Company. No executives of the Company may be members of the committee.

According to its Charter, the Compensation Committee assists the Board in the efficient preparation and handling of the matters pertaining to the appointment and dismissal of the CEO and other executives and their remuneration. The committee decides on the compensation and benefits of the members of the EMT, other than the CEO. It reviews the compensation and benefits of the CEO and makes recommendations to the Board in relation thereto.

Nomination Committee
The Nomination Committee consists of three Board members and two members representing the major shareholders of the Company (at the Board's discretion). The composition of the Nomination Committee departs from recommendation 22 of the Code but aims at increasing shareholder influence in nomination matters. A majority of the committee members shall be independent of the Company. No executives of the Company may be members of the committee.

According to its Charter, the Nomination Committee assists the Board in the efficient preparation and handling of the matters pertaining to the nomination and remuneration of the Board members. Prior to making its proposals to the Board for candidates for election as Board members, the committee shall consult with the major shareholders of the Company if such shareholders are not represented on the Nomination Committee or if the committee otherwise finds it necessary or advisable.

Committees in 2011
On March 30, 2011, the Board appointed three committees, the Audit Committee, the Compensation Committee and the Nomination Committee.

Audit Committee
As from March 30, 2011, the members of the Audit Committee were Esa Ikäheimonen (Chairman), Thomas Ahlström and Sebastian Bondestam. All of them are independent of the Company and its significant shareholders, except for Thomas Ahlström, who is the Managing Director of a significant shareholder of the Company, Antti Ahlström Perilliset Oy. All of the members of the Audit Committee have expertise in accounting, bookkeeping or auditing. The committee convened seven times (one before March 30, 2011) and the average attendance frequency was 100%. The attendance of the individual committee members is set forth in the table below.

Committee member	Number of committee meetings attended	Attendance percentage
Esa Ikäheimonen (as from March 30, 2011)	6	100
Bertel Paulig (until March 30, 2011)	1	100
Thomas Ahlström	7	100
Sebastian Bondestam	7	100

Compensation Committee
As from March 30, 2011, the members of the Compensation Committee were Peter Seligson (Chairman), Anders Moberg and Lori J. Cross. All of them are independent of the Company. The committee convened six times and the average attendance frequency was 94%. The attendance of the individual committee members is set forth in the table below.

Committee member	Number of committee meetings attended	Attendance percentage
Peter Seligson	6	100
Anders Moberg	6	100
Lori J. Cross	5	83

Nomination Committee

As from March 30, 2011, the members of the Nomination Committee were Peter Seligson (Chairman), Pertti Korhonen and Anders Moberg as well as the non-board members Carl Ahlström and Risto Murto. Carl Ahlström represents Antti Ahlström Perilliset Oy and Risto Murto represents Varma Mutual Pension Insurance Company. Both companies are major shareholders of Ahlstrom. All of the committee members are independent of the Company. The committee convened three times (one before March 30, 2011) and the average attendance frequency was 100%. The attendance of the individual committee members is set forth in the table below.

Committee member	Number of Committee meetings attended	Attendance percentage
Peter Seligson	3	100
Anders Moberg	3	100
Pertti Korhonen (as from March 30, 2011)	2	100
Bertel Paulig (until March 30, 2011)	1	100
Carl Ahlström	3	100
Risto Murto	3	100

CEO

The CEO is in charge of the executive management of the Company. He is accountable to the Board for the achievement of the goals, plans, policies and objectives set by the Board. He prepares matters to be decided on by the Board and carries out the decisions of the Board. The CEO is the Chairman of the EMT. The CEO's contract has been made in writing and approved by the Board.

As from January 1, 2009, Jan Lång has acted as CEO. The Company's CFO, Seppo Parvi, was appointed Deputy to the CEO as from January 1, 2011. Biographical details of the CEO and his Deputy and their shareholdings in the Company are set forth at the end of this statement.

Executive Management Team

The Executive Management Team (EMT) consists of the CEO as well as business area and functional leaders. The members of the EMT are proposed by the CEO and appointed by the Board. The members of the EMT report to the CEO.

The role of the EMT is to support the CEO in performing his duties and to align the business organization and functions. Within the framework given by the Board, the EMT monitors business performance and risk management, reviews investment proposals, business and annual plans as well as incentive plans before their presentation to the Board, implements strategy and direction, initiates actions and establishes policies and procedures. The EMT members receive monthly reports on the performance of the Company's businesses.

EMT in 2011

At the end of 2011, the EMT consisted of 10 members. The composition of the EMT, biographical details, the areas of responsibility of its members and the members' shareholdings in the Company are described at the end of this statement. In 2011, the EMT convened 15 times.

Remuneration of the Board and Senior Executives

The principles regarding the remuneration of the Board as well as the CEO and other senior executives are described in the Remuneration Statement available on the website www.ahlstrom.com.

For 2011, the total remuneration of the members of the Board and its committees amounted to EUR 462,450. The total remuneration of each member is set forth in the table below.

The total remuneration of the CEO and the other members of the EMT, including fringe benefits and bonuses, is set forth at the table below.

Members of the Board and/or its committees at December 31, 2011	Remuneration in 2011 (EUR)	Remuneration in 2010 (EUR)
Peter Seligson	**93,300**	88,050
Bertel Paulig (until March 30, 2011)	**11,400**	49,450
Thomas Ahlström	**50,700**	41,050
Sebastian Bondestam	**50,700**	43,350
Lori J. Cross	**66,000**	41,400
Anders Moberg	**73,200**	59,100
Esa Ikäheimonen (as from March 30, 2011)	**58,500**	-
Pertti Korhonen (as from March 30, 2011)	**50,250**	-
Carl Ahlström (non-board member)	**4,200**	8,400
Risto Murto (non-board member)	**4,200**	8,400

2011	Salaries and fees with fringe benefits	Bonus pay	Long term plan based payments	Total EUR
Jan Lång, President & CEO	608,547.77	322,470.00	793,048.45	**1,724,066.22**
Other EMT members	3,234,716.14	1,136,702.37	2,591,770.42	**6,963,188.93**

2010	Salaries and fees with fringe benefits	Bonus pay	Long term plan based payments	Total EUR
Jan Lång, President & CEO	660,046.70	362,880.00	-	1,022,926.70
Other EMT members	3,044,145.48	1,046,343.30	-	4,090,488.78

Auditors

The Company shall have one auditor which is an accounting firm approved by the Finnish Central Chamber of Commerce (APA). The Annual General Meeting elects the Company's auditor.

PricewaterhouseCoopers Oy (PwC) has been acting as the Company's auditor since 2008. On March 30, 2011, the Annual General Meeting re-elected PwC as the Company's auditor. PwC designated Eero Suomela, APA, as the Responsible Auditor. The Company's subsidiaries are subject to local auditing under local regulations which are, with a few exceptions, conducted by representatives of PwC's network in each country.

The fees of the statutory audit for 2011 were EUR 990 thousand in total in the Group (EUR 945 thousand in 2010). Other fees charged by PwC amounted to EUR 753 thousand in the Group (EUR 415 thousand in 2010). The other fees were primarily related to tax advice and various specialist services relating to the divestment of Ahlstrom's Home and Personal Business area.

Internal Control and Risk Management Systems related to Financial Reporting

Internal control is an essential part of the Company's governance and its management systems. It covers all processes and organizational levels of the Group. The purpose of internal control is to provide reasonable assurance that the Company can execute its strategy effectively in regard to business operations and reliable financial reporting is in place. Internal control is not a separate process but it is embedded in the operations of the Company covering all the Group-wide policies, principles, manuals and systems. In order to strengthen the framework for internal control, the Company is carrying out a project to harmonize certain common processes and the use of systems related to such processes.

Financial Reporting

The Group companies have a common chart of accounts which is built-in in the Group's common global accounting system. Ahlstrom has a common global Enterprise Resource Planning (ERP) system. A common consolidation tool is used as a basis for internal and external reporting. The Group's global accounting and ERP systems provide the data for consolidation via an interface.

Centralized updating and maintaining of the accounting and ERP systems in Ahlstrom as well as such systems' implementation at new units are performed by the Group's own personnel in cooperation with a global IT service provider. The knowledge in the units is supported by internal training and user manuals which are updated regularly.

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The core principles and instructions regarding the financial reporting have been gathered to a unified accounting manual (Ahlstrom Accounting Principles) which is applied in all Group companies. Group Controlling function ("Group Controlling") is responsible for the follow-up of the accounting standards, maintaining the financial reporting principles and communicating them to units. The manuals support reliable financial reporting.

The Board and the CEO have the overall responsibility for setting up the internal control and risk management systems related to financial reporting. The Board has authorized the Audit Committee to ensure the effectiveness of the internal control systems. In addition to the Board and the Audit Committee, the CEO and EMT are responsible for the efficient implementation of the internal control of the financial reporting.

The CFO and Group Controlling support, coordinate and monitor the Group-wide financial management and control of operations. On the basis of corporate policies and manuals, the Group companies' and business areas' controlling functions communicate and monitor the internal control procedures and practices.

The internal control is based on the Group's overall organizational structure. All levels, business areas, business units, plants, Group companies and corporate functions, are responsible for the correctness of the figures reported by them. All Group companies report their figures by reporting entity to Group Controlling. In the monthly reporting process Group Controlling and the CFO consolidate the reports and analyze the figures and other financial data, and the financial performance in relation to targets is reviewed by the management at each organizational level, as well as by the EMT and the Board.

To ensure the correctness of the financial reports, the monitoring process includes the follow-up of quarterly reports as well as monthly management reports in relation to targets. Group Controlling prepares reports to the Board and the Group's financial performance is reviewed at each Board meeting. The Audit Committee reviews interim reports and annual financial statements in detail and the Board reviews such interim reports' summaries and any statements regarding the outlook and near term risks before the reports are released. The EMT members also receive the management reports for their monthly meetings.

The efficiency and profitability of Ahlstrom is monitored monthly by Group Controlling at the reporting entity level. The actual figures are compared to the Annual Plan and to previous year figures. Business performance control reviews are made at all levels of the Group, including Group companies, plants, business units, business areas, Group Controlling, EMT and Board. Year-end estimates are updated quarterly. Long-term targets are set up in the Business Plan process for the next three years and the Annual Plan is prepared through a budgeting process for the following year. The Annual Plan and the Business Plan are approved by the Board.

Enterprise Risk Management

Risk management is one of the key internal control procedures of the Company. Enterprise risk management aims at supporting the achievement of the strategic and operational goals by protecting the Company against loss, uncertainty and lost opportunity. The framework and responsibilities related to risk management are defined in the Group Risk Management Policy.

The Board has the ultimate responsibility for Ahlstrom's risk management. The Board reviews the identified key risks and is responsible for the determination of risk appetite and tolerance.

The Audit Committee approves the Group Risk Management Policy and reviews the efficiency of the Company's risk management activities and the information provided to the management and the Board regarding key risks and plans to manage such risks.

The CEO, EMT and other management at Group, business area, business unit, plant and function levels are responsible for implementing the Risk Management Policy and daily risk management procedures, each within his/her domain.

As of 2011, the Group Risk Management has been outsourced to KPMG Oy Ab under the supervision of the CFO, who is responsible for overseeing the implementation of the Risk Management Policy, coordinating risk management activities and for risk reporting within the Company. These activities are reviewed and followed up as part of the Business Planning and Annual Planning processes.

The risk management process facilitates identifying, assessing and responding to events that may threaten the achievement of the Company's objectives. Identified risks are assessed and prioritized according to their likelihood and their possible impact on the Company's financial performance should the risks materialize. The risks that may affect the Company's operations are categorized as strategic risks, operational risks, financial risks and hazard risks.

In Ahlstrom, the main principle is to manage risks at their source, i.e. within the business unit, plant or function where risks may occur. Risk identification and assessment is carried out at Group level and at business area and functional levels. Risk response and monitoring actions for the assessed risks are defined and carried out by the appropriate management at different levels of the organization.

An annual risk review process is facilitated with the business areas, the EMT and the Group functions. The outcome of these reviews is consolidated and presented to the EMT, the Audit Committee and the Board. Identified key risks are followed up and taken into consideration in the Company's business and annual planning processes. The evaluation by the Audit Committee of major risks and uncertainties relating to the Company and its operations is included in the Report of operations for 2011 (pages 38–39 in the Annual Report 2011).

To realize economies of scale and ensure appropriate Group-level control, certain risk management activities – such as the establishment of group-wide insurance programs and management of the group's financial risks - are centralized.

Internal Processes for Investments

The Investment Council is chaired by the EVP, Supply Chain. In 2011, the Council comprised senior executives or managers representing the Group Investments & Technology and the Business Areas' Supply Chain.

The main tasks of the Investment Council are to review and validate major investment proposals before their presentation to the CEO and the Board (depending on the nature and value of the proposed investment) and to manage the annual investment plan and to follow-up on-going investment projects as well as to carry out post-audits of completed investment projects.

In 2011, the Investment Council focused on the follow-up and review of the following projects: the joint venture project with Longkou Yulong Paper Co. in China, the new saturator investment in Turin, the upgrade of the filtration production lines in Binzhou, the installation and start-up of the glassfiber weaving lines in Binzhou (China), the procurement of the wallcovering line in China, the installation and start-up of the off-line treatment line in Mundra, the speed-up of the filtration line in Louveira and the upgrade of the Stenay plant in France. The Council had nine members (eight in the last two meetings after the divestment of the Home and personal business area) and it convened nine times during 2011.

Internal Audit

The role of the Internal Audit is to evaluate and improve the effectiveness of the control, risk management and governance processes, and to facilitate the implementation of best practices to ensure that various risk management, control and governance processes, as designed and implemented by the Company's management, are adequate and functioning as planned. In doing so, the Internal Audit reviews the effectiveness and efficiency of the business processes and the compliance with policies, standards, procedures, and applicable laws and regulations.

The Audit Committee has the ultimate responsibility for organizing of the Internal Audit. As of January 1, 2010, Ahlstrom's Internal Audit function has been outsourced to a global service provider, KPMG Oy Ab.

Administratively, the Internal Audit reports to the CFO but on audit matters, the Internal Audit reports to the Audit Committee. The Internal Audit conducts regular process audits, site and subsidiary audits as well as audits at other Group units in accordance with the audit plan approved by the Audit Committee. The audit plan is developed by using appropriate risk-based methodology taking into account any risks or control concerns identified by the Group Risk Management function, the EMT and the auditors. The Internal Audit reports regularly on its activities to the Steering Group consisting of the CEO and CFO and to the Audit Committee. The Internal Audit makes recommendations to the EMT members and local management based on its observations. The Internal Audit also monitors the implementation of the action plans made based on its recommendations.

The Internal Audit is coordinated with the work of the external auditors and the Company's other controlling and monitoring functions (Financial Accounting, Group Controlling, Taxation, Risk Management, Legal, IT, etc.).

To the extent permitted by law, the Internal Audit function has a free and unrestricted access to all relevant units, functions, records, physical properties and personnel.

The Institute of Internal Auditors' "Code of Ethics" is adhered to in the conduct of the Internal Audit. The Institute's "International Standards for the Professional Practice of Internal Auditing" (Standards) and "Practice Advisories" shall be followed to the extent practicable and applicable.

Compliance

It is the policy of Ahlstrom to comply throughout the organization with all applicable laws and regulations and to maintain an ethical workplace for its officers and employees as well as an ethical relationship with its customers, suppliers and other business partners.

In its Compliance Program established in 2003, the Company commits to establish and maintain compliance standards and procedures to be followed by its officers, employees and other representatives. The Compliance Program includes a system of education, monitoring and corrective action. The General Counsel as the Company's Compliance Officer oversees the Compliance Program. The main policies of the Compliance Program are the Company's Code of Conduct, Policy regarding the Competition and Antitrust, the Policy regarding the International Trade (Antibribery) and the Insider Rules. As part of the program, a number of physical training sessions were held in 2011 at the Company's sites in Asia, Europe, and North America. Ahlstrom also launched a Group wide compliance e-learning tool, which enables Ahlstrom to train its personnel in compliance questions. During 2011, a total of 456 persons worldwide completed the compliance training through the compliance e-learning tool.

In its insider administration, Ahlstrom follows the Guidelines for Insiders issued by Helsinki exchange complemented by the Company's own Insider Rules approved by the Board. The Company maintains its public and company-specific insider registers in the SIRE system of Euroclear Finland Ltd.

In accordance with the law, Ahlstrom's public insiders include the members of the Board, the CEO and his Deputy, auditors, certain members of the EMT as well as the General Counsel. Ahlstrom's register of company-specific permanent insiders includes individuals who are defined by the Company and who regularly possess insider information due to their position in the Company.

According to Ahlstrom's Insider Rules, persons listed as permanent insiders shall always obtain a prior approval for trading in the Company's securities from the Company's Insider Officer. Said permanent insiders may not in any event trade in the Company's securities after the end of each calendar quarter until the day after the publication of the (quarterly) interim report or annual result ("Closed Window"). The Closed Window shall, however, always include at least the three weeks immediately preceding the publication of the (quarterly) interim report or annual result and the date of publication of such report.

The Company's legal department also maintains a project-specific insider register when required by law or regulations. Project specific insiders are prohibited from trading in the Company's securities until the termination of the project.

Code of Conduct

In December 2011, the Company updated its Code of Conduct. The Code of Conduct, which is based on Ahlstrom´s values, sets forth the Company's ethical principles that lie as a basis for how the Company conducts its business. The Code of Conduct is available on the Company's website www.ahlstrom.com.

Board of Directors

JANUARY 1, 2012

PETER SELIGSON

PERTTI KORHONEN

THOMAS AHLSTRÖM

SEBASTIAN BONDESTAM

LORI J. CROSS

ESA IKÄHEIMONEN

ANDERS MOBERG

Board of Directors

JANUARY 1, 2012

PETER SELIGSON

Born 1964, Lic. O ec. (HSG) 1986

Ahlstrom shares:* 797,600

Partner of Seligson & Co Oyj

Chairman of the Board since 2007, member of the Board since 1999.

Chairman of the Board:
Aurajoki Oy, Broadius Partners Oy, Hercculia Oy Ab.

Other key positions of trust:
Chairman of Skatte- och Företags-ekonomiska Stiftelsen, Working member of Folkhälsan.

Primary work experience:
Managing Director, Alfred Berg Finland (1991–1997), Head of Sales and Trading, Arctos Securities (1987–1991).

PERTTI KORHONEN

Born 1961, M.Sc. (Electronics Engineering) 1987, Oulu University of Technology

Ahlstrom shares:* 3,000

President and CEO, Outotec Oyj

Vice Chairman of the Board since 2011.

Other Board memberships and positions of trust:
The Federation of Finnish Technology Industries, Member of the Board (2012–), International Chamber of Commerce, Member of the Board (2012–), World Trade Center Helsinki, Member of the Board (2012–), Rautaruukki Oyj, Member of the Board (2010–), International Chamber of Commerce, Member of the Finnish Council (2010–), Association of Finnish Steel and Metal Producers, Member of the Board (2010–), Elisa Oyj, Member of the Board (2008–), Veho Group Oy, Member of the Board (2007–), Finnish Defense Forces, Member of the Advisory Board (2007–).

Primary work experience:
Outotec Oyj, Chief Operating Officer (Oct 1–Dec 31, 2009), Elektrobit Corporation Plc, CEO (2006–2009), Nokia Corporation, Member, Nokia Group Executive Board (2002–2006), Chief Technology Officer, Executive Vice President, Nokia Technology Platform (2004–2006), Executive Vice President, Nokia Mobile Software (2001–2003). Various executive management positions in Nokia Corporation (1987–2001)

THOMAS AHLSTRÖM

Born 1958, M.Sc. (Econ) 1982

Ahlstrom shares:* 71,420

Managing Director, Antti Ahlström Perilliset Oy

Member of the Board since 2007.

Other Board memberships:
Kontanten AB, Eurocash Finland Oy, Advisum Oy, Helmi Capital Ltd., Ursviken Group Oy, CorpNordic A/S.

Primary work experience:
Skandinaviska Enskilda Banken AB (publ) (1991–2007), Managing Director SEB Merchant Banking, Helsinki (2000–2005), various managerial positions in Helsinki and London, Scandinavian Bank plc (1985–1990).

*Shareholding as of December 31, 2011.

SEBASTIAN BONDESTAM

Born 1962, M.Sc. (Eng.)
1989, Helsinki University of Technology

Ahlstrom shares:* 2,880

Executive Vice President, Supply Chain, Uponor Corporation; Deputy to the Managing Director, Uponor Corporation

Member of the Board since 2001.

Primary work experience:
Supply Chain Director EU Clusters, Tetra Pak, (2004–2007), Vice President Converting Americas, Tetra Pak Asia & Americas, US (2001–2004), Converting Director Americas, Business Unit Tetra Brik (1999–2001), Production Director, Tetra Pak, UK (1997–1999), Factory Manager, Tetra Pak, China (1995–1997).

LORI J. CROSS

Born 1960, M.Sc. (Eng.), MBA Rensselaer Polytechnic, Northwestern University

Ahlstrom shares:* 750

President and Founder, MindSpan Consulting, LLC

Member of the Board since 2010.

Other Board memberships and key positions of trust:
M3 Solutions, Inc., Electrosonic Group Oy Ab, NeuroMatrix, LLC, Wall Family Enterprise, Inc., Center for Advanced Studies in Business, Inc. Anesthesia Patient Safety Foundation (past membership), Adjunct Professor of Strategy at University of Wisconsin, Duke University Corporate Education.

Primary work experience:
MindSpand Consulting, LLC, President, since 2007, VIASYS Healthcare (2003–2007); VIASUS Healthcare Inc., Executive Vice President, VIASYS Neurocare, Group President, GE Medical, Instrumentarium, Group President, (1998–2003), ADVENT, D-O NA, VP Product Development and Marketing, (1989–1998), Smith & Nephew (1987–1987), Baxter Healthcare (1983–1987).

ESA IKÄHEIMONEN

Born 1963, LL.M
1989, University of Turku

Ahlstrom shares:* 0

CFO, Seadrill Management AS,
CEO, Asia Offshore Drilling ltd.

Member of the Board since 2011.

Primary work experience:
CFO Poyry PLC (2009–2010), Vice President Finance, Shell Africa (2007–2009), Vice President Finance, Shell Middle East (2007), Finance and Commercial Director, Shell Qatar (2004–2006), Director Strategy and Portfolio, Shell Europe (2001–2004), Director Finance, Shell Scandinavia (1999–2001), Head of Planning and Analysis, Shell UK E&P (1996–1998), Audit Manager, Shell (1994–1996).

ANDERS MOBERG

Born 1950

Ahlstrom shares:* 0

Member of the Board since 2009.

Chairman of the Board:
OBH Nordica AB (2011–), Biva A/S (2009–), Clas Ohlson AB (2004–),

Other Board memberships:
Amor GmbH (2010–), Rezidor AB (2010–), ITAB AB (2010–), Hema B.V. (2009–), Zeta Display AB (2009–), Byggmax (2006–), Husqvarna AB (2006–), DFDS A/S (2004–), Clas Ohlson AB (2003–).

Primary work experience:
Majid Al Futtaim Group (CEO) (2007–2008). Royal Ahold (President and CEO) (2003–2007). The Home Depot (Group President International) (1999–2002). Ikea International (since 1986 President and CEO) (1970–1999).

Other:
Adjunct Professor at CBS, Copenhagen Business School, (2009–), Senior Advisor to Triton & Partners.

Executive Management Team

JANUARY 1, 2012


RAMI RAULAS
WILLIAM CASEY
LUC ROUSSELET
LAURA RAITIO
PAUL STENSON

Executive Management Team

JANUARY 1, 2012

JAN LÅNG

President and CEO
Born 1957. M.Sc. (Econ.)

Ahlstrom shares*: 24,999
Ownership* in Ahlcorp Oy: 28,40%

Joined Ahlstrom in 2008. Member of the Executive Management Team since 2008.

Primary work experience:
President and CEO, Uponor Corporation (2003–2008). Various management positions at Huhtamäki Group (1982–2003).

SEPPO PARVI

Chief Financial Officer, deputy to the President
Born 1964. M.Sc. (Econ.)

Ahlstrom shares*: 8,333
Ownership* in Ahlcorp Oy: 11,40%

Joined Ahlstrom in 2009. Member of the Executive Management Team since 2009.

Primary work experience:
Chief Financial Officer, Deputy to CEO at M-real Corporation (2006–2009). Various positions at Huhtamäki Group in business management and support functions (1993–2006). Worked for Ahlstrom already in (1989–1993).

PAULA AARNIO

Executive Vice President, Human Recources and Sustainability
Born 1958. M.Sc. (Eng.)

Ahlstrom shares*: 8,333
Ownership* in Ahlcorp Oy: 11,40%

Joined Ahlstrom in 2009. Member of the Executive Management Team since 2009.

Primary work experience:
Executive Vice President, HR at Uponor Corporation (2004–2009). Human Resources Director, Oy Karl Fazer Ab (2001–2004) and various human resources and line management positions at Neste/ Fortum Corporation (1985–2001).

TOMMI BJÖRNMAN

Executive Vice President, Filtration
Born 1966. M.Sc. (Eng.)

Ahlstrom shares*: 8,383
Ownership* in Ahlcorp Oy: 11,40%

Joined Ahlstrom in 1996. Member of the Executive Management Team since 2005.

Primary work experience:
Senior Vice President, Glass Nonwovens (2001–2008). Various management positions in Ahlstrom Glassfibre since 1996. Prior to that, planning, sourcing and product management positions in Suomen Unilever Oy and Wisapak Oy Ab.

DANIELE BORLATTO

Executive Vice President, Label and Processing
Born in 1969. Education in Business and Administration.

Ahlstrom shares*: 8,333

Joined Ahlstrom in 1990. Member of the Executive Management Team since 2011.

Primary work experience:
Senior Vice President, Release & Label Papers and Member of Corporate Executive Team (2007–2010). Earlier positions Vice President Europe & South America, Filtration and General Manager, Filtration, Ahlstrom Turin (2002–2007), Division Controller for Filtration (1999–2001)and Sales Area Manager (1996–1998).

*Shareholding as of December 31, 2011. Executive Management Team shareholdings reported through ownership in Ahlcorp Oy, which held 296,311 Ahlstrom shares as of December 31, 2011.

WILLIAM CASEY

Executive Vice President,
Food and Medical
Born 1959. B.Sc. (Chem. Eng.), MBA

Ahlstrom shares*: 41,951

Joined Ahlstrom in 2010. Member of the Executive Management Team since 2010.

Primary work experience:
Chief Operations Officer, Shawmut Corporation (2008–2009), Chief Executive Officer, Freudenberg Nonwovens Limited Partnership, USA and other various positions in the company in R&D, plant management and in global general management of different divisions (1986–2008).

LAURA RAITIO

Executive Vice President,
Building and Energy
Born 1962. M.Sc. (Chem. Eng.), Lic. Tech. (Forest Prod. Tech.).

Ahlstrom shares*: 8,333
Ownership* in Ahlcorp Oy: 11,40%

Joined Ahlstrom in 1990. Member of the Executive Management Team since 2006.

Primary work experience:
Senior Vice President, Marketing (sales network, human resources, communications and marketing, (2006–2008). Vice President and General Manager for Wallpaper & Poster, Pre-impregnated Decor, Abrasive Base in Osnabrück, Germany (2002–2005). In addition, several managerial positions within Ahlstrom's specialty paper business.

Board memberships:
Neste Oil Corporation

RAMI RAULAS

Executive Vice President,
Sales and Marketing
Born 1961. M.Sc. (Econ.)

Ahlstrom shares*: 8,333
Ownership* in Ahlcorp Oy: 11,40%

Joined Ahlstrom in 2009. Member of the Executive Management Team since 2009.

Primary work experience:
Meadville Enterprises (HK) Ltd (2008). Senior Vice President of Sales & Marketing in Aspocomp Group (2004–2008). Various managerial positions in sales and marketing e.g. in Fujitsu Siemens.

LUC ROUSSELET

Executive Vice President,
Supply Chain
Born 1957. Master in Business Admin. and Chem. Eng.

Ahlstrom shares*: 6,000

Joined Ahlstrom in 2011. Member of the Executive Management Team since 2011.

Primary work experience:
Various positions at 3M group such as Supply Chain & Distribution Director in France, Manufacturing Operations Manager in the US, Lean Six Sigma Master Black Belt in Europe, and several Site Manager positions (1991–2011).

PAUL H. STENSON

Executive Vice President,
Product and Technology Development
Born 1962. Ph.D, (Org. Chem.)

Ahlstrom shares*: 0

Joined Ahlstrom in 2011. Member of the Executive Management Team since 2011.

Primary work experience:
Various senior executive technology positions at Valspar Corporation (1993–2011) in the United States and Europe, most recently as Divisional Vice President Technology, Global Packaging and Industrial Coatings (Europe).

Financial Statements 2011

Consolidated financial statements

Parent company financial statements, FAS

Report of operations in 2011

Operating environment

In the first half of 2011, the overall demand for most of Ahlstrom's products was stable. However, the market started to decline after the summer holiday season following the slowdown in the global economy and particularly in Europe. The slowdown impacted many of our markets such as construction. This was reflected in the demand for wallcovering and flooring materials, which started to decline in the fourth quarter after a good growth in the earlier part of the year. The demand for food packaging and tape materials also softened in the fourth quarter.

The demand for the majority of the specialty paper materials, produced by the Label and Processing business area, fell during the review period. The market for specialty reinforcements used by the wind energy industry in Ahlstrom's main markets remained at a weak level.

The situation in the market for transportation filtration materials in North America improved towards the end of the review period after a slowdown earlier in the year. The Advanced filtration materials market served by Ahlstrom was at a good level. The demand for medical materials also remained strong.

The prices of the main raw materials used by Ahlstrom started to ease in the second half of the year, driven by weaker global demand. Pulp prices declined in the review period as did prices for synthetic fibers, such as polyester, rayon and polypropylene. Prices of chemicals in general started to decline, although they remained at a high level. The prices for the main raw materials peaked in the first half of the year.

In March, the European Commission lowered the antidumping duty on imports of certain glassfiber products originating from the People's Republic of China to the European Union. This had a negative impact on European glassfiber manufacturers.

Development of net sales

In January-December 2011, net sales from continuing operations decreased by 1.8% to EUR 1,607.2 million, compared with EUR 1,636.3 million in 2010. The change in net sales was mainly attributable to lower volumes. Ahlstrom increased selling prices to compensate for the higher raw material costs. However, this was not fully successful due to the increased uncertainty in the markets.

Filtration (-4.5%) and **Label and Processing** (-6.4%) business areas reported a decline in net sales. **Building and Energy** (+5.2%) and **Food and Medical** (+2.0%) showed an increase.

Geographically, net sales rose in the Asia-Pacific (+2.5%) region. Europe (-0.6%), North America (-7.7%) and South America (-0.6%) reported a decline. The geographical figures include discontinued operations.

Total sales volumes in tons fell by 4.1% from the corresponding period. The decline affected sales volumes in Filtration (-3.6%) and Label and Processing (-7.2%) business areas, whereas Building and Energy (+2.4%) and Food and Medical (+2.6%) showed an increase. Total sales volumes, excluding the impact of divestments and new assets, decreased by 2.5%.

Result and profitability

Ahlstrom's January–December 2011 operating profit from continuing operations was EUR 20.1 million (EUR 46.5 million) including non-recurring costs of EUR 29.6 million (EUR 20.3 million loss). Operating profit excluding non-recurring items was EUR 49.7 million (EUR 66.8 million). The 2010 figure was favorably impacted by a gain of approximately EUR 6.3 million from selling carbon dioxide emission rights. In January–December 2011, the figure was EUR 0.2 million.

The most significant non-recurring items in January-December 2011 were the following:

- Building and Energy booked a cost of approximately EUR 6.0 million from the closure of the Bishopville plant in the U.S.
- Building and Energy booked a net non-recurring cost of about EUR 11.0 million for the decision to end production of glassfiber and glassfiber mats in Karhula, Finland.
- Building and Energy booked non-recurring costs of about EUR 11.0 million for closing down its hybrid wallcover materials production line in Turin, Italy.
- Label and Processing booked non-recurring costs of about EUR 3.0 million for the planned streamlining measures at its Osnabrück plant in Germany.
- Label and Processing booked a gain of approximately EUR 1.9 million from the asset sale of its Ascoli plant in Italy. The plant was closed in 2008.
- In other functions, Ahlstrom booked a gain of EUR 1.0 million related to the sale of the Wuxi plant in China.

Net sales by region (including discontinued operations)

EUR million	2011	2010	Change, %	2009
Europe	**981.2**	987.3	-0.6	846.3
North America	**420.6**	455.9	-7.7	410.1
South America	**212.8**	214.1	-0.6	174.9
Asia Pacific	**202.4**	197.5	2.5	143.2
Others	**35.7**	39.4	-9.4	30.7

The decline in operating profit in 2011 was due to mainly lower sales volumes. In addition, higher selling prices only partially compensated for increased raw material costs. The successful waste reduction program as well as cost savings in the supply chain had a positive impact on profitability.

The La Gere plant clearly improved its profitability during the review period, but it still remained unprofitable. The Mundra plant started the production of higher value-added medical products in December. The hybrid wallcover material line in Turin was closed in October. Commercialization of the teabag material line in Chirnside continues. The four units burdened the operating profit by approximately EUR 14 million in 2011 (approximately EUR 19 million in 2010).

Ahlstrom's market related downtime in production in January-December 2011 was 8.6% compared with 9.5% in January-December 2010.

Operating profit excluding non-recurring items of the Building and Energy business area decreased to EUR 1.2 million from the comparison period of EUR 2.8 million. Operating loss amounted to EUR 27.8 million (EUR 2.8 million profit).

Operating profit excluding non-recurring items of the Filtration business area was EUR 22.0 million (EUR 27.8 million). Operating profit amounted to EUR 22.8 million (EUR 3.1 million).

Operating profit excluding non-recurring items of the Food and Medical business area fell to EUR 11.7 million (EUR 14.0 million). Operating profit amounted to EUR 12.0 million (EUR 13.0 million).

Operating profit excluding non-recurring items of the Label and Processing business area decreased to EUR 13.6 million (EUR 30.6 million). Operating profit amounted to EUR 11.6 million (EUR 32.2 million).

Loss before taxes was EUR 6.6 million (EUR 18.8 million profit).

Income taxes amounted to EUR 5.6 million (EUR 7.8 million).

Loss for the period was EUR 12.2 million (EUR 10.9 million profit). Earnings per share were EUR -0.38 (EUR 0.11).

Return on capital employed (ROCE) was 2.0% (5.2%).

Divestment of the Home and Personal business area

Ahlstrom confirmed the closing of the divestment of its wipes fabrics, the Home and Personal business area, to Suominen Corporation. The business was transferred on October 31, 2011, except for the Brazilian part of the business, which is estimated to transfer in the first quarter of 2012.

The transaction was signed on August 4, 2011, and the total value was approximately EUR 170 million. Ahlstrom will receive the remaining EUR 25 million of the total amount after the Brazilian part of the business is transferred. Following the transaction, Ahlstrom became the largest shareholder in Suominen with a 27.1% stake. Ahlstrom is committed to hold a minimum of 20% stake in Suominen for the first two years.

Discontinued operations

Following the agreement to divest Home and Personal to Suominen, the segment has been classified as an asset held for sale and reported separately as discontinued operations. The Brazilian operation will be reported as discontinued operations until the transaction is concluded for that part as well.

In January-December 2011, the loss for the period from discontinued operations was EUR 20.0 million (EUR 7.0 million profit). The 2011 figure includes a loss from the impairment and the disposal of assets of EUR 23.4 million after tax related to the divestment.

Result including discontinued operations

In January-December 2011, the loss for the period including discontinued operations was EUR 32.2 million (EUR 17.9 million profit). Earnings per share were EUR -0.81 (EUR 0.26).

Return on equity (ROE) was -4.9% (2.6%).

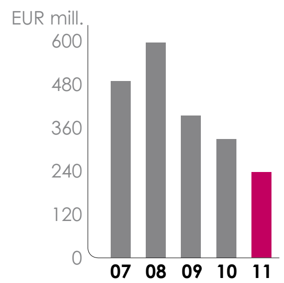
Financing (including discontinued operations)

Net cash flow from operating activities in January-December 2011 amounted to EUR 83.7 million (EUR 167.5 million), and cash flow after investments was EUR 140.4 million (EUR 118.8 million).

Operative working capital decreased by EUR 17.6 million to EUR 176.7 million from the end of 2010. Its turnover rose by four days and was 41 days at the end of the review period. Operative working capital has remained well under control after a related focus project was completed at the end of 2010.

Ahlstrom's interest-bearing net liabilities decreased by EUR 92.2 million from the end of 2010 to EUR 237.8 million (December 31, 2010: EUR 330.1 million). Ahlstrom's interest bearing liabilities amounted to EUR 332.2 million. The duration of the loan portfolio

Interest-bearing net liabilities



(average interest rate fixing period) was 21 months and the capital weighted average interest rate was 4.64%. The average maturity of the loan portfolio was 47 months.

In January–December 2011, net financial expenses and share of profits and losses of associated companies were EUR 29.0 million (EUR 28.2 million).

The company's liquidity continues to be good. At the end of the review period, its total liquidity, including cash, unused committed credit facilities and cash pool limits was about EUR 473 million. In addition, the company had uncommitted credit facilities of about EUR 102 million available.

In June, Ahlstrom signed a new EUR 250 million five-year revolving credit facility to refinance the company's EUR 200 million revolving credit facility signed in 2009.

The gearing ratio decreased to 38.2% (December 31, 2010: 46.9%). The equity ratio was 43.6% (December 31, 2010: 45.6%).

Capital expenditure

Ahlstrom's capital expenditure excluding acquisitions from continuing operations totaled EUR 66.4 million in January-December 2011 (EUR 47.2 million).

In May, Ahlstrom announced that it will invest in additional capacity in transportation filtration materials manufacturing at its site in Louveira, Brazil. The investment will be completed in the first quarter of 2012.

In June, Ahlstrom announced that it will invest a total of EUR 7 million at its Stenay plant in France in order to produce lower grammage grades, enhancing the quality of one-side coated papers for metalized labels and flexible packaging. The Stenay plant is part of the Label and Processing business area.

In June, Ahlstrom announced that it will invest a total of EUR 30 million in a new wallcover substrates production line at its Binzhou plant in China, where the company is already manufacturing filtration materials. Deliveries from the new line are expected to start in early 2013 and the new line will be part of the Building and Energy business area.

In December, Ahlstrom acquired a 49.5% stake in Porous Power Technologies, LLC. The U.S.-based company develops technology for lithium-ion battery separators. Ahlstrom has an option to acquire the remaining shares at a later stage.

Ahlstrom, together with Porous Power Technologies, will be offering a new generation of separator solutions for safer batteries and capacitors in electric-drive vehicles, e-bikes, portable electronics and utility-grade storage products. Porous Power Technologies' current separator products are already being evaluated by battery manufacturers around the world. The products for electric vehicles will be commercially available in larger scale later.

Profit improvement program

In December, Ahlstrom concluded its profit improvement program. The program, announced on October 18, aims to improve annual operating profit by approximately EUR 15 million starting from 2012 and affecting 362 employees at various sites worldwide.

Ahlstrom recognized a total non-recurring cost of approximately EUR 31.5 million, of which EUR 25 million was booked in the third quarter and EUR 6.5 million in the fourth quarter of 2011. The overall impact of the non-recurring items of the program is cash neutral.

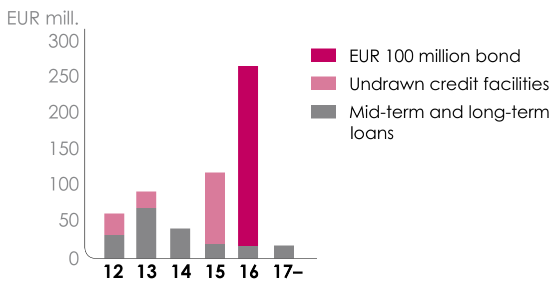
In the Building and Energy business area, Ahlstrom ceased the production of glassfiber and glassfiber mats in Karhula, Finland by the end of 2011 as the operation was unprofitable. The production of glassfiber tissue at the site continues as before.

Ahlstrom decided to close its Bishopville plant in South Carolina, USA, in early 2012. The site, which manufactures glassfiber specialty reinforcements, has suffered from weakening demand in the wind energy business in North America.

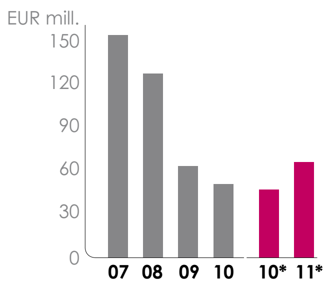
Also in the Building and Energy business area, Ahlstrom closed a hybrid wallcover production line in Turin, Italy, in October. The loss-making line was started in 2009.

In the Label and Processing business area, Ahlstrom initiated negotiations on

Maturity profile of medium/ long-term credit facilities



Capital expenditure, excluding acquisitions



*Continuing operations

streamlining measures at its Osnabrück plant in Germany that are expected to affect a maximum of 39 employees. In Jacarei, Brazil, the company decided to reduce personnel by 35 employees due to weakened market conditions in coated papers in South America.

The project to reduce material waste in manufacturing launched in 2010, reached successfully its final stage and will be completed in the beginning of 2012. Production waste was reduced by approximately 10% in volume by the end of 2011, which equals annual savings of about EUR 14 million. The targeted reduction of 15% in waste in annual volume equaling annual savings of about EUR 20 million is expected to be fully visible in 2012.

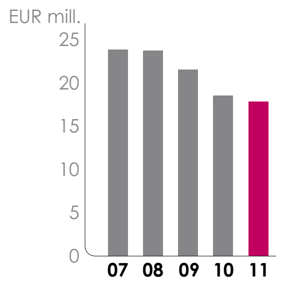
Research and development

In 2011, Ahlstrom invested approximately EUR 17.9 million (EUR 18.6 million), or 1.1% (1.1%) of the company's net sales from continued operations, into research and development. In 2009, the corresponding figures were 21.6 million and 1.4% of the company's net sales.

As in the previous years, Ahlstrom launched new products and technologies to consolidate its leading position in the fiber-based materials market. In 2011, as much as 14.0% of Ahlstrom's net sales were generated by new products (16.0% in 2010).

The company's Label and Processing Business Area launched in September Ahsltrom Acti-V™, a new generation of release papers for silicone coating. The technology enables Ahlstrom's customers to reduce manufacturing costs and at the same time improve quality.

R&D expenditure



Risks and risk management

The following risks were identified as the major business risks based on risk assessments conducted at the Business Area, Group function and EMT levels.

Increases in raw material prices affect Ahlstrom's profitability depending on our ability to effectively mitigate the risk with operative actions. The magnitude of this risk is dependent on several external factors, such as the demand for and Ahlstrom's ability to affect the prices of its products as well as the negotiation power of major suppliers and the availability of our key raw materials. In the competitive fiber-based materials markets long-term supply and demand imbalances could drive down end product prices and have an adverse effect on Ahlstrom's operations.

Integrated Business Planning Process implemented in 2011 supports effective margin management. Proactive measures are taken to be able to minimize the impact of the risk related to the raw materials on the Group. Ahlstrom has a policy to avoid single sourcing situations. Since 2010, Ahlstrom has also applied a Group-wide pulp price hedging strategy via the financial derivatives market (pulp swaps are used to lock in margins of fixed price sales agreements). Group-wide energy price risk management process is currently being defined, taking into account both operational and financial hedging strategies to ensure that energy price risk management is in line with the corporate goals and objectives.

Economic cycles impact the demand for end products in the industries that Ahlstrom operates. Economic cycles also have an impact on the price development of the raw materials Ahlstrom uses. Ahlstrom is mainly exposed to cyclical changes in the building, automotive, and marine industries. The demand in these sectors is still impacted by the poor overall economic situation, which we believe will continue to create uncertainties in 2012. On the other hand, the effect of cycles is less pronounced in the food, packaging, medical and healthcare industries where Ahlstrom has a strong presence.

Ahlstrom is building its market position on a combination of continuous innovation and long-term customer relationships. Ahlstrom's key strengths are its technical expertise and know-how that has allowed it to be innovative, and thereby respond to customer requirements. Ahlstrom's product development and technology risk is related to its ability to foresee end-user needs and to successfully develop new and improved products in all of its key markets. Various R&D investments, skilled research and develop teams and close co-operation with customers in product development are our main means used to manage those risks.

To retain our market position, investments play a critical role. By balancing replacement and expansion investments, the efficient use of both existing and new assets can be ensured. Ahlstrom's capital expenditure process was upgraded in 2011 to make the assessments of capital expenditure more comprehensive and to better support the execution of capital expenditure projects. The process was updated in terms of risk assessments and contingency planning in the proposal phase of capital expenditure as well as reviews of implementation and post-audit.

Ahlstrom's ability to retain key personnel or not being able to attract necessary human resources in critical positions may hinder the current operations or the implementation of the Company's strategy. Knowledge building and sharing as well as training has been actively increased to ensure efficient knowledge management. Furthermore, the development of leadership and common corporate culture has been in progress since 2010, including activities such as management training, improving internal recruitment and further structuring the remuneration process.

To realize economies of scale and ensure appropriate Group-level control, certain risk management activities have been centralized. These include, for example, Group-wide insurance programs and management of the Group's financial risks.

One of Ahlstrom's primary financial risks is related to the availability of funding. This however is seen as a minor risk as measures have been taken to secure funding for the coming years. Also Ahlstrom is exposed to some extent to foreign exchange risk. The impact of foreign exchange fluctuations on the company's net sales in 2011 was minor due to the modest net currency exposure of the Group. Profitability was not significantly affected by foreign exchange rates since sales and costs denominated in the same currency to large extend offset each another. The guideline for Group companies is to hedge 100% of the forecasted 3 month net foreign currency flows per currency against the base currency of the respective company. However, hedging periods can be extended up to 12 month when agreed with Group Treasury.

Management of the Group's credit risks involved the use of the Group's global credit insurance program, in which the majority of Group companies are participating. Due to its diversified customer base and a good geographical spread there is no significant concentration of credit risks for the Group.

Ahlstrom's short-term risks are described in the Short-term risks section, on page 42. The risk management process is introduced briefly in this annual report on pages 23–24. Financing risks and hedging principles are presented in the notes to the financial statements. The risk management is also reported on the company's website at www.ahlstrom.com. Furthermore, the risk management process is described in the Corporate Governance Statement on the website.

Sustainability

Ahlstrom is committed to sustainable development, which for the company means a balance between economic, social, and environmental responsibility. These principles are applied throughout a product's value chain, from raw materials to production and all the way to the end of the entire life cycle.

Natural fibers are by far the most significant of Ahlstrom's raw materials. The company considers it important for the fibers to come from sustainable managed forests. Ahlstrom buys wood pulp only from certified suppliers, or from suppliers that are in the process of being certified, in accordance with either PEFC or FSC, i.e. the most widely used sustainable forest management certification systems. Over 80% of the raw materials used by Ahlstrom are sourced from renewable sources.

In matters concerning occupational health and safety, environment and asset protection (HSEA), Ahlstrom applies a continuous improvement model. According to Ahlstrom, no significant changes affecting the company's operations or product assortment are expected to take place in the legislation governing these issues.

In September 2011, Ahlstrom was invited to become a member of the World Business Council for Sustainable Development (WBCSD) as part of a long-term commitment to sustainable development. The aim of the Council is to be a leader and a catalyst for positive change, and help its member companies to grow sustainably and innovate effectively.

Ahlstrom publishes a stand-alone sustainability report in conjunction with the annual report. The report can be downloaded in PDF form on the company's website at www.ahlstrom.com.

Personnel

Ahlstrom employed on average 5,181 people* in January-December 2011 (5,264), and 5,202 people (5,131) at the end of the period. At the end of the period, the highest numbers of employees were in France (23.7%), the United States (20.1%), Italy (11.2%), Finland (10.9%), Germany (7.6%) and Brazil (6.7%).

Wages and salaries including bonus payments totaled EUR 254.8 million (EUR 259.9 million).

More detailed information on Ahlstrom's personnel is available on pages 16–17.

* The figure is based on continuing operations and was calculated as full-time equivalents.

Management

Board of Directors

The Ahlstrom Corporation Board of Directors consists of a minimum of five and a maximum of seven members. The Annual General Meeting confirms the number of members of the Board, elects them and decides on their remuneration. The term of each member of the Board expires at the close of the first Annual General Meeting following their election. There are no limitations to the number of terms a person can be a member of the Board, and no maximum age.

The AGM held on March 30, 2011 confirmed the number of Board members to be seven. Thomas Ahlström, Sebastian Bondestam, Lori J. Cross, Anders Moberg and Peter Seligson were re-elected as members of the Board of Directors. Esa Ikäheimonen and Pertti Korhonen were elected as new members. Immediately after the Annual General Meeting, the Board elected Peter Seligson as Chairman of the Board and Pertti Korhonen as

Vice Chairman. The term of the Board of Directors will expire at the close of the next Annual General Meeting.

In 2011, the Board convened 14 times. The average attendance frequency was 99%.

Ahlstrom Corporation's management is described in greater detail in the section on Corporate Governance on pages 18–25. Board members are introduced and their shareholdings are described on pages 26–29.

The Group's Corporate Governance Statement, in its entirety, is available on the website at www.ahlstrom.com.

Authorizations of the Board

The Annual General Meeting of Shareholders held on March 30, 2011, authorized the Board of Directors to repurchase Ahlstrom shares. The maximum number of shares to be purchased is 4,000,000. The shares may be repurchased only through public trading at the prevailing market price using unrestricted shareholders' equity.

The AGM also authorized the Board of Directors to distribute a maximum of 4,000,000 own shares held by the company. The Board of Directors is authorized to decide to whom and in which order the shares will be distributed. 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 also has the right to decide on the distribution of the shares in public trading for the purpose of financing possible acquisitions.

The authorizations are 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.

During the period under review, the Board of Directors used the authorization granted by the Annual General Meeting of March 30, 2011, to repurchase the company's own shares for the implementation of the company's share-based incentive plan. The number of shares purchased was 250,000, which accounted for approximately 0.54 percent of Ahlstrom's all shares. The repurchase reduced the company's distributable capital and reserves. The purchases began on September 23, 2011 and ended on November 17, 2011. The average price was EUR 12.45.

Executive Management Team

The Executive Management Team consists of the President and CEO as well as business area and functional leaders. The members of the EMT report to the CEO.

On March 11, 2011, Luc Rousselet was appointed Executive Vice President, Supply Chain, and member of the Executive Management Team as of June 15, 2011.

On April 1, 2011, Paul H. Stenson was appointed Executive Vice President, Business Development, and member of the Executive Management Team as of May 30, 2011.

On July 26, 2011, Claudio Ermondi, Executive Vice President, Product and Technology Development, and member of the Executive Management Team, resigned from Ahlstrom with immediate effect. His duties and responsibilities were transferred to Paul Stenson.

Patrick Jeambar, Executive Vice President, Label and Processing, stepped down from the Executive Management Team as of September 1, 2011. Daniele Borlatto, Vice President, Release & Label and Supply Chain, succeeded Jeambar as the Executive Vice President, Label and Processing. He also became a member of the Executive Management Team.

Jean-Marie Becker, Executive Vice President, Home and Personal, stepped down from the Executive Management Team as of October 31, 2011 following the transfer of the business to Suominen Corporation.

Ahlstrom's Executive Management Team as of December 31, 2011:

Jan Lång, President and CEO
Seppo Parvi, CFO and deputy to the President
Paula Aarnio, EVP, Human Resources and Sustainability
Tommi Björnman, EVP, Filtration
Daniele Borlatto, EVP, Label and Processing
William Casey, EVP, Food and Medical
Laura Raitio, EVP, Building and Energy
Rami Raulas, EVP, Sales and Marketing
Luc Rousselet, EVP, Supply Chain
Paul H. Stenson, EVP, Product and Technology Development

The Executive Management Team members are introduced and their shareholdings are described on pages 30–33. This information is also available on the company's website at www.ahlstrom.com.

Organization

Ahlstrom is one of the world's leading manufacturers of nonwovens and specialty papers. This strong global position is based on the company's innovative products and technologies, backed by its worldwide production capacity. The company has operations in more than 20 countries. The parent company Ahlstrom Corporation is a Finnish publicly listed company with its registered office in Helsinki. Ahlstrom has several subsidiaries, which are listed in the Notes to the Financial Statements.

Ahlstrom's business is reported in four segments; Building and Energy, Filtration, Food and Medical, and Label and Processing. The current structure has been effective since July 1, 2010 when the former reporting segments of Fiber Composites and Specialty Papers were discontinued.

The Building and Energy business area serves customers mainly in the construction, energy, fabric care, marine and transportation industries. Examples of end-use applications include wallcoverings, floorings, building panels, fabric care applications, car interiors, wind turbine blades and boat hulls.

The Filtration business area serves the automotive industry as well as liquid filtration markets. Examples of end-use applications include engine oil, fuel, transmission and cabin air filtration for cars and heavy duty trucks. Other applications include water and air filtration, gas turbine filtration, and life-science and laboratory filtration.

The Food and Medical business area serves customers primarily in the food, beverage, medical, healthcare and construction industries. Examples of end-use applications include tea bags, coffee filters, fibrous meat casings, food packaging, baking papers, masking tape, surgical gowns and drapes, as well as face masks and sterilization wraps.

The Label and Processing business area's customers operate in the labeling, food and industrial packaging, graphics, cosmetics and pharmaceutical packaging, printing, furniture and construction industries. End-use applications include release liners, self-adhesive labels, wet glue and metalized labels, flexible packaging papers, tapes, poster papers, repositionable notes, furniture foils and abrasive papers.

Shares and shareholders

Ahlstrom's shares are listed on the NASDAQ OMX Helsinki. Ahlstrom has one series of shares. The share is classified under NASDAQ OMX's Materials sector and the trading code is AHL1V.

During January–December 2011, a total of 8.14 million Ahlstrom shares were traded for a total of EUR 118.2 million. The lowest trading price was EUR 10.60 and the highest EUR 18.23. The closing price on December 30, 2011 was EUR 12.50. The market capitalization at the end of the review period was EUR 576.3 million, excluding the shares owned by the parent company and Ahlcorp Oy, which is a management ownership company.

At the end of 2011, Ahlstrom held a total of 269,005 of its own shares, corresponding to approximately 0.58% of the total shares and votes.

Ahlstrom Group's equity per share was EUR 11.50 at the end of the review period (December 31, 2010: EUR 13.48).

The company received a notification in accordance with the Securities Market Act Chapter 2, Section 9, from Erkki Etola dated October 19, 2011, on the change in the shareholding of said shareholder. According to the announcement, on October 18, 2011 Etola's shareholding in Ahlstrom Corporation's shares and voting rights fell below 5 percent (1/20).

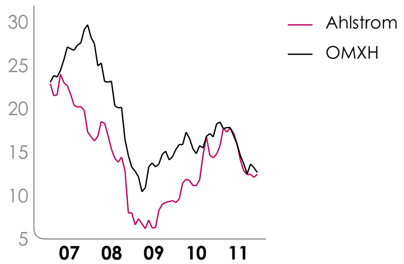
Ownership in Suominen

At the end of 2011, Ahlstrom held a total of 66,666,666 shares in Suominen Corporation, which equals 27.1 percent of the total shares and votes. The closing price of the Suominen share on December 30, 2011 was EUR 0.39. Suominen's financial figures are included in Ahlstrom's consolidated financial statements as an associated company.

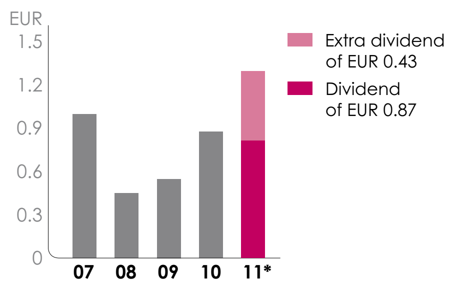
Dividend policy and proposal for the distribution of profits

Ahlstrom aims to pay a dividend of not less than one third of the net cash from operating activities after operative investments, calculated as a three-year rolling average to achieve stability in the

Share quotations 2007–2011
Weighted monthly, EUR



Dividend per share



*The Board of Directors' proposal to the Annual General Meeting.

dividend pay-out. Operative investments include maintenance, cost reduction, and efficiency improvement investments.

The distributable funds on the balance sheet of Ahlstrom Corporation as of December 31, 2011 amounted to EUR 636,497,787.52

The Board of Directors will propose to the Annual General Meeting that for the financial year ended on December 31, 2011 a dividend totaling EUR 1.30 per share be paid: a dividend of EUR 0.87 per share based on the policy mentioned above and an extra dividend of EUR 0.43 per share based on cash generated from the divestiture of the Home and Personal business area.

The dividends will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd. on the record date, April 11, 2012. On December 31, 2011, the number of shares of the Company amounted to 46,670,608 based on which the maximum amount that can be distributed as dividend would be EUR 60,671,790.40. The Board of Directors proposes that the dividend be paid on April 18, 2012.

In addition, the Board of Directors proposes that EUR 100,000 will be reserved for donations at the discretion of the Board.

Outlook

In the first half 2012, the main markets served by Ahlstrom are estimated to remain soft with limited visibility, particularly in Europe.

Ahlstrom estimates net sales from continuing operations for the current year to amount to EUR 1,575–1,735 million. Operating profit excluding non-recurring items from continuing operations is estimated to be EUR 60–80 million.

The company maintains its long-term financial target of achieving a minimum return on capital employed (ROCE) of 13%. However, Ahlstrom no longer expects to reach the target by 2012 as previously communicated due to the continued softness in Ahlstrom's main markets. The company continues to execute its strategic agenda and continuous improvement programs to achieve its long-term targets.

In 2012, investments excluding acquisitions from continuing operations are estimated to be approximately EUR 100 million (EUR 66.4 million in 2011). The estimate includes investments that have already been announced in 2011, such as the wallcover materials line in China.

Short-term risks

Economic growth in Europe has deteriorated further due to the sovereign debt crisis, austerity measures by governments and uncertainty in the financial markets. On the other hand, the North American economy showed some signs of recovery towards the end of the review period. Growth in Asia and other emerging markets has continued to be strong, but growth could be negatively impacted by the debt crisis and demand slowdown in Europe. The possible further contagion of the European debt crisis poses an additional risk to economic growth and thus sales development at Ahlstrom.

Slower economic growth, or even a temporary contraction, may lead to lower sales volumes and force Ahlstrom to initiative more market related shutdowns at plants, thus hurting profitability. The increased uncertainty related to global economic growth makes it more difficult to forecast future developments.

Ahlstrom's main raw materials are natural fibers, mainly pulp, synthetic fibers and chemicals. The company is one of the world's largest buyers of market pulp. Despite the recent declines, prices of some key raw materials used by Ahlstrom remain at a high level.

If global economic growth slows down further, maintaining the current selling price levels may be at risk and sustaining the current profitability level might be compromised even if raw material prices decline at the same time.

The general risks for Ahlstrom's business operations are described in more detail on pages 38–39, in the section Risks and risk management. The risk management process is introduced briefly in this annual report on pages 23–24. Financing risks and hedging principles are described in the notes to the financial statements. The risk management is also reported on the company's website at www.ahlstrom.com. Furthermore, the risk management process is presented in the Corporate Governance Statement on the website.

Ahlstrom Corporation
Board of Directors

Income statement

EUR million	(Note)	2011	2010
Continuing operations			
Net sales	(2,3,4,5)	**1,607.2**	1,636.3
Cost of goods sold	(6,8,9)	**-1,421.9**	-1,414.0
Gross profit		**185.4**	222.3
Sales and marketing expenses	(8,9)	**-50.0**	-49.2
R&D expenses	(8,9)	**-17.9**	-18.6
Administrative expenses	(8,9)	**-90.1**	-96.8
Other operating income	(7)	**12.3**	16.8
Other operating expense	(7,10)	**-19.6**	-28.0
Operating profit/loss		**20.1**	46.5
Financial income	(11)	**1.7**	1.8
Financial expenses	(11)	**-24.3**	-28.1
Share of profit/loss of associated companies	(17)	**-4.0**	-1.4
Profit/loss before taxes		**-6.6**	18.8
Income taxes	(12,20)	**-5.6**	-7.8
Profit/loss for the period from continuing operations		**-12.2**	10.9
Discontinued operations			
Profit / loss for the period		**3.4**	7.0
Impairment and gain/loss of the sales		**-23.4**	-
Profit/loss for the period from discontinued operations		**-20.0**	7.0
Profit/loss for the period		**-32.2**	17.9
Attributable to			
Owners of the parent		**-32.2**	17.9
Non-controlling interest		**0.0**	-
Continuing operations			
Basic and diluted earnings per share (EUR)	(14)	**-0.38**	0.11
Including discontinued operations			
Basic and diluted earnings per share (EUR)	(14)	**-0.81**	0.26
Statement of comprehensive income			
Profit/loss for the period		**-32.2**	17.9
Other comprehensive income, net of tax	(13)		
Translation differences		**-11.9**	39.2
Share of other comprehensive income of associates	(17)	**-**	-
Hedges of net investments in foreign operations		**-**	-2.8
Cash flow hedges		**-**	0.8
Other comprehensive income, net of tax		**-11.9**	37.3
Total comprehensive income for the period		**-44.1**	55.2
Attributable to			
Owners of the parent		**-44.0**	55.2
Non-controlling interest		**0.0**	-

Balance sheet

EUR million	(Note)	Dec 31, 2011	Dec 31, 2010
Assets			
Non-current assets			
Property, plant and equipment	(15)	**553.4**	590.1
Goodwill	(10,16)	**113.8**	114.1
Other intangible assets	(16)	**47.6**	41.1
Investments in associated companies	(17)	**36.6**	10.7
Other investments	(18,28)	**0.4**	0.4
Other receivables	(22,28)	**51.9**	46.5
Deferred tax assets	(20)	**61.2**	54.9
Total non-current assets		**865.0**	857.7
Current assets			
Inventories	(21)	**185.8**	173.6
Trade and other receivables	(22,28)	**241.4**	266.9
Income tax receivables		**2.4**	2.4
Cash and cash equivalents	(19,28)	**94.0**	23.5
Total current assets		**523.6**	466.3
Assets classified as held for sale	(3)	**42.3**	234.8
Total assets		**1,430.8**	1,558.9

EUR million	(Note)	Dec 31, 2011	Dec 31, 2010
Equity and liabilities			
Equity attributable to equity holders of the parent	(23)		
Issued capital		**70.0**	70.0
Share premium		**209.3**	209.3
Reserves		**7.8**	20.7
Retained earnings		**243.0**	323.0
		530.1	623.0
Hybrid bond		**80.0**	80.0
Non-controlling interest		**12.6**	0.9
Total equity		**622.7**	703.8
Non-current liabilities			
Interest-bearing loans and borrowings	(26,28)	**274.2**	261.7
Employee benefit obligations	(24)	**73.3**	75.4
Provisions	(25)	**4.5**	3.0
Other liabilities	(27,28)	**4.8**	4.4
Deferred tax liabilities	(20)	**28.8**	27.4
Total non-current liabilities		**385.5**	371.9
Current liabilities			
Interest-bearing loans and borrowings	(26,28)	**58.1**	95.0
Trade and other payables	(27)	**328.8**	327.1
Income tax liabilities		**5.6**	4.4
Provisions	(25)	**20.4**	6.7
Total current liabilities		**412.8**	433.2
Total liabilities		**798.3**	805.1
Liabilities directly associated with assets classified as held for sale	(3)	**9.8**	49.9
Total equity and liabilities		**1,430.8**	1,558.9

Statement of changes in equity

EUR million	Issued capital	Share premium	Non-restricted equity reserve	Hedging reserve	Translation reserve	Own shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Hybrid bond	Total equity
Equity at January 1, 2010	70.0	209.3	8.3	-0.8	-17.7	-	336.6	605.6	-	80.0	685.6
Profit / loss for the period	-	-	-	-	-	-	17.9	17.9	-	-	17.9
Other comprehensive income, net of tax											
Translation differences	-	-	-	-	39.2	-	-	39.2	-	-	39.2
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-
Hedges of net investments in foreign operations	-	-	-	-	-2.8	-	-	-2.8	-	-	-2.8
Cash flow hedges	-	-	-	0.8	-	-	-	0.8	-	-	0.8
Dividends paid and other	-	-	-	-	-	-	-26.2	-26.2	-	-	-26.2
Hybrid bond	-	-	-	-	-	-	-	-	-	-	-
Interest on hybrid bond	-	-	-	-	-	-	-5.6	-5.6	-	-	-5.6
Purchases of own shares	-	-	-	-	-	-2.0	-	-2.0	-	-	-2.0
Share ownership plan for EMT	-	-	-	-	-	-4.4	-	-4.4	0.9	-	-3.5
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Share-based incentive plan	-	-	-	-	-	-	0.3	0.3	-	-	0.3
Equity at December 31, 2010	70.0	209.3	8.3	0.0	18.8	-6.4	323.0	623.0	0.9	80.0	703.8
Equity at January 1, 2011	**70.0**	**209.3**	**8.3**	**0.0**	**18.8**	**-6.4**	**323.0**	**623.0**	**0.9**	**80.0**	**703.8**
Profit / loss for the period	-	-	-	-	-	-	-32.2	-32.2	-0.1	-	-32.2
Other comprehensive income, net of tax											
Translation differences	-	-	-	-	-11.9	-	-	-11.9	-	-	-11.9
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-
Hedges of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-		-	-	-	-	-	-	-
Dividends paid and other	-	-	-	-	-	-	-41.1	-41.1	-	-	-41.1
Hybrid bond	-	-	-	-	-	-	-	-	-	-	-
Interest on hybrid bond	-	-	-	-	-	-	-5.6	-5.6	-	-	-5.6
Purchases of own shares	-	-	-	-	-	-3.1	-	-3.1	-	-	-3.1
Share ownership plan for EMT	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	11.8	-	11.8
Share-based incentive plan	-	-	-	-	-	2.1	-1.1	1.0	-	-	1.0
Equity at December 31, 2011	**70.0**	**209.3**	**8.3**	**0.0**	**6.9**	**-7.4**	**243.0**	**530.1**	**12.6**	**80.0**	**622.7**

Statement of cash flows

EUR million	(Note)	2011	2010
Cash flow from operating activities			
Profit/loss for the period		**-32.2**	17.9
Adjustments:			
Non-cash transactions and transfers to cash flow from other activities:			
Depreciation and amortization		**125.2**	104.9
Gains and losses on sale of non-current assets		**-3.7**	23.5
Gains and losses on sale of subsidiary shares		**0.0**	-5.2
Change in employee benefit obligations		**-14.5**	-13.8
Non-cash transactions and transfers to cash flow from other activities, total		**107.0**	109.4
Interest and other financial income and expense		**29.0**	28.2
Dividend income		**0.0**	0.0
Taxes		**5.2**	7.6
Changes in net working capital:			
Change in trade and other receivables		**35.3**	30.6
Change in inventories		**-19.0**	-18.6
Change in trade and other payables		**-27.0**	57.3
Change in provisions		**14.0**	-4.9
Interest received		**1.7**	2.1
Interest paid		**-17.7**	-24.7
Other financial items		**-4.7**	-30.6
Income taxes paid		**-7.9**	-6.8
Net cash from operating activities		**83.7**	167.5
Cash flow from investing activities			
Acquisitions of Group companies	(4)	**-1.0**	-11.2
Purchases of tangible and intangible assets		**-60.0**	-48.7
Proceeds from disposal of shares in Group companies and businesses and associated companies	(3)	**15.3**	12.4
Change in other investments		**-25.9**	-2.1
Proceeds from disposal of property, plant and equipment	(3)	**128.4**	0.9
Dividends received		**0.0**	0.0
Net cash from investing activities		**56.7**	-48.7
Cash flow from financing activities			
Repurchase of own shares		**-3.1**	-2.0
Investment to Ahlstrom Corporation shares related to share ownership plan for EMT		**-**	-3.5
Interest on hybrid bond		**-7.6**	-7.6
Drawdowns of non-current loans and borrowings		**48.3**	109.9
Repayments of non-current loans and borrowings		**-37.9**	-87.8
Change in current loans and borrowings		**-27.7**	-97.1
Change in capital leases		**-1.6**	-1.9
Dividends paid and other		**-41.2**	-25.9
Net cash from financing activities		**-70.7**	-115.8
Net change in cash and cash equivalents		**69.7**	2.9
Cash and cash equivalents at the beginning of the period		**24.6**	19.9
Foreign exchange effect on cash		**0.1**	1.7
Cash and cash equivalents at the end of the period		**94.4**	24.6

Accounting principles

Corporate information

Ahlstrom Corporation ("the parent company") with its subsidiaries ("Ahlstrom" or "the Group") is a global leader in the development, manufacture and marketing of high performance nonwovens and specialty papers. Ahlstrom supplies these products as roll goods to its industrial customers for further processing. The Group reports its operations in four segments: Building and Energy, Filtration, Food and Medical and Label and Processing. In 2011, Ahlstrom had operations in 28 countries, and the Group employed approximately 5,200 people.

Ahlstrom Corporation is a Finnish public limited liability company domiciled in Helsinki. The company's registered address is Salmisaarenaukio 1, 00180 Helsinki. The consolidated financial statements are available at www.ahlstrom.com or from the aforementioned address. The parent company's shares are listed on the NASDAQ OMX Helsinki.

These consolidated financial statements were authorized for publication by the Board of Directors of Ahlstrom Corporation on February 1, 2012. In accordance with the Finnish Limited Liability Companies Act, the Annual General Meeting decides on the adoption of these financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These contain the existing IAS and IFRS standards as well as the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish Accounting and Limited Liability Companies Acts complementing the IFRS regulations.

The consolidated financial statements have been prepared under the historical cost convention except for the following assets and liabilities which are measured at fair value: financial instruments at fair value through profit and loss, financial assets classified as available-for-sale, hedged items in fair value hedge accounting and liabilities for cash-settled share-based payments. The consolidated financial statements are presented in millions of euros unless stated otherwise. For presentation, individual figures and sum totals have been rounded to millions with one decimal, which may cause rounding differences when they are summed up.

The Group has adopted the following new or amended standards and interpretations as of January 1, 2011.

- IAS 32 Financial Instruments: Presentation (amendment) – Classification of Rights Issues. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. The amendment has not had any effect on the consolidated financial statements

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The interpretation has not had any effect on the consolidated financial statements.

- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment). The amendment corrects an unintended consequence of IFRIC 14 IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment has not had any effect on the consolidated financial statements.

- IAS 24 Related Party Disclosures (revised). The revised standard clarifies the definition of a related party and changes the disclosure requirements for government-related entities. The revised standard has not had any effect on the consolidated financial statements.

- Annual improvements to the IFRS standards 2010 includes amendments to seven separate standards. The impacts of the amendments vary by standard but they do not have had significant impact on the consolidated financial statements.

Consolidation principles

The consolidated financial statements contain the parent company Ahlstrom Corporation, all subsidiaries, associated companies and the management's holding company Ahlcorp Oy. Subsidiaries are entities controlled by the parent company. Control exists when the parent company has, directly or indirectly, more than one half of the voting rights or the parent company has the power to decide on the financial and operating matters of the subsidiary. A potential control of voting rights is also taken into consideration when assessing whether the Group controls another entity. Associated companies are companies in which the Group has a significant influence, but not control, over the financial and operating decisions and the Group generally has a shareholding of between 20% and 50% of the voting rights.

Acquired subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group, whereas companies divested are included in the consolidated financial statements until the date when control ceases. Acquired companies are accounted for using the purchase method of accounting. The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair value on the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. All intragroup transactions, receivables and liabilities as well as unrealized profits and intragroup profit distributions are eliminated in consolidation.

The investments in associated companies are accounted for using the equity method of accounting. The share of profits or losses of associated companies is presented separately in the consolidated income statement. Accordingly the share of the changes in other comprehensive income of associated companies is recognized in other comprehensive income of the Group. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Ahlcorp Oy, which is a management ownership company, is included in the consolidated financial statements. The share of non-controlling interest in the company is 100%.

Non-controlling interest is reported as a separate item in equity in the consolidated balance sheet. Profit or loss for the period attributable to the owners of the parent and the non-controlling interest are each presented separately in the consolidated income statement and the comprehensive income for the period attributable to the owners of the parent and the non-controlling interest are each presented separately in the consolidated statement of comprehensive income.

Foreign currency translation

Figures representing the financial result and position of each subsidiary in the Group are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and the presentation currency of the parent company.

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary balance sheet items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Foreign exchange differences arising from the currency translation are recognized in the income statement. Foreign exchange gains and losses arising from operating business transactions are included in operating profit, and those arising from financial transactions are included as a net amount in financial income and expenses. The foreign exchange gains and losses arising from the qualifying cash flow hedges and qualifying hedges of a net investment in foreign operations are recorded in the consolidated statement of comprehensive income and currency differences recognized in equity.

The balance sheets of foreign subsidiaries are translated into euros at the exchange rates prevailing at the balance sheet date while the income statements are translated at the average exchange rates for the period. Translating the result of the period using different exchange rates on the balance sheet and income statement causes a translation difference to be recognized in equity and its change is recorded in the consolidated statement of comprehensive income.

Translation differences arising from the elimination of the acquisition price of foreign subsidiaries and from the translation differences in equity items since the acquisition date as well as the changes in spot values of forward contracts that hedge the currency exposures on net investments are recognized in the consolidated statement of comprehensive income. When a subsidiary is disposed or sold wholly or partially, translation differences arising from the net investment and related hedges are recognized in the income statement as part of the gain or loss on sale. Translation differences that have arisen before January 1, 2004 (the date the Group adopted IFRS) have been recognized in retained earnings at the time of the transition to IFRS. Upon disposal or sale of a subsidiary, such translation differences will not be recognized in the income statement. Translation differences incurred since January 1, 2004 are presented separately in the statement of changes in equity.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. Interest costs on borrowings to finance long-term construction of qualifying assets are capitalized as part of their historical cost base during the period required to complete the asset for its intended use.

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets as follows: buildings and constructions 20–40 years; heavy machinery 10–20 years; other machinery and equipment 3–10 years. Land is not depreciated. Where parts of a property, plant and equipment have different useful lives, they are accounted for as separate items. The Group recognizes in the carrying amount the cost incurred for replacing the part and the possible remaining carrying amount is depreciated at the time of replacement. Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The residual values and the useful lives of non-current assets are reassessed at each balance sheet date and appropriate adjustments are recorded to reflect the changes in estimated recoverable amounts. Depreciation on items of property, plant and equipment is discontinued when the item is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Gains and losses arising from the sale of property, plant and equipment are included in other operating income or expense.

Investment properties

The purpose of owning investment properties is to obtain rental income or value appreciation. The investment properties are measured at fair value which equals the market value of the functioning market. Gains and losses arising from the adjustments of the fair value of investment properties are included in other operating income or expenses. The Group had no investment properties during the financial period.

Intangible assets

Goodwill

Acquisitions are accounted for under the purchase method of accounting and accordingly, the excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized in the balance sheet as goodwill. Identifiable net assets include the assets acquired, and liabilities and contingent liabilities assumed. The cost of acquisition is the fair value of purchase consideration. Goodwill is stated at original cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and it is not amortized but instead is tested annually for impairment.

Acquisitions prior to the IFRS transition date have, in accordance with IFRS 1, not been restated, and therefore the balance sheet carrying values according to the previous accounting standards continue to be used as the recorded cost of the acquisition. Prior to the IFRS transition date, the difference between the acquisition cost and the subsidiary's equity at the time of acquisition has been allocated to intangible assets, property, plant and equipment and goodwill.

Research and development

Research costs are expensed as incurred in the income statement. Expenditures on development activities are also expensed as incurred except for those development expenses which meet the capitalization criteria under IAS 38 Intangible Assets.

Other intangible assets

Other intangible assets e.g. trademarks, patents, licenses and computer software, which have a definite useful life are stated at cost less accumulated amortization and impairment losses. Other intangible assets which have an indefinite useful life are not amortized but tested annually for possible impairment.

Intangible assets are amortized on a straight-line basis over their expected useful lives. The expected useful lives for trademarks, patents and licenses are ranging from 5 to 20 years and for computer software from 3 to 5 years.

Other intangible assets, e.g. customer relationships, acquired in business combinations are recorded at fair value at the acquisition date. These intangible assets have a definite useful life and are carried at cost less accumulated straight-line amortization over the expected life of the intangible asset.

Emission rights

The Group participates in the European Union emission trading scheme in which it has been allocated emission allowances for a defined period. The allocated allowances received free of charge according to the carbon dioxide emissions and the liability based on the actual emissions are netted. A provision is recognized if the allowances received free of charge do not cover the actual emissions. No intangible asset is recognized for the excess of allowances. Gains arising from the sale of the emission right allowances are recorded in other operating income.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost of raw materials and supplies is determined on a weighted average cost method. The cost of finished goods and work in progress comprises raw materials, energy, direct labor, other direct costs and related indirect production overheads based on normal operating capacity.

Leasing

The Group leases certain property and equipment under various operating and finance lease arrangements. Leases are classified and accounted for as finance leases if substantially all the risks and rewards of ownership of the underlying assets have been transferred to the lessee.

The assets related to finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property and the estimated present value of the minimum lease payments. The corresponding lease obligations, net of finance charges, are included in interest-bearing liabilities. Each lease payment is allocated between the liability and the finance charges. The interest element of the finance cost is charged to the income statement over the lease period using a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are expensed on a straight-line basis over the lease period.

Impairment of assets

The carrying amounts of the Group's assets are reviewed continuously to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill is tested for impairment annually whether there is any indication of impairment or not.

The need for impairment is reviewed at the level of cash-generating units, in other words, on the lowest unit level which is mainly independent of other units. The recoverable amount is the higher of the asset's fair value less costs to sell or value in use. The value in use represents the discounted future cash flows expected to be derived from an asset or a cash-generating unit. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the specific risk to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is immediately recognized in the income statement and allocated first to reduce the goodwill of the cash-generating unit and thereafter to reduce the other assets of the unit. An impairment loss allocated to assets other than goodwill can be reversed in case a positive change has taken place in the recoverable amount of an asset. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized in prior years. However, an impairment loss recorded on goodwill is never reversed.

Employee benefits

Defined contribution and defined benefit plans

Group companies have various pension schemes in accordance with local practices in different countries. The pension arrangements are classified as either defined contribution plans or defined benefit plans. The schemes are mostly funded through payments to insurance companies or trustee-administered funds according to local regulations. A defined contribution plan is a pension plan under which the company and usually also the employees pay fixed contributions to an insurance company. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the pension benefits to the employees. Contributions to defined contribution pension plans are recognized as expense in the period when they incur. All pension plans which do not meet the criteria for defined contribution plans are defined benefit plans. Defined benefit plans typically define a fixed amount of benefit that an employee will receive after retirement and which the company is responsible for.

The Group's net obligation of defined benefit plans is calculated and recorded separately for each pension scheme based on calculations prepared by independent actuaries. The present value of defined benefit obligations is determined using the projected unit credit method. The net liability recognized in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets adjusted by the unrecognized actuarial gains or losses and unrecognized past service costs. The discount rate used to determine the present value of the defined benefit obligation is equal to the yield on high quality corporate bonds or, if not available, government bonds. The interest rates of the high quality corporate bonds are determined in the currency in which the benefits will be paid with a similar maturity to the obligation.

All actuarial gains and losses as of January 1, 2004 were recognized in equity in connection with the transition to IFRS. The actuarial gains and losses that arise subsequent to January 1, 2004 are, to the extent that the cumulative unrecognized actuarial gain or loss exceeds the greater of 10% of the present value of the defined benefit obligation or 10% of the fair value of the plan assets, recognized in the income statement over the expected average remaining working lives of the employees participating in the plan.

The Group's net obligation in respect of long-term service benefits, other than pension benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Share-based payments

The Group has share-based incentive plans for Executive Management Team members under which the senior management is granted a combination of shares and cash payment based on financial performance of the Group. The estimated amount of the shares to be granted based on the program are measured at the fair value on the grant date and are recorded in the income statement as employee benefits equally over the period when the right to share-based compensation occurs and to the equity. The portion to be paid in cash is recognized in personnel expenses and as debt.

Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that a cash outflow will be required to settle the obligation and a reliable estimate of the obligation can be made. Long-term provisions are discounted to their present value.

A provision for restructuring is recognized only when a formal plan has been approved, and the implementation of the plan has either commenced or the plan has been announced. An environmental provision is recorded based on the interpretations of environmental laws and the Group's environment principles when it is probable that an obligation has arisen and the amount of obligation can be reliably estimated.

Income taxes

In the consolidated statement of income, the taxes based on the taxable income of the financial period, adjustments to prior year taxes and deferred taxes are presented as income taxes. Taxes are recognized in the income statement unless they relate to items recognized directly in equity or in the consolidated statement of comprehensive income. In this case the tax is also recognized in other comprehensive income or directly in equity.

Deferred taxes are provided for temporary differences arising between the carrying amounts in the balance sheet and the tax bases of assets and liabilities using the relevant enacted tax rates in each country. The most significant temporary differences arise from property, plant and equipment, employee benefit obligations and unused tax losses. Deferred tax assets on deductible temporary differences, tax losses carried forward and unused tax credits are recognized only to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the income statement in the period when the tax rate change is enacted.

Revenue recognition

Net sales are the revenues from the sale of products and services adjusted by indirect taxes, returns, rebates, discounts and other credits. Net sales are not adjusted with exchange rate differences from foreign currency sales after the original sale is recorded.

The Group recognizes revenue from product sales when the ownership of goods and the material risks related to ownership have been transferred to the buyer or other responsible party. The majority of the Group's revenue is recognized upon delivery to the customer. Revenue from services is recognized when the services are rendered.

Rental income is recorded in the income statement on a straight-line basis over the lease term. Recognition of license and royalty income is performed in accordance with the content of the agreements. Interest income is recognized using the effective interest rate method for the period during which the interest income is generated and dividend income is recognized when the right to the dividend has arisen.

Government grants relating to the purchase of property, plant and equipment are deducted from the carrying amount of the asset and recognized as income over the life of the asset in the form of reduced depreciation charges. Grants received as reimbursement of actual expenses, are recognized in the income statement in the same period when the right to receive the grant exists. Such grants are recognized in other operating income.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and assets and liabilities related to discontinued operations are classified as held for sale if their carrying amount will be recovered principally through a sale transaction instead of continuous operations. The prerequisites for the classification as held for sale are considered to be met when the sale is considered highly probable and management is committed to the sale within one year from the date of classification for sale. From the classification date the assets held for sale are measured at lower of their carrying amount or fair value less selling costs. Depreciation of these assets is discontinued on the classification date.

Financial assets and liabilities

The Group's financial assets are classified into the following categories according to IAS 39: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification is determined on initial recognition based on the intended use of the financial asset. The purchases and sales of financial assets are recognized on the trade date and they are classified as current or non-current assets based on their maturities. Investments are recognized at cost including transaction costs for all financial assets not measured at fair value through profit or loss.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred and substantially all the risks and rewards of ownership have been moved outside the Group.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss are assets held for trading. Assets in this category are mainly held to generate profits from short-term market price changes. Derivatives are also categorized in this group unless they qualify for hedge accounting. Assets in this category are measured at fair value. Unrealized and realized gains and losses due to fair value adjustments are recognized in income statement in the period they occur. The Group's financial assets at fair value through profit or loss include derivatives and other current investments.

Loans and receivables

Loans and receivables are non-derivative financial assets which arise from the sale of goods and services or from lending activities. They are not quoted on an active market and payments are fixed or determinable and are not held for trading. Loans and receivables are recognized at amortized cost. The Group's loans and other receivables comprise trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets category includes non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are measured at fair value. The Group's available-for-sale financial assets include unlisted securities classified in non-current other investments in the balance sheet. Unlisted securities are stated at lower of cost or probable value.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included in interest-bearing loans and borrowings in current liabilities on the balance sheet.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An impairment of trade receivables is recorded when there is sufficient evidence that the receivable can not be collected at the carrying amount of the asset. Impairment loss is determined by management based on its judgement of the customer's ability to fulfill the obligation. An impairment of trade receivables and any reversal of a previously recorded impairment loss is recognized in other operating expenses in the consolidated income statement.

Financial liabilities

The Group's financial liabilities include interest-bearing loans and borrowings, trade and other payables and other financial liabilities. Financial liabilities are classified as financial liabilities at fair value through profit and loss and other financial liabilities measured at amortized cost. Derivatives for which hedge accounting is not applied are included in the financial liabilities at fair value through profit and loss. Other financial liabilities are initially measured at fair value which is based on the consideration received. Transaction costs associated with financial liabilities are included in the initial measurement at fair value. Subsequent to initial recognition at fair value, financial liabilities, with the exception of derivatives, are measured at amortized cost using the effective interest rate method. Financial liabilities are categorized as current or non-current liabilities based on their maturities. Financial liabilities are current if the Group does not have an unconditional right to settle the liability later than 12 months from the closing date.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to manage foreign currency, interest rate and commodity risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gains or losses is dependent on the intended use of the derivative in question. Changes in fair value of derivatives designated and qualifying for hedge accounting and which are effective are recognized congruently with the hedged item. When derivative contracts are entered into, the Group designates them either as hedges of the fair value of recognized assets, liabilities or firm commitments (fair value hedge), hedges of forecasted transactions or firm commitments (cash flow hedge), hedges of net investments in foreign operations (net investment hedge) or as derivative financial instruments not meeting the hedge accounting criteria.

For hedge accounting purposes, the Group prepares documentation of the hedged item, the risk being hedged, and the risk management objective and strategy. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives used as hedging instruments are effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recorded in the consolidated statement of comprehensive income and presented as hedging reserve in equity. The cumulative gain or loss of a derivative deferred in equity is recognized in the income statement in the same period in which the hedged item affects profit or loss. When hedging the foreign currency risk of forecasted net sales and purchases or commodity risk the fair value of the derivatives is recognized in the cost of goods sold in the income statement. When a hedging instrument expires, is sold or no longer qualifies for hedge accounting, any cumulative gain or loss reflected in equity at that time remains in equity until the forecasted business transaction hedged occurs. However, if the forecasted transaction is no longer expected to occur, the cumulative gain or loss reported in equity is recognized in the income statement.

The Group uses either derivatives or currency loans to hedge its currency exposure of net investments in foreign operations which are accounted for similarly to cash flow hedges. The effective portion of the change in fair value of the hedging instrument, i.e. change in spot value, is recorded in the consolidated statement of comprehensive income and presented as translation reserve in equity. Any ineffective portion of the difference in interest rates is recognized in finance items in the income statement. If a foreign currency loan is used as a hedge, the effective portion of the associated exchange gains or losses is recorded in the consolidated statement of comprehensive income and presented as translation reserve in equity. When the subsidiary is disposed or sold, the cumulative amount in the translation reserve is recognized in the income statement as an adjustment to the gain or loss on the disposal.

The fair values of derivatives under hedge accounting are presented in current assets or liabilities in the balance sheet.

Other derivative instruments do not necessarily qualify for hedge accounting, even if they are economic hedges according to the Group treasury policy. Changes in fair values of these non-qualifying derivatives are recorded according to the hedged item in the income statement in the period they occur. The embedded derivatives which meet the terms and conditions defined in IAS 39 standard will be separated from the host contract and measured at fair value through profit or loss. Fair values are determined by utilizing public price quotations and generally accepted valuation methods. The valuation data and assumptions are based on verifiable market prices. The fair values of pulp derivatives are based on prices provided by market makers.

Equity and dividends

The company's shares are entered in a book-entry securities system and they are presented as share capital in the consolidated financial statements.

The Group reports the own shares it holds as reduction in equity. The purchase, sale, issuance and cancellation of own shares is not recognized as profit or loss in the income statement but the considerations paid or received and expenses incurred, net of taxes, are recognized in equity.

Dividends proposed by the Board of Directors are recognized in the financial statements at the approval by the shareholders at the Annual General Meeting.

The hybrid bond is treated as equity in the consolidated financial statements. Interest on the hybrid bond is not accrued but is recorded in retained earnings, net of taxes, after dividend approved by the Annual General Meeting. When calculating the earnings per share the accumulated interest of the hybrid bond during the financial period is included in the result for the period.

Operating profit

The Group's operating profit is the net amount of net sales and other operating income less cost of goods sold, sales and marketing expenses, research and development expenses, administrative expenses and other operating expenses.

All other income statement items are presented below operating profit. Foreign exchange differences and changes in fair values of derivatives are included in operating profit if they relate to normal business operations. Foreign exchange differences related to financial operations are recorded in financial income and expenses.

Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to use accounting estimates and assumptions in applying the accounting principles. The estimates are based on the management's best knowledge at the balance sheet date but the actual outcome may differ from the estimates and assumptions used. The most significant estimates are related to the fair value calculations of business combinations, the economic lives of property, plant and equipment, pension benefits, deferred taxes, valuation of provisions and impairment testing of goodwill. The Group management exercises judgement in selecting and applying the accounting principles, particularly in cases where the existing IFRS standards offer alternative recognition, valuation or presentation methods. The basis for the estimates are described in greater detail in the accounting principles and later in the relevant notes to the consolidated financial statements,

Application of new or revised IFRS standards

IASB has issued the following new standards, interpretations and their amendments which are not yet effective and the Group has not early adopted them as of the balance sheet date. The Group will adopt them from the effective date of each new or amended standard and interpretation or in case the effective date is different from the start date of the accounting period, adoption will take place in the beginning of the next accounting period.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (amendment). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. The amendment is effective for accounting periods beginning on or after July 1, 2011. The standard is not yet endorsed by EU.

IAS 19 Employee Benefits (amendment). The amendment includes the requirement that all actuarial gains and losses are recognized immediately in other comprehensive income. This change will remove the use of corridor approach. The amendment is effective for accounting periods beginning on or after January 1, 2013. The standard is not yet endorsed by EU.

IFRS 9 Financial Instruments – classification and measurement of financial assets and liabilities (new). The new standard is the first step to replace the current IAS 39 Financial Instruments: Recognition and Measurement standard. IFRS 9 introduces new requirements for classifying and measuring financial assets. It is likely to affect the Group's accounting for its financial assets but will potentially have no impact on classification and measurements of financial liabilities. The mandatory effective date of the new standard is January 1, 2015. The standard is not yet endorsed by EU. The Group will assess the full impact of the new IFRS 9 standard in conjuction of the other phases, when issued.

IFRS 10 Consolidated Financial Statements (new).
The new standard replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial staments and SIC 12 Consolidation-Special Purpose Entities. The amendment is effective for accounting periods beginning on or after January 1, 2013. The standard is not yet endorsed by EU.

IFRS 11 Joint Arrangements (new).
The standard coveres the accounting requirements for jointly-controlled entities including joint ventures. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly-controlled Entities – Non-monetary Contributions by Ventures. The amendment is effective for accounting periods beginning on or after January 1, 2013. The standard is not yet endorsed by EU.

IFRS 12 Disclosure of Interests in Other Entities (new).
The standard contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The amendment is effective for accounting periods beginning on or after January 1, 2013. The standard is not yet endorsed by EU.

IFRS 13 Fair Value Measurement (new).
The standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The amendment is effective for accounting periods beginning on or after January 1, 2013. The standard is not yet endorsed by EU.

IAS 28 Investments in Associates and Joint Ventures (revised 2011).
As a consequence of the new IFRS 11 the standard has been revised and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment is effective for accounting periods beginning on or after January 1, 2013. The standard is not yet endorsed by EU.

The following standards and interpretations adopted by the Group in 2011 or later are not expected to have an impact on the consolidated financial statements.

IAS 12 Income Taxes – Deferred tax: recovery of underlying assets (amendment).
The amendment clarifies the determining whether assets measured using the fair value model in IAS 40 Investment Property are recovered through use or through sale. The amendment is effective for accounting periods beginning on or after July 1, 2011. The standard is not yet endorsed by EU.

IFRS 7 Financial Instruments: Disclosures (amendments).
Those amendments broaden the disclosure requirements in relation to transferred financial assets. The amendments are effective for annual periods beginning on or after July 1, 2011. The amendments have not yet been approved by EU.

IAS 27 Separate Financial Statements (revised 2011).
As a consequence of the new IFRS 10 what remains of IAS 27 is limited to accounting for subsidiaries, jointly-controlled entities, and associates in separate financial statements. The amendment is effective for accounting periods beginning on or after January 1, 2013. The standard is not yet endorsed by EU.

1. Financial risk management

Financial risk management is part of Ahlstrom's group-wide risk management activities targeted to mitigate events which could affect negatively the achievement of the company's strategic and operative goals. The overall objective of financial risk management in Ahlstrom is to have cost-effective funding in Group companies as well as to protect the Group from unfavorable changes in the financial markets and thus help to secure profitability. The principles and limits for financing activities are defined in the Group Treasury Policy on the basis of which Group companies have specified their own procedures, which take into account the special aspects unique to their businesses. The Group Treasury Policy has been approved by the Audit Committee of the Board of Directors and the treasury activities are coordinated by Group Treasury.

Foreign currency risk

The Group is exposed to currency risk arising from exchange rate fluctuations. The management of foreign currency exposure is divided into two parts: one relating to foreign currency flows (transaction exposure) and the other relating to balance sheet items denominated in foreign currency (translation exposure).

Transaction exposure concerns forecasted foreign currency flows and firm commitments. In 2011, approximately 53% of Ahlstrom's net sales were denominated in euros, approximately 35% in US dollars and 12% in other currencies. Ahlstrom's raw materials are generally purchased in US dollars and euros. Foreign currency flows are hedged on a net exposure basis per currency of the respective Group company in accordance with the rules set in the Group Treasury Policy. The guideline for Group companies is to hedge 100% of the forecasted 3 month net foreign currency flows per currency against the base currency of the respective company. However, hedging periods can be extended up to 12 months when agreed with Group Treasury. Foreign currency forwards are used as hedging instruments and these are generally booked through the income statement.

Translation exposure consists mainly of foreign currency denominated loans and receivables (Balance Sheet exposure) and net investments in foreign subsidiaries (Equity exposure). The Balance Sheet exposure is managed by Group Treasury and the aim is a fully hedged balance sheet exposure position, whenever economically possible. The Group norm is to leave the Equity exposure unhedged due to the long-term nature of the investments. On December 31, 2011 the equity hedging ratio was 0% (31.12.2010 0%).

Financial instruments' foreign exchange risk sensitivity analysis according to IFRS 7

The analysis has been prepared on the basis that the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at December 31, 2011. The financial instruments affected by market risks include working capital items, such as trade and other receivables and payables, borrowings, deposits, cash and cash equivalents and derivative financial instruments. These are sensitive to changes in exchange rates and interest rates.

The following table shows how much the income statement and the equity would be affected by a +10% change in the exchange rates against the euro. In case of a -10% change in the exchange rates against the euro the effect would be the opposite.

	31.12.2011			31.12.2010		
EUR million	**Open Position**	**Effect on income statement**	**Effect on Equity**	Open Position	Effect on income statement	Effect on Equity
BRL	152.7	-	15.3	170.8	-	17.1
USD	99.3	1.1	8.8	130.2	1.9	11.2
GBP	42.9	0.3	4.0	45.8	0.3	4.3
RUB	40.5	-	4.1	42.0	-	4.2
KRW	25.2	-	2.5	23.2	-	2.3
SEK	22.0	0.1	2.1	22.6	0.2	2.0
CNY	31.1	-	3.1	19.0	-	1.9
INR	11.6	-	1.2	17.8	-	1.8
Net effect		**1.5**	**41.0**		2.4	44.7

The net effect has been calculated before taxes.

Interest rate risk

Interest rate risk is measured with modified duration, which defines the Group's loan portfolio's interest rate sensitivity in response to a change in interest rates. According to the Group Treasury Policy the Group's benchmark duration is 12 months and the duration may deviate between 3 and 48 months. The duration of the loan portfolio can be adjusted by the use of derivative instruments such as interest rate swap contracts with maturities usually between 2 and 5 years. On December 31, 2011 there were no open interest rate swap contracts. Derivative fair values are shown in note 29.

Financial instruments' interest rate risk sensitivity analysis according to IFRS 7

The analysis has been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rate of the debt are constant. The financial instruments affected by market risks include borrowings, deposits, cash and cash equivalents and derivative financial instruments. These are sensitive to changes in interest rates.

The following table shows how much the income statement and the equity would be affected by a 1 percentage point parallell shift in the yield curve

	31.12.2011			31.12.2010		
EUR million	**Open Position**	**Effect on income statement**	**Effect on Equity**	Open Position	Effect on income statement	Effect on Equity
Other short-term deposits and interest-bearing liabilities excluding finance lease liabilities	57.7	-0.4	**-**	108.3	-1.0	-
Interest rate derivatives	-	-	**-**	-	-	-
Net effect		**-0.4**	**-**		-1.0	-

The net effect has been calculated before taxes.

Financial instruments' commodity risk sensitivity analysis according to IFRS 7

The analysis has been prepared on the basis that the amount of derivative contracts is constant. The financial instruments affected by market risks include pulp and platinum derivative financial instruments. These are sensitive to changes in the commodity forward prices.

The following table shows how much the income statement and the equity would be affected by a +10% change in the commodity forward price curve. In case of a -10% change in the commodity forward price curve the effect would be the opposite.

	31.12.2011			31.12.2010		
EUR million	**Nominal amount**	**Effect on income statement**	**Effect on Equity**	Nominal amount	Effect on income statement	Effect on Equity
Pulp derivative agreements	1.0	0.1	**-**	12.7	-	1.3
Platinum derivative agreements	43.9	-1.5	**-**			
Net effect		**-1.4**	**-**		-	1.3

The net effect has been calculated before taxes.

Raw material and energy price risk

Group earnings are exposed to commodity and energy price volatility. Group companies have the responsibility of identifying and measuring their commodity and energy price risk. Group companies should primarily seek to hedge their risks in relation to movements in commodity prices (primarily for pulp, energy and chemicals) with their suppliers through fixed price contracts for a defined period. Where such hedges cannot be obtained or if they are commercially uneconomical Group companies may enter into financial commodity price risk hedging transactions through commodity derivatives. All such transactions need to be concluded with Group Treasury. On December 31, 2011 the Group had two pulp derivative agreements, total amount of 1,500 tons. In 2010, total amount of pulp derivative agreements was 21,300 tons.

Liquidity and refinancing risk

The Group seeks to maintain adequate liquidity under all circumstances by means of efficient cash management and restricting investments to highly liquid instruments only. Cash, cash equivalents and available committed credit facilities should always cover outstanding short term debt and following 12 months interest payments, loan amortizations, committed capital and maintenance investments and estimated dividend payments.

As of December 31, 2011, Ahlstrom's interest-bearing liabilities amounted to EUR 332.2 million (EUR 354.7 million on December 31, 2010), divided into financings from banks and other financial institutions of EUR 322.6 million (EUR 326.2 million) and EUR 9.6 million (EUR 10.9 million) in commitments under financial leases. Due to a strong cash position the company's EUR 300 million domestic commercial paper program was not in use (EUR 17.6 million). At the end of the year, its total liquidity, including cash, unutilized committed credit facilities and cash pool overdraft limits was EUR 473.2 million (EUR 446.8 million). In addition, the company had undrawn uncommitted credit facilities totalling EUR 101.9 million (EUR 104.4 million).

In June 2011 Ahlstrom signed a new EUR 250 million Multicurrency Revolving Credit Facility Agreement with 8 participating banks. The facility has a maturity of 5 years. It includes a gearing covenant, which is the only financial covenant governing any of

Ahlstrom's loan agreements. The new EUR 250 million facility replaces Ahlstrom's previous EUR 200 million Multicurrency Revolving Credit Facility of July 2009. At the end of the year the new facility was fully undrawn.

Throughout the year the Group was in full compliance with the covenants of its financing agreements and management expects such compliance to continue.

Refinancing risks are managed by seeking to ensure that the loan portfolio has a balanced maturity profile both in terms of length and concentration of repayments. The maturity profile of the liabilities of the Group is shown in the following table.

Contractual undiscounted cash flows of repayments and interests of liabilities

Dec 31, 2011

EUR million	2012	2013	2014	2015	2016	Later	Total
Floating rate loans from financial institutions	5.7	38.0	12.5	10.6	8.8	16.9	92.5
Fixed rate loans from financial institutions	14.3	17.9	13.6	9.8	9.5	1.6	66.7
Pension loans	20.2	19.3	18.3	1.2	-	-	59.0
Finance lease liabilities	1.6	1.3	1.0	5.3	0.5	1.2	10.9
Other non-current loans	4.8	4.5	4.5	103.3	0.0	0.1	117.3
Other current loans	24.6	-	-	-	-	-	24.6
Trade and other payables	336.3	-	-	-	-	-	336.3
Total	407.4	81.0	49.9	130.3	18.8	19.7	707.3

Dec 31, 2010

EUR million	2011	2012	2013	2014	2015	Later	Total
Floating rate loans from financial institutions	37.2	11.7	35.8	6.9	1.6	-	93.2
Fixed rate loans from financial institutions	2.8	6.1	10.5	10.2	9.9	11.3	50.8
Pension loans	4.0	20.2	19.3	18.3	1.2	-	63.0
Finance lease liabilities	1.9	1.5	1.3	0.9	5.2	1.7	12.5
Other non-current loans	4.6	4.6	4.5	4.5	103.1	0.0	121.5
Other current loans	30.2	-	-	-	-	-	30.2
Trade and other payables	361.1	-	-	-	-	-	361.1
Total	441.8	44.1	71.4	40.9	121.1	13.0	732.2

As the amounts disclosed in the table above are the contractual undiscounted cash flows, they differ from the carrying values in the Group balance sheet.

The Group has a financial guarantee given on behalf of the associated company Jujo Thermal Oy. On December 31, 2011 the financial guarantee amounted to EUR 15.0 million. The guarantee expires on April 30, 2016.

Interest-bearing liabilities and debt structure

Dec 31, 2011 EUR million	Drawn amount	Undrawn amount	Total	2012	2013	2014	2015	2016	Later
				Facility maturity					
Available committed facilities	**-**	**303.2**	**303.2**	30.0	23.2	-	-	250.0	-
				Loan maturity					
Non-current loans	**298.1**	**-**	**298.1**	32.3	69.8	41.6	119.5	17.3	17.6
Finance lease liabilities	**9.6**	**-**	**9.6**	1.2	1.0	0.7	5.1	0.5	1.1
Current loans	**14.5**	**-**	**14.5**	14.5	-	-	-	-	-
Bank credit lines utilized	**10.1**	**-**	**10.1**	10.1	-	-	-	-	-
Total interest-bearing liabilities	**332.2**	**-**	**332.2**	58.1	70.8	42.3	124.6	17.8	18.7
Total loans and undrawn committed facilities	**332.2**	**303.2**	**635.4**						

Dec 31, 2010 EUR million	Drawn amount	Undrawn amount	Total	2011	2012	2013	2014	2015	Later
				Facility maturity					
Available committed facilities	-	357.5	357.5	60.0	236.4	28.9	6.4	6.4	19.4
				Loan maturity					
Non-current loans	290.9	-	290.9	38.6	33.3	62.7	34.0	111.4	10.9
Finance lease liabilities	10.9	-	10.9	1.5	1.1	1.0	0.6	5.0	1.6
Current loans	30.2	-	30.2	30.2	-	-	-	-	-
Bank credit lines utilized	22.7	-	22.7	22.7	-	-	-	-	-
Total interest-bearing liabilities	354.7	-	354.7	93.0	34.4	63.7	34.7	116.4	12.5
Total loans and undrawn committed facilities	354.7	357.5	712.1						

Factoring

Group companies may enter into factoring or other corresponding financing arrangements subject to Group Treasury approval and according to the criterias defined in the Group Treasury Policy. On December 31, 2011 the Group had factoring arrangements of EUR 14.6 million.

Capital structure

The Group's objective is to maintain an efficient capital structure which is targeted both to increase the company's shareholder value and also to secure the Group's ability to operate in the credit and capital markets at all times. The Board of Directors reviews the capital structure of the Group regularly.

The capital structure is monitored on the basis of the gearing ratio which is calculated by dividing interest-bearing net liabilities with total equity. Interest-bearing net liabilities are calculated as interest-bearing loans and borrowings less cash and cash equivalents and other current investments. According to the set financial targets Ahlstrom's gearing ratio should in the long-term be between 50–80%.

Ahlstrom Corporation issued in November 2009 a EUR 80 million domestic hybrid bond. The bond is treated as equity in the consolidated financial statements and it improves the Group's gearing ratio.

The gearing ratios in 2010 and 2011 were as follows.

EUR million	2011	2010
Interest-bearing loans and borrowings	**332.2**	354.7
Cash and cash equivalents	**94.4**	24.6
Other current investments	**-**	-
Interest-bearing net liabilities	**237.8**	330.1
Equity, total	**622.7**	703.8
Gearing ratio	**38.2%**	46.9%

Credit and counterparty risk

Credit and counterparty risks materialize when a customer or a financial institution is unable to meet its financial obligations towards Ahlstrom.

Credit risks relating to trade receivables are managed by assessing the creditworthiness of customers and by approving customer credit limits based on guidelines defined in the Group Credit Policy. Monitoring of past payment behaviour, obtainment of credit information data and credit references form part of the limit approval process. As its main risk mitigation tool Ahlstrom uses a global credit insurance program, in which a majority of the subsidiaries are participating. Due to its diversified customer base and geographical spread of the receivables there is no significant concentration of credit risks for the Group. The ten largest customers of Ahlstrom account for less than 20% of net sales. The aging analysis of trade receivables is presented in note 22.

Counterparty risks arise from exposures associated with financial transactions such as deposits, placements, derivatives contracts, guarantees issued in favour of Group companies and receivables from insurance companies. Counterparty risks are managed by monitoring the creditworthiness of counterparts based on guidelines defined in the Group Treasury Policy and transactions are concluded with highly rated banks, insurance companies and other financial institutions only. Ahlstrom encountered no materialized counterparty risks in 2011.

2. Segment information

The Group has four segments: Building and Energy, Filtration, Food and Medical and Label and Processing. The segments are the same as Ahlstrom's business areas. The Home and Personal segment was sold to Suominen on October 31, 2011.

The Building and Energy segment serves customers in building, transportation, marine, windmill and fabric care industries. The segment's products can be found in wallcoverings, floorings, boat hulls, windmill blades and automotive interiors.

The Filtration segment manufactures filtration materials. Filtration materials are mainly used in the transportation industry as well as in air and liquid filtration.

The Food and Medical segment manufactures materials for the food industry and hospital applications. The food industry products are teabags and food packaging materials. Hospital products are primarily medical gowns, drapes, face masks and sterilization wraps.

The Label and Processing segment products include labeling and packaging papers as well as technical papers. Label papers are used in labels, tapes and self-adhesive materials. Packaging papers are mainly used in the food industry. Technical papers are furniture foils, poster papers and abrasive papers. These products are used in outdoor posters and in the building, furniture and automotive industries.

Other operations include financial and tax assets and liabilities, net financing cost, taxes, Holding and Sales Companies' income, expense, assets and liabilities as well as share of result of associated companies.

Ahlstrom Group management monitors the segments' result, cash flow and capital employed in order to evaluate the segment's performance and to make decisions on resource allocations.

Ahlstrom's highest operative decision-making body is the Group's Executive Management Team (EMT). The CEO is the chairman of the EMT and its other members are the business area leaders and functional leaders. The EMT members receive a monthly performance report including income statement, operative cash flow and main KPI's of each business area. The performance of the business areas is evaluated mainly based on operating profit, operative cash flow and return on net assets (RONA).

The segments' results, assets and liabilities include items directly attributable to the segment's operations. The valuation principles of the segment information are in accordance with the Group's accounting principles.

Business segments 2011

EUR million	Building and Energy	Filtration	Food and Medical	Label and Processing	Other operations	Eliminations	Continuing operations
External net sales	292.4	315.1	327.7	645.7	26.3	-	**1,607.2**
Inter-segment net sales	3.8	9.4	34.1	32.4	44.9	-124.6	**0.0**
Net sales	296.2	324.5	361.9	678.1	71.1	-124.6	**1,607.2**
Operating profit/loss	-27.8	22.8	12.0	11.6	1.5	0.0	**20.1**
Financial income	-	-	-	-	2.0	-	**2.0**
Financial expenses	-	-	-	-	-24.6	-	**-24.6**
Share of profit/loss of associated companies	-	-	-	-	-4.0	-	**-4.0**
Profit/loss before taxes							**-6.6**
Operating profit/loss, %	-9.4	7.0	3.3	1.7	-	-	**1.3**
Return on net assets, RONA, % (Continuing operations ROCE, %)	-19.8	13.6	5.7	4.4	-	-	**2.0**
Operative cash flow	-15.7	21.5	22.8	30.1	-4.3	-0.2	**54.2**
Segment assets	191.8	238.3	267.9	450.9	53.0	-9.9	**1,192.0**
Investments in associated companies	-	-	-	-	36.6		**36.6**
Unallocated assets	-	-	-	-	202.3		**202.3**
Total assets							**1,430.8**
Segment non-interest bearing liabilities	62.4	69.8	59.5	203.7	42.1	-9.6	**427.8**
Unallocated liabilities	-	-	-	-	380.3	-	**380.3**
Total equity	-	-	-	-	622.7	-	**622.7**
Total equity and liabilities							**1,430.8**
Depreciation and amortization	-18.2	-16.7	-18.4	-27.9	-3.2	-	**-84.5**
Impairment	-11.1	-	-	0.2	-	-	**-10.9**
Non-recurring items	-29.0	0.8	0.3	-2.0	0.4	-	**-29.6**
Capital expenditure	7.5	21.8	16.4	17.9	2.8	-	**66.4**
Sales volumes (thousands of tonnes)	127.1	110.9	128.7	557.5	9.3	-51.9	**881.6**

Business segments 2010

EUR million	Building and Energy	Filtration	Food and Medical	Label and Processing	Other operations	Eliminations	Continuing operations
External net sales	275.2	332.5	323.5	693.9	11.3	-	1,636.3
Inter-segment net sales	6.4	7.4	31.2	30.4	41.1	-116.5	0.0
Net sales	281.6	339.8	354.7	724.3	52.4	-116.5	1,636.3
Operating profit/loss	2.8	3.1	13.0	32.2	-4.7	0.1	46.5
Financial income	-	-	-	-	1.9	-	1.9
Financial expenses	-	-	-	-	-28.2	-	-28.2
Share of profit/loss of associated companies	-	-	-	-	-1.4	-	-1.4
Profit/loss before taxes							18.8
Operating profit/loss, %	1.0	0.9	3.7	4.4	-	-	2.8
Return on net assets, RONA, % (Continuing operations ROCE, %)	1.8	1.8	6.3	10.9	-	-	5.2
Operative cash flow	19.2	16.4	15.7	84.6	3.4	0.4	139.7
Segment assets	198.0	228.5	269.5	491.4	35.0	-9.1	1,213.2
Investments in associated companies	-	-	-	-	10.7	-	10.7
Unallocated assets	-	-	-	-	335.0	-	335.0
Total assets							1,558.9
Segment non-interest bearing liabilities	47.0	62.4	56.5	213.5	42.6	-8.8	413.1
Unallocated liabilities	-	-	-	-	441.9	-	441.9
Total equity	-	-	-	-	703.8	-	703.8
Total equity and liabilities							1,558.9
Depreciation and amortization	-18.1	-19.1	-20.2	-28.4	-2.3	-	-88.2
Impairment	-	-	-	-0.1	-	-	-0.1
Non-recurring items	-	-24.7	-1.0	1.6	3.8	-	-20.3
Capital expenditure	6.0	6.8	13.0	19.4	2.1	-	47.2
Sales volumes (thousands of tonnes)	124.2	115.1	125.4	601.0	8.2	-54.5	919.3

Geographic information

External net sales is based on the geographical location of the customers. Reporting of non-current assets is based on the geographical location of the assets. Non-current assets are presented excluding financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

EUR million	External net sales	Non-current assets
2011		
USA	**392.6**	**132.7**
Germany	**230.5**	**23.3**
Brazil	**148.5**	**148.8**
France	**126.7**	**120.5**
Italy	**142.6**	**87.7**
Spain	**91.2**	**3.6**
United Kingdom	**77.7**	**31.6**
Finland	**11.5**	**109.3**
Other countries	**631.5**	**118.9**
Total	**1,852.6**	**776.3**
Discontinued operations	**245.4**	**20.9**
Continuing operations	**1,607.2**	**755.4**
2010		
USA	423.2	227.9
Germany	231.8	24.4
Brazil	147.1	167.2
France	126.3	125.5
Italy	139.2	105.2
Spain	103.9	26.4
United Kingdom	78.0	34.8
Finland	16.9	89.3
Other countries	627.7	124.9
Total	1,894.2	925.6
Discontinued operations	257.8	163.6
Continuing operations	1,636.3	762.0

The Group has no individual customers whose share exceeds 10% of the Group's total net sales.

3. Disposals of businesses and discontinued operations

2011

Disposals of businesses

Ahlstrom's strategy is to offer price competitive and value-added fiber-based materials to create sustainable and profitable relationships with its customers. The divestment of Home and Personal business enables Ahlstrom to further drive profitable growth in businesses chosen as strategic priorities.

Ahlstrom Corporation signed on August 4, 2011 an agreement to divest it's wipes fabrics business area, Home and Personal, to Suominen Corporation. Closing of the divestment was confirmed on October 20, 2011. The business was transferred on October 31, 2011 except for the Brazilian part of the business, which is estimated to be transferred in the first quarter of 2012. The total value of the transaction including Brazilian part is approximately EUR 170 million less the cost to sell. Following the transaction, Ahlstrom became the largest shareholder in Suominen with a 27.1% stake. Ahlstrom is committed to hold a minimum of 20% stake in Suominen for the first two years. Home and Personal has been presented as held for sale from June 2011 onwards following the approval of the Board of Directors.

On December 7, 2010 Ahlstrom signed an agreement to sell Wuxi plant in China and three production lines in Bethune in the USA to Andrew Industries. Ahlstrom completed the sales of production lines in Bethune on December 22, 2010 and the sales of Wuxi on March 31, 2011. The value of the Wuxi transaction is EUR 1.1 million.

EUR million	Wuxi	Home and Personal
Property, plant and equipment	-	83.1
Intangible assets	-	29.2
Inventories	0.1	26.9
Trade and other receivables	0.2	6.7
Cash and cash equivalents	0.2	1.0
Financial liabilities	-	0.0
Trade and other payables	0.3	9.0
Net Assets	0.3	137.8
Total transaction value	1.1	136.8
Consideration received in cash 2011	0.7	138.8
Cash and cash equivalents disposed of	0.2	1.0
Net cash flow on disposals	0.5	137.8

Discontinued operations

EUR million	2011	2010
Net sales	**260.5**	272.4
Expenses	**-256.5**	-265.6
Profit before tax	**3.9**	6.8
Income tax	**-0.5**	0.2
Profit/loss for the period	**3.4**	7.0
Impairment and gain/loss of the sales	**-23.4**	-
Profit/loss for the period from discontinued operations	**-20.0**	7.0

EUR million	2011	2010
Operating cash flows	**-0.3**	31.0
Investing cash flows	**133.8**	-5.5
Total cash flows from discontinued operations	**133.5**	25.5

Financing cash flows are not presented as the units were financed internally by Ahlstrom Group.

Assets classified as held for sale

EUR million	2011	2010
Property plant and equipment	**20.0**	114.8
Goodwill	**-**	42.2
Other intangible assets	**0.9**	8.5
Inventories	**1.9**	24.4
Other current assets	**19.5**	45.0
Total	**42.3**	234.8

Liabilities directly associated with assets classified as held for sale

EUR million	2011	2010
Non-current liabilities	**2.2**	12.2
Trade and other payables	**7.5**	36.6
Provisions	**0.0**	1.1
Total	**9.8**	49.9

2010

Disposals of businesses

Ahlstrom Altenkirchen GmbH

On December 3, 2010 Ahlstrom signed an agreement to sell the shares of Ahlstrom Altenkirchen GmbH to Interface Solutions, a portfolio company of private equity fund Susquehanna Capital based in the USA. The value of the transaction was EUR 6.6 million and Ahlstrom booked a gain of EUR 4.7 million from the transaction in its fourth quarter 2010 results.

Ahlstrom Altenkirchen GmbH was part of Ahlstrom's Label and Processing business area and it is located in the German state of Rheinland-Pfalz. The plant employs approximately 130 people and it manufactures mainly gasket and heat shield materials for the automotive industry and calender bowl materials for the paper industry. Products manufactured by the Altenkirchen site differ technically from the other products made by Ahlstrom and therefore did not strategically fit the company's product portfolio.

Bethune and Wuxi

On December 7, 2010 Ahlstrom signed an agreement to sell Wuxi plant in China and three production lines in Bethune in the USA to Andrew Industries. The sold units were part of Ahlstrom's Filtration business area. Both plants manufacture dust filtration materials used mainly in applications for air pollution filtration. Ahlstrom concluded that dust filtration materials produced at the Wuxi and Bethune sites did not strategically fit its product portfolio.

Ahlstrom completed the sales of the production lines in Bethune on December 22, 2010 and the transaction value was EUR 4.1 million. Ahlstrom booked a loss of EUR 6.5 million from the transaction in its fourth quarter financial results. Andrew Industries transferred the three production lines in Bethune, South Carolina, to its own sites. The transaction affected the 48 people employed at the Dust Filtration unit in Bethune. Ahlstrom continued to manufacture nonwovens for wipes and advanced liquid filtration products at the Bethune site.

The Wuxi plant in Jiangshu province employs about 40 people. The divestment was completed during the first quarter of 2011. The value of the transaction was approximately EUR 1.1 million.

Groesbeck

On December 16, 2010 Ahlstrom announced the sale of its Groesbeck filtration business in the USA to Polyester Fibers, a portfolio company of private investment firm Empire Investment Holdings. The value of the transaction was approximately EUR 4.5 million. This amount may increase by up to EUR 1.5 million if certain conditions and targets are met in the future. Ahlstrom booked a loss of EUR 18.4 million related to the transaction in its fourth quarter 2010 financial results.

The Groesbeck operation located in Groesbeck and Mexia Texas, USA, employs about 100 people. The sites manufacture air filtration media for the heating, ventilating and air conditioning (HVAC) industry. The unit was part of Ahlstrom's Filtration business area. Ahlstrom concluded that dust filtration materials produced at the Groesbeck site do not strategically fit its product portfolio.

The net assets and net cash flow on disposals:

EUR million	Altenkirchen	US Dust filtration
Property, plant and equipment	0.0	9.3
Intangible assets	-	21.0
Inventories	2.0	1.6
Trade and other receivables	5.6	1.1
Cash and cash equivalents	0.0	-
Financial liabilities	0.0	-
Trade and other payables	6.3	0.6
Net Assets	1.4	32.4
Total sales price	6.6	8.6
Consideration received in cash 2010	6.6	5.9
Cash and cash equivalents disposed of	0.0	-
Net cash flow on disposals	6.6	5.9

4. Acquisitions of businesses

2011

No acquisitions of new businesses.

2010

In September, Ahlstrom acquired the shares of Shandong Puri Filter & Paper Products Limited in China from the Purico Group. The debt free transaction value was EUR 21.1 million. Shandong Puri Filter & Paper Products Limited produces transportation filtration media and operates a plant in Binzhou in the province of Shandong in northeastern China.

Shandong Puri Filter & Paper Products Limited has been incorporated in Ahlstrom's accounts as part of Filtration segment since September 13, 2010. If the acquisition had occurred on January 1, 2010, Group's net sales and profit for the period would not have changed materially. Direct costs related to the transaction were EUR 1.1 million and they are booked as administrative expenses in the Group's income statement.

The transaction value exceeded the book value of net assets in Shandong Puri Filter & Paper Products Limited by EUR 10.5 million, of which EUR 4.1 million is allocated to property, plant and equipment to meet their fair value. Deferred tax liability booking of the allocation amounts to EUR 1.0 million. The goodwill of EUR 7.4 million that arose from the acquisition reflects the personnel, synergy benefits and expanded business opportunities in Asia.

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

EUR million	Carrying amount of acquired company	Fair value
Property, plant and equipment	8.3	12.4
Intangible assets	3.1	3.1
Inventories	0.7	0.7
Trade and other receivables	0.7	0.7
Cash and cash equivalents	2.2	2.2
Assets, total	15.0	19.2
Deferred tax liabilities	-	1.0
Interest-bearing loans and borrowings	12.1	12.1
Trade and other payables	2.2	2.2
Liabilities, total	14.3	15.3
Net assets	0.7	3.8
Goodwill arising in acquisition		7.4
Acquisition price paid (in cash)		11.2
Cash (acquired)		-2.2
Net cash outflow		9.0

On October 28, 2010 Ahlstrom signed an agreement to establish a jointly owned company with Longkou Yulong Paper Co. Ltd, a paper producer based in China. The parties have agreed to establish a new manufacturing facility in the Zhuyouguan Industrial Park in Longkou in the province of Shandong in northeastern China.

The facility will produce medical papers used e.g. in sterilization wraps and masking tape substrates for the building industry in the Asian market. The parties have agreed that Ahlstrom will have a 60% share in the company and Longkou Yulong Paper Co. Ltd will have a 40% share.

The total estimated investment amounts to EUR 21.9 million, of which Ahlstrom will invest EUR 13.1 million. The start-up of the new plant is planned for the summer of 2012. Ahlstrom has invested in the company EUR 5.6 million by the end of December 31, 2011.

5. Net Sales

EUR million	2011	2010
Sales of goods	**1,636.9**	1,665.7
Sales of services	**2.8**	2.4
Sales deductions	**-32.5**	-31.8
Continuing operations	**1,607.2**	1,636.3

Sales deductions are rebates, credits and discounts. Net sales are not adjusted with exchange rate differences from foreign currency sales after the original sale is recorded.

6. Cost of goods sold

EUR million	2011	2010
Raw materials	**-785.1**	-781.8
Energy	**-137.9**	-139.1
Delivery expenses	**-66.0**	-66.0
Other variable costs	**-45.3**	-47.8
Operative exchange gains/losses	**-0.5**	-1.8
Production costs	**-387.2**	-377.5
Continuing operations	**-1,421.9**	-1,414.0

7. Other operating income and expenses

EUR million	2011	2010
Other operating income		
Gain on sale of emission rights	**0.2**	6.3
Government grants	**1.6**	1.7
Insurance indemnification	**2.2**	1.0
Gain on sale of non-current assets	**4.2**	0.8
Gains from litigations	**0.6**	0.0
Other	**4.9**	7.4
Total	**13.8**	17.1
Discontinued operations	**1.5**	0.3
Continuing operations	**12.3**	16.8
Other operating expenses		
Impairment	**-32.7**	-0.2
Other*	**-10.9**	-28.0
Total	**-43.7**	-28.1
Discontinued operations	**-24.1**	-0.1
Continuing operations	**-19.6**	-28.0

* Includes loss from disposals of businesses EUR 1.5 million in 2011 and EUR 23.8 million in 2010.

Auditor's fees

To PricewaterhouseCoopers network		
Audit	**-1.0**	-0.9
Tax services	**-0.3**	-0.3
Other services	**-0.4**	-0.1
Total	**-1.7**	-1.4

8. Employee benefit expenses

EUR million	2011	2010
Wages and salaries	**-254.8**	-259.9
Social security costs	**-44.3**	-44.2
Contributions to defined contribution plans	**-23.2**	-19.7
Net periodic cost for defined benefit plans	**-6.1**	-6.9
Changes in liability for other long-term benefits	**0.1**	0.2
Other personnel costs	**-25.5**	-19.5
Total	**-353.8**	-350.0
Discontinued operations	**-30.2**	-34.7
Continuing operations	**-323.6**	-315.3

In 2011 employee benefit expenses included non-recurring costs of EUR 12.9 million (EUR 2.5 million in 2010) related to the restructuring actions. Employee benefit expenses of key management are specified in Note 32.

Average number of personnel

	2011	2010
Label and Processing	**1,466**	1,629
Filtration	**1,136**	1,195
Food and Medical	**1,107**	1,105
Building and Energy	**1,015**	956
Home and Personal	**483**	560
Other operations	**460**	378
Total	**5,666**	5,823
Discontinued operations	**485**	559
Continuing operations	**5,181**	5,264

9. Depreciations and amortizations

EUR million	2011	2010
Machinery and equipment	**-75.7**	-86.9
Buildings and constructions	**-10.8**	-10.6
Intangible assets	**-4.4**	-5.8
Other tangible assets	**-1.4**	-1.5
Total depreciation and amortization	**-92.3**	-104.8
Discontinued operations	**-7.8**	-16.6
Continuing operations	**-84.5**	-88.2

10. Impairment

Impairment charges and reversals and goodwill of cash-generating units:

	Impairment charges and reversals		Goodwill	
EUR million	2011	2010	2011	2010
Wipes	**-21.9**	0.0	**0.0**	42.2
Transportation filtration	**-**	-	**18.9**	18.8
Advance filtration	**-**	-	**5.7**	5.6
Food & Medical nonwoven	**-**	-	**17.1**	16.6
Vegetable parchment	**-**	-	**6.0**	5.9
Crepe papers	**-**	-	**-**	-
Specialties & Wallcover	**-8.2**	-	**10.9**	10.8
Composites	**-2.8**	-	**-**	-
Porous Power Technologies	**-**	-	**2.6**	-
Labels	**-**	-	**41.7**	45.4
Graphics and packaging (Stenay)	**-**	-	**4.6**	4.6
Graphics and packaging (Rottersac)	**-**	-	**3.4**	3.4
Release base papers	**-**	-	**2.8**	2.8
Processing	**-**	-	**-**	-
Other Units	**0.2**	-0.1	**0.1**	0.1
Total	**-32.7**	-0.2	**113.8**	156.2
Discontinued operations	**-21.9**	0.0	**0.0**	42.2
Continuing operations	**-10.8**	-0.1	**113.8**	114.1

In 2011 significant impairment charge MEUR 21.9 was recorded in the goodwill in Wipes business which was sold to Suominen 31.October 2011. An impairment charge MEUR 8.2 related to the closure of the machine in Turin, Italy was recorded to Specialties & Wallcover business (Building and Energy). Bishopville site closing in Composite (Building and Energy) created MEUR 2.8 impairment charge.

In 2010 there were no significant impairment charges.

The recoverable amount of the cash-generating units is based on value in use calculation. Projected cash flows are used in the calculations. The projected cash flows are based on EBITDA, normal replacement investments and changes in operative working capital of the business plans for the years 2012–2014. Cash flows for further 4 to 20 years are extrapolated using a 2.0% general inflation rate. The duration of the review period (20 years) is determined by the estimated economic lives of the underlying non-current assets.
The same pre-tax discount rate has been used to all cash-generating units in discounting the projected cash flows. The discount rate 7.78 % is based on the market view of the time-value of money and the specific risks related to the assets for which the future cash flow estimates have not been adjusted.

A Goodwill impairment test is performed twice a year. The first test is carried out in connection with the September closing and the second one in connection to December closing. In addition to these, impairment tests are performed whenever there is an indication of impairment.

According to the management estimate, there is no reasonable possibility of such a change in any key assumptions that would lead to additional impairment charges of goodwill. Sensitivity analyses have also shown that a two percentage points increase in the discount rate and a twenty percent reduction in EBITDA would not result in new goodwill impairment losses. Reduction of 40% in EBITDA would lead to the new impairment needs.

11. Financial income and expenses

EUR million	2011	2010
Financial income		
Interest income from loans and receivables	**0.6**	0.8
Derivatives, non-hedge accounting	**0.9**	0.7
Other financial income	**-**	-
Total	**1.4**	1.5
Discontinued operations	**-0.3**	-0.3
Continuing operations	**1.7**	1.8
Financial expenses		
Interest expenses for financial liabilities at amortized cost	**-17.9**	-14.0
Interest rate derivatives, hedge accounting	**-**	-
Interest rate derivatives, non-hedge accounting	**-0.2**	-8.8
Other financial expenses	**-4.6**	-5.5
Total	**-22.6**	-28.4
Discontinued operations	**-0.1**	-0.1
Continuing operations	**-22.5**	-28.3
Exchange rate differences and fair value gains and losses		
Loans and receivables	**-5.8**	16.5
Derivatives, non-hedge accounting	**2.0**	-16.3
Total	**-3.7**	0.2
Discontinued operations	**-2.0**	0.0
Continuing operations	**-1.8**	0.2
Net financial expenses	**-24.9**	-26.8
Discontinued operations	**-2.3**	-0.4
Continuing operations	**-22.6**	-26.3

In addition to the exchange rate differences disclosed in Financial income and expenses, consolidated operating profit included exchange rate differences of EUR -0.3 million (EUR -1.9 million in 2010) of which derivatives accounted for EUR -0.4 million (EUR -0.5 million in 2010). EUR -0.9 million arising from commodity derivatives has been recognised in operating profit. Hedge accounting has not been applied.

12. Income taxes

EUR million	2011	2010
Taxes for the financial period	**-8.6**	-7.4
Taxes for previous periods	**0.1**	1.3
Deferred tax	**3.3**	-1.5
Total income taxes	**-5.2**	-7.6
Discontinued operations	**0.4**	0.2
Continuing operations	**-5.6**	-7.8
Taxes booked to equity		
Hybrid bond	**2.0**	2.0
Other	**0.1**	-0.1
Total taxes boked to equity	**2.1**	1.9

Income tax reconciliation
Including discontinued operations

Tax calculated at Finnish nominal tax rate	**7.0**	-6.6
Differences between foreign and Finnish tax rates	**0.7**	-1.7
Italian regional tax (IRAP) and minimum taxes	**-3.4**	-1.8
Adjustment of taxes for previous periods	**0.1**	1.3
Non-deductible expenses and tax exempt income	**-6.7**	0.5
Adjustments to deferred tax assets	**-2.8**	-2.4
Tax reliefs	**2.3**	4.3
Changes in tax rates	**-0.8**	-
Associated companies and other items	**-1.6**	-1.2
Total income taxes	**-5.2**	-7.6

Non-deductible expenses in 2011 consist mainly of non-deductible goodwill impairment relating to discontinued operations.

In some of the Group companies income tax returns for periods ranging from 2006 to 2010 are under examination in tax audits by the tax authorities. The main items under discussion relate to transfer pricing. Based on evaluation of the current state of the tax audits no significant additional taxes have been booked.

13. Taxes related to other comprehensive income

		2011			2010	
EUR million	**Before taxes**	**Tax charge/ credit**	**After taxes**	Before taxes	Tax charge/ credit	After taxes
Translation differences	**-11.9**	**-**	**-11.9**	39.2	-	39.2
Hedges of net investments in foreign operations	**-**	**-**	**-**	-3.7	1.0	-2.8
Cash flow hedges	**-**	**-**	**-**	1.1	-0.3	0.8
Total other comprehensive income	**-11.9**	**0.0**	**-11.9**	36.6	0.7	37.3

14. Earnings per share

Earnings per share is calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares. The accrued interest expenses on hybrid bond for the period after taxes have an effect on earnings per share calculation. Profit or loss for the year attributable to owners of the parent is deducted by these interests. Accrued interests after taxes for the year were EUR 5.6 million and the effect on earnings per share was EUR 0.12.

	2011	2010
Basic and diluted earnings per share		
Profit/loss for the year attributable to owners of the parent (EUR million)	**-32.2**	17.9
Interest on hybrid bond for the year after taxes (EUR million)	**-5.6**	-5.6
Total including discontinued operations	**-37.8**	12.3
Discontinued operations (EUR million)	**-20.0**	7.0
Continuing operations	**-17.8**	5.3
Weighted average number of shares during the year (1,000 shares)	**46,670.6**	46,670.6
Continuing operations		
Basic and diluted earnings per share (EUR)	**-0.38**	0.11
Including discontinued operations		
Basic and diluted earnings per share (EUR)	**-0.81**	0.26

15. Property, plant and equipment

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total property, plant and equipment
2011						
Historical cost at Jan 1	20.7	292.2	1,683.6	29.6	18.9	2,044.9
Acquisitions through business combinations	-	-	-	-	-	-
Additions	0.0	1.4	18.3	0.3	49.4	69.5
Disposals	-2.8	-30.6	-248.1	-2.4	-1.7	-285.5
Transfers to other asset categories	0.0	2.7	22.3	0.7	-25.8	-0.1
Other changes	-	0.3	-2.2	-0.1	-	-2.0
Translation differences	0.0	-0.8	-0.2	0.1	0.0	-1.0
Historical cost at Dec 31	**17.9**	**265.1**	**1,473.7**	**28.1**	**40.9**	**1,825.8**
Accumulated depreciation and impairment at Jan 1	1.9	143.2	1,172.4	22.5	0.0	1,340.1
Depreciation for the year	-	10.8	75.7	1.4	-	87.9
Impairment losses	0.3	1.9	13.4	-	-	15.5
Reversal of impairment losses	-0.1	-0.1	-	-0.1	-	-0.2
Disposals	-1.6	-17.7	-176.0	-2.3	-	-197.6
Transfers to other asset categories	-	-	0.0	0.0	-	0.0
Other changes	-	0.0	0.0	-	-	0.0
Translation differences	0.0	0.6	6.0	0.1	-	6.8
Accumulated depreciation and impairment at Dec 31	**0.5**	**138.8**	**1,091.5**	**21.6**	**0.0**	**1,252.5**
Book value Jan 1, 2011	**18.8**	**148.9**	**511.2**	**7.0**	**18.9**	**704.9**
Book value Dec 31, 2011	**17.4**	**126.3**	**382.2**	**6.5**	**40.9**	**573.3**
Discontinued operations	**1.5**	**8.1**	**10.4**	**0.0**	**0.0**	**20.0**
Continuing operations	**15.9**	**118.2**	**371.8**	**6.5**	**40.9**	**553.4**

In 2011, no capitalized interest expenses were included in property, plant and equipment. In 2010, property, plant and equipment included EUR 0.2 million of capitalized interest expenses related to the loan taken out for building a plant in India.

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total property, plant and equipment
2010						
Historical cost at Jan 1	21.0	276.2	1,603.0	29.7	46.0	1,975.8
Acquisitions through business combinations	-	2.6	9.5	0.1	-	12.2
Additions	0.0	1.2	8.6	0.4	39.7	49.9
Disposals	-1.1	-7.0	-46.7	-1.5	-0.0	-56.4
Transfers to other asset categories	0.1	10.4	59.4	0.5	-70.5	-0.2
Other changes	-	0.0	-0.0	-	-	0.0
Translation differences	0.7	8.8	50.0	0.4	3.8	63.7
Historical cost at Dec 31	20.7	292.2	1,683.6	29.6	18.9	2,044.9
Accumulated depreciation and impairment at Jan 1	2.7	135.0	1,098.3	22.1	0.0	1,258.2
Depreciation for the year	-	10.6	86.9	1.5	-	99.0
Impairment losses	-	0.0	0.1	0.1	-	0.2
Disposals	-0.8	-5.1	-39.0	-1.3	-0.0	-46.2
Other changes	-	0.0	-0.0	-0.0	-	0.0
Translation differences	0.0	2.6	26.1	0.2	-	28.9
Accumulated depreciation and impairment at Dec 31	1.9	143.2	1,172.4	22.5	0.0	1,340.1
Book value Jan 1, 2010	18.2	141.2	504.6	7.5	46.0	717.6
Book value Dec 31, 2010	18.8	148.9	511.2	7.0	18.9	704.9
Discontinued operations	2.7	21.6	87.9	0.1	2.5	114.8
Continuing operations	16.1	127.3	423.2	7.0	16.5	590.1

Assets leased by finance lease agreements

EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Total
2011				
Historical cost	0.4	5.9	24.3	30.6
Accumulated depreciation	-	1.6	19.7	21.4
Book value Dec 31, 2011	**0.4**	**4.2**	**4.6**	**9.2**
2010				
Historical cost	0.4	6.7	25.7	32.9
Accumulated depreciation	-	2.1	19.5	21.6
Book value Dec 31, 2010	0.4	4.6	6.2	11.3

16. Intangible assets

EUR million	Intangible rights	Goodwill	Other intangible assets	Advances paid	Total intangible assets
2011					
Historical cost at Jan 1	91.1	194.5	7.9	1.1	294.7
Acquisitions through business combinations	9.4	2.6	-	-	12.0
Additions	1.6	-	0.0	0.3	1.9
Disposals	-14.4	-76.7	-0.9	-0.2	-92.3
Transfers to other asset categories	-2.4	-	3.3	-0.8	0.1
Other changes	0.0	-0.9	0.6	-	-0.3
Translation differences	-1.0	-0.4	-0.1	-	-1.5
Historical cost at Dec 31	**84.2**	**119.1**	**10.9**	**0.4**	**214.6**
Accumulated amortization and impairment at Jan 1	44.8	38.3	5.9	-	88.9
Amortization for the year	4.0	-	0.4	-	4.4
Impairment losses	-	17.5	-	-	17.5
Disposals	-7.9	-52.5	-0.7	-	-61.2
Transfers to other asset categories	0.0	-	0.0	-	0.0
Other changes	-	-	-	-	-
Translation differences	0.6	2.0	0.0	-	2.6
Accumulated amortization and impairment at Dec 31	**41.4**	**5.3**	**5.5**	**-**	**52.2**
Book value Jan 1, 2011	**46.4**	**156.2**	**2.0**	**1.1**	**205.7**
Book value Dec 31, 2011	**42.8**	**113.8**	**5.3**	**0.4**	**162.4**
Discontinued operations	**0.2**	**-**	**0.8**	**-**	**0.9**
Continuing operations	**42.7**	**113.8**	**4.5**	**0.4**	**161.5**

EUR million	Intangible rights	Goodwill	Other intangible assets	Advances paid	Total intangible assets
2010					
Historical cost at Jan 1	98.7	188.2	6.7	0.5	294.1
Acquisitions through business combinations	3.1	7.3	-	-	10.3
Additions	0.6	-	0.0	1.1	1.7
Disposals	-18.6	-14.6	-0.0	-	-33.2
Transfers to other asset categories	0.7	-	0.0	-0.5	0.2
Other changes	0.2	-	0.0	-0.0	0.2
Translation differences	6.5	13.7	1.2	-	21.4
Historical cost at Dec 31	91.1	194.5	7.9	1.1	294.7
Accumulated amortization and impairment at Jan 1	49.3	36.9	4.5	-	90.7
Amortization for the year	5.4	-	0.4	-	5.8
Impairment losses	0.0	-	-	-	0.0
Disposals	-12.2	-0.1	-0.0	-	-12.3
Transfers to other asset categories	-	-	-	-	-
Other changes	0.2	-	0.0	-	0.2
Translation differences	2.1	1.5	1.1	-	4.6
Accumulated amortization and impairment at Dec 31	44.8	38.3	5.9	-	88.9
Book value Jan 1, 2010	49.4	151.3	2.2	0.5	203.4
Book value Dec 31, 2010	46.4	156.2	2.0	1.1	205.7
Discontinued operations	7.3	42.2	1.2	-	50.6
Continuing operations	39.1	114.1	0.9	1.1	155.1

Emission rights

Ahlstrom was granted 794,780 units of CO_2 emission rights for the year 2011. As of December 31, 2011 the remaining emission rights amounted to approximately 250,000 units and their market value was approximately EUR 2.0 million. No value has been recognized in the balance sheet. The rights in excess have been transferred to 2012. The sales of emission rights were EUR 0.2 million in 2011 (EUR 6.3 million in 2010).

17. Investments in associated companies

EUR million	2011	2010
Balance at Jan 1	**10.7**	12.1
Share of profit/loss for the period	**-4.0**	-1.4
Additions	**30.0**	-
Balance at Dec 31	**36.6**	10.7

Following the divestment of the Home and Personal business area to Suominen Corporation, Ahlstrom became the largest shareholder in Suominen with a 27.1% stake. Ahlstrom is committed to hold a minimum of 20% stake in Suominen for the first two years.

Financial information of major associated companies

EUR million	Domicile	Ownership (%)	Assets	Liabilities	Net sales	Profit/loss for the period
2011						
Jujo Thermal Oy	Finland	**41.7**	**65.5**	**44.9**	**90.7**	**-4.3**
Suominen Corporation	Finland	**27.1**	**338.0**	**229.3**	**216.3**	**-9.5**
2010						
Jujo Thermal Oy	Finland	41.7	78.1	48.0	97.3	-2.1

Related party transactions with associated companies

EUR million	2011	2010
Sales of goods and services	**5.0**	0.5
Purchases of goods and services	**-4.2**	-2.8
Trade and other receivables	**7.3**	0.1
Trade and other payables	**3.4**	0.2

Market prices have been used in transactions with associated companies. Commitments on behalf of associated companies are shown in note 31.

18. Other investments

Non-current other investments are investments to unlisted shares and interests EUR 0.4 million (EUR 0.4 million in 2010) and they are classified as available-for-sale financial assets. For unlisted shares and interests the fair value cannot be measured reliably, therefore the investment is carried at cost.

The Group has no current other investments.

19. Cash and cash equivalents

EUR million	2011	2010
Cash, bank accounts and interest-bearing instruments with maturities of three months or less	**94.4**	24.6
Cash and cash equivalents in the balance sheet	**94.4**	24.6
Discontinued operations	**0.4**	1.1
Continuing operations	**94.0**	23.5

Cash and cash equivalents in the statement of cash flow (including discontinued operations) equals to the cash and cash equivalents in the balance sheet (including discontinued operations).

20. Deferred tax assets and liabilities

EUR million	Balance at Jan 1	Charged to income statement	Charged to other comprehensive income	Charged to equity	Acquisitions and disposals	Other	Translation differences	Balance at Dec 31
2011								
Deferred tax assets								
Property, plant and equipment and intangible assets	11.6	-0.8	-	-	-	-	0.1	**10.9**
Employee benefit obligations	11.8	-0.6	-	0.4	-	-	0.2	**11.8**
Tax loss carried forward and unused tax credits	83.6	-10.9	-	2.1	1.0	-	-0.6	**75.1**
Other temporary differences	19.6	4.8	-	-	0.3	-	-0.2	**24.5**
Total	126.7	-7.6	-	2.5	1.3	-	-0.6	**122.3**
Offset against deferred tax liabilities	-71.8	11.4	-	-	-0.3	-	0.1	**-60.5**
Deferred tax assets	54.9	3.9	-	2.5	1.0	-	-0.5	**61.8**
Discontinued operations	-							**0.6**
Continuing operations	54.9							**61.2**
Deferred tax liabilities								
Property, plant and equipment and intangible assets	91.1	-21.4	-	-	2.6	-	-2.4	**70.0**
Other temporary differences	8.3	10.5	-	-	-	-	0.4	**19.2**
Total	99.4	-10.9	-	-	2.6	-	-1.9	**89.2**
Offset against deferred tax assets	-71.8	11.4	-	-	-0.3	-	0.1	**-60.5**
Deferred tax liabilities	27.7	0.5	-	-	2.4	-	-1.8	**28.8**
Discontinued operations	0.3							**-**
Continuing operations	27.4							**28.8**
2010								
Deferred tax assets								
Property, plant and equipment and intangible assets	9.4	1.4	-	-	-0.9	1.6	0.1	11.6
Employee benefit obligations	12.5	-0.9	-	-	-0.2	-	0.5	11.8
Tax loss carried forward and unused tax credits	77.4	2.2	-	1.9	-	-	2.2	83.6
Other temporary differences	21.2	0.6	-0.3	-	-0.3	-1.3	-0.3	19.6
Total	120.5	3.3	-0.3	1.9	-1.4	0.2	2.5	126.7
Offset against deferred tax liabilities	-66.0	-4.0	-	-	-0.0	-0.2	-1.6	-71.8
Deferred tax assets	54.5	-0.7	-0.3	1.9	-1.4	0.0	0.9	54.9
Discontinued operations	-							-
Continuing operations	54.5							54.9
Deferred tax liabilities								
Property, plant and equipment and intangible assets	86.8	-2.3	-	-	1.0	-	5.6	91.1
Other temporary differences	2.9	7.1	-1.0	-	-0.4	0.2	-0.5	8.3
Total	89.7	4.8	-1.0	-	0.6	0.2	5.1	99.4
Offset against deferred tax assets	-66.0	-4.0	-	-	-0.0	-0.2	-1.6	-71.8
Deferred tax liabilities	23.8	0.8	-1.0	-	0.6	0.0	3.4	27.7
Discontinued operations	-							0.3
Continuing operations	23.8							27.4

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

No deferred tax liability has been recognized for undistributed earnings of the subsidiaries since such earnings can either be transferred to the parent company without any tax consequences or such earnings are regarded as permanently invested in the company in question and there are no plans to distribute those earnings to the parent company in the foreseeable future. If all retained earnings would be distributed to the parent company, the withholding tax payable would not be a material amount compared to the deferred tax liability of the Group.

The utilisation of deferred tax assets of EUR 61.8 million (EUR 54.9 million in 2010) is dependant on future taxable profits in excess of the profits arising from reversal of existing taxable temporary differences. Based on the business plans utilization of these tax assets is probable.

At December 31, 2011 the Group had tax loss carry forwards of EUR 275.3 million (EUR 295.1 million in 2010) in total, of which EUR 181.6 million (EUR 148.2 million in 2010) has no expiration period. Regarding losses amounting to EUR 34.5 million (EUR 42.8 million in 2010) no deferred tax asset was recognized due to the uncertainty of utilization of these tax loss carry forwards.

21. Inventories

EUR million	2011	2010
Material and supplies	**72.8**	83.1
Work in progress	**12.0**	13.9
Finished goods	**102.8**	101.0
Advances paid	**0.0**	0.0
Total	**187.7**	198.0
Discontinued operations	**1.9**	24.4
Continuing operations	**185.8**	173.6

In 2011, the write-downs and reversals of write-downs for finished goods totaled EUR -2.7 million. In 2010 EUR +0.4 million was recognized.

22. Trade and other receivables

EUR million	2011	2010
Non-current		
Loan receivables	**0.7**	0.8
Trade receivables	**0.1**	0.1
Prepaid expenses and accrued income	**3.5**	3.8
Defined benefit pension asset	**43.4**	27.2
Other receivables	**4.3**	3.8
Total	**52.0**	35.8
Discontinued operations	**0.0**	-10.8
Continuing operations	**51.9**	46.5
Current		
Loan receivables	**0.7**	1.4
Trade receivables	**215.9**	269.4
Prepaid expenses and accrued income	**12.7**	9.6
Derivative financial instruments	**2.6**	3.6
Receivables from associated companies	**7.3**	0.1
Other receivables	**20.6**	21.6
Total	**259.8**	305.8
Discontinued operations	**18.4**	38.9
Continuing operations	**241.4**	266.9

The maximum exposure to credit risk at the reporting date is the carrying amount of the trade and other receivables.

Impaired receivables deducted from trade receivables

Including discontinued operations

EUR million	2011	2010
Balance at Jan 1	**5.3**	8.9
Increase	**1.8**	1.4
Decrease	**-1.5**	-2.6
Recovery	**-0.3**	-2.4
Balance at Dec 31	**5.3**	5.3

Impaired receivables deducted from trade receivables are mainly defined as receivables which are more that 180 days overdue if not insured or under a specific payment plan, or if for other reason it is probable that the receivable can not be collected.

Analysis of trade receivables by age

Including discontinued operations

EUR million	2011	2010
Not overdue	**197.5**	244.5
Overdue 1–30 days	**19.3**	20.7
Overdue 31–90 days	**3.2**	2.1
Overdue more than 90 days	**3.2**	2.3
Total	**223.2**	269.6

Specification of prepaid expenses and accrued income

Including discontinued operations

EUR million	2011	2010
Prepaid expenses	**9.6**	5.4
Other tax receivables	**3.4**	3.5
Accrued interest income	**1.8**	2.0
Accrued discounts	**0.1**	0.1
Accrued insurance indemnification	**0.7**	0.1
Other	**0.7**	2.2
Total	**16.2**	13.4

The carrying amounts of trade and other receivables are reasonable approximations of their fair value.

23. Capital and reserves

The following table shows the impact of changes in the number of shares:

EUR million	Number of shares (1,000)	Issued capital	Share premium	Non-restricted equity reserve	Own shares	Total
Dec 31, 2009	46,670.6	70.0	209.3	8.3	-	287.5
Purchases of own shares	-150.0	-	-	-	-2.0	-2.0
Share ownership plan for EMT	-296.3	-	-	-	-4.4	-4.4
Dec 31, 2010	46,224.3	70.0	209.3	8.3	-6.4	281.1
Payout of the share based incentive plan	125.0	-	-	-	2.0	2.0
Transfer of own shares	6.0	-	-	-	0.1	0.1
Purchases of own shares	-250.0	-	-	-	-3.1	-3.1
Dec 31, 2011	**46,105.3**	**70.0**	**209.3**	**8.3**	**-7.4**	**280.1**

At December 31, 2011 Ahlstrom Corporation's share capital was EUR 70,005,912.00. The share capital is divided into 46,670,608 shares. All shares have one vote and an equal right to dividend. The shares have no nominal value.

Own shares

The Annual General Meeting (AGM) on March 30, 2011 authorized the Board of Directors to repurchase and distribute Ahlstrom shares as well as to accept them as pledge as proposed by the Board of Directors. The maximum number of shares to be repurchased or accepted as pledge is 4,000,000 however, yet always taking into account the limitations set forth in the Companies Act as regards the maximum number of shares owned by or pledged yo the Company or its subsidiaries. The shares may be repurchased only through public trading at the prevailing market price by using unrestricted shareholders' equity. By virtue of the authorization, the Board of Directors has the right to resolve to distribute a maximum of 4,000,000 own shares held by the Company. The shares may be used e.g. 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 own shares in public trading for the purpose of financing possible acquisitions. The authorizations are valid for 18 months from the close of the AGM but will, however, expire at the next AGM, at the latest.

Based on the authorizations given by the AGM on March 30, 2011 the company repurchased a total of 250,000 of its own shares during the financial year 2011 for the implementation of the company's share-based incentive plan.

Based on the authorization of the AGM on March 31, 2010, Ahlstrom's Board of Directors decided to transfer 124,995 of the company shares held by the company without consideration to the recipients of the payout for 2009 and 2010 in the share-based long term incentive plan for 2008-2010. The handover date of the shares was March 15, 2011.

At December 31, 2011 a total of 269.005 of own shares were held by the parent company and a total of 296.311 company shares were held by Ahlcorp Oy, which is a management ownership company.

Reserves

The share premium reserve was formed in the demerger of A. Ahlström Osakeyhtiö in 2001. The consideration received of the new shares have been recognized in the Share premium and after September 1, 2006 according to the updated Finnish Limited Liability Companies Act in the non-restricted equity reserve.

The hedging reserve comprises the fair value changes of cash flow hedges qualifying for hedge accounting. The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the changes in fair value of the instruments that hedge the net investment in foreign subsidiaries.

Hybrid bond

Ahlstrom Corporation issued in November 2009 an EUR 80 million domestic hybrid bond. The coupon rate of the bond is 9.50% per annum. The bond has no maturity but the company may call the bond after four years. The bond is treated as equity in the consolidated financial statements. The arrangement fee paid at the issuance in 2009 and the interests paid in November 2010 and 2011 have been recorded in retained earnings in equity.

Dividends

After the balance sheet date, the Board of Directors proposed a dividend totaling EUR 1.30 per share be paid: a dividend of EUR 0.87 per share based on the dividend policy and an extra dividend of EUR 0.43 per share based on cash generated from the divestiture of the Home and Personal business area.

24. Employee benefit obligations

The Group has defined benefit plans in several countries, of which the most significant are in the United States, Great Britain and Germany. The plans are in accordance with the local laws and practices and are either funded or unfunded. Funded plans are arranged in external funds and foundations separately from the Group's assets. In defined benefit plans, the pension benefit is usually determined by the number of years worked and the final salary. The obligations of defined benefit plans are defined separately for each plan based on the calculations of authorized actuaries.

Employee benefits for key management are specified in note 32.

EUR million	2011	2010
Post-employment benefit plans		
Employee benefits liability recognized in the balance sheet		
Present value of funded benefit obligations	**201.5**	179.7
Present value of unfunded benefit obligations	**63.9**	61.3
Other long-term employee benefits	**3.0**	3.4
Fair value of plan assets	**-172.0**	-149.3
Present value of net obligations	**96.4**	95.1
Unrecognized actuarial gains and losses	**-64.3**	-46.1
Net liability at Dec 31	**32.1**	49.0
Discontinued operations	**2.2**	0.9
Continuing operations	**29.9**	48.1
Amounts in the balance sheet		
Liabilities	**75.5**	76.2
Discontinued operations	**2.2**	0.9
Continuing Operations	**73.3**	75.4
Assets	**43.4**	27.2
Discontinued operations	**-**	-
Continuing Operations (Note 22)	**43.4**	27.2
Net liability at Dec 31	**32.1**	49.0
Continuing operations	**29.9**	48.1

EUR million	2011	2010
Changes in the present value of obligations*		
Present value of defined benefit obligation at Jan 1	**241.0**	226.4
Current service cost	**1.9**	2.6
Interest cost	**11.8**	12.5
Actuarial gains and losses	**17.2**	7.9
Gains and losses on curtailments	**0.1**	-1.8
Unrecognized prior service cost	**-**	0.0
Benefits paid	**-12.4**	-14.7
Other changes	**-0.1**	-1.5
Translation differences	**6.0**	9.6
Present value of defined benefit obligation at Dec 31	**265.4**	241.0
Changes in the fair value of the plan assets*		
Fair value of plan assets at Jan 1	**149.3**	127.2
Expected return on plan assets	**9.9**	9.4
Actuarial gains and losses	**-1.0**	1.1
Contributions by employer	**21.3**	19.7
Benefits paid	**-12.4**	-14.7
Other changes	**0.0**	0.3
Translation differences	**4.9**	6.3
Fair value of plan assets at Dec 31	**172.0**	149.3
Expenses recognized in the income statement*		
Current service cost	**-1.9**	-2.6
Interest cost	**-11.8**	-12.5
Expected return on plan assets	**9.9**	9.4
Net actuarial gains and losses recognized	**-2.2**	-2.3
Unrecognized prior service cost	**-**	0.0
Gains and losses on curtailments and settlements	**-0.1**	1.1
Total charge (Net periodic cost)	**-6.1**	-6.9
Actual return on plan assets*	**8.8**	9.9

The Group expects to contribute EUR 15.9 million to its defined benefit plans in 2012.

	2011	2010
Plan asset categories*		
Equity instruments	**40.9%**	46.4%
Debt instruments	**42.6%**	37.7%
Property	**0.1%**	0.2%
Other	**16.4%**	15.7%

	2011	2010
Principal actuarial assumptions*		
Europe		
Discount rate at Dec 31	**3.0%–5.1%**	2.5%–5.3%
Expected return on plan assets	**2.8%–5.8%**	2.8%–6.4%
Future salary increases	**2.8%–3.5%**	2.5%–3.5%
Future pension increases	**1.8%–3.2%**	1.8%–3.4%
North America		
Discount rate at Dec 31	**3.8%–4.8%**	5.3%
Expected return on plan assets	**7.8%**	6.5%–8.0%
Future salary increases	**4.5%**	4.5%

The actuarial assumptions in other countries are immaterial.

Assumptions regarding future mortality are based on actuarial guidelines in accordance with published statistics and experience in each region. Mortality assumptions used in the most important countries and plans are based on the following post-retirement mortality tables: a) Germany: Richttafeln 2005 G, b) Great-Britain: projected to year 2020 PMA (92) and PFA (92) and c) the United States: RP2000.

EUR million	2011	2010	2009	2008	2007
Five-year overview*					
Present value of obligations	**268.4**	244.4	230.6	210.0	231.8
Fair value of plan assets	**-172.0**	-149.3	-127.2	-107.1	-151.0
Deficit/surplus	**96.4**	95.1	103.4	102.9	80.8
Experience adjustments to plan liabilities	**1.6**	-1.9	6.4	-8.2	-2.0
Experience adjustments to plan assets	**-1.0**	0.8	6.8	-38.2	-1.7

*Including discontinued operations

25. Provisions

Including discontinued operations

EUR million	Restructuring	Environmental	Other	Total
Balance at Jan 1, 2011	3.9	2.3	4.7	10.8
Translation differences	0.0	-	0.0	0.1
Increase in provisions	16.3	0.2	3.2	19.6
Used provisions	-2.3	0.0	-1.8	-4.1
Reversal of provisions	-0.8	0.0	-0.7	-1.5
Balance at Dec 31, 2011	**17.2**	**2.4**	**5.3**	**24.9**
Non-current	2.0	2.1	0.4	4.5
Current	15.2	0.3	4.9	20.4
Total	**17.2**	**2.4**	**5.3**	**24.9**

Increase in restructuring provisions relates mainly to the profit improvement program. The provisions are mainly expected to be used within 12 months.

The used restructuring provisions relate mainly to the closure of paper machines in Chirnside and Turin plants and customer claims in France.

Environmental provisions have mainly been made for landscaping of dumps in Finland, with no major changes during the year.

Other provisions consist mostly of customer claim provisions and legal claim provision in France. The provisions are mainly to be used within 12 months.

26. Interest-bearing loans and borrowings

	Fair value		Carrying amount	
EUR million	2011	2010	2011	2010
Non-current				
Loans from financial institutions	**129.2**	98.0	**129.2**	98.0
Finance lease liabilities	**7.4**	8.2	**8.4**	9.3
Other non-current loans	**135.6**	153.7	**136.5**	154.3
Continuing operations	**272.3**	259.9	**274.2**	261.7
Current				
Current portion of non-current loans	**32.3**	38.6	**32.3**	38.6
Current portion of finance lease liabilities	**1.2**	1.5	**1.2**	1.5
Other current loans	**24.6**	52.9	**24.6**	52.9
Total	**58.0**	92.9	**58.1**	93.0
Discontinued operations	**-**	-2.0	**-**	-2.0
Continuing operations	**58.0**	94.9	**58.1**	95.0

The carrying amounts of non-current and current loans from financial institutions and other loans are measured at amortized cost using the effective interest rate. Other non-current loans includes a bond which is listed in NASDAQ OMX Helsinki. The carrying amounts of other liabilities are reasonable approximations of their fair values.

In 2011, the weighted average of effective interest rates for interest-bearing loans was 4.64% (4.7% in 2010).

EUR million	2011	2010
Currency distribution of non-current interest-bearing liabilities:		
Continuing operations		
EUR	**213.3**	239.7
USD	**48.2**	0.0
Others	**12.7**	22.0
Currency distribution of current interest-bearing liabilities:		
Continuing operations		
EUR	**27.6**	62.7
USD	**12.6**	8.6
Others	**17.9**	23.7

EUR million	2011	2010
Finance lease liabilities		
Including discontinued operations		
Minimum lease payments		
Within one year	**1.6**	1.9
Between one and five years	**8.1**	8.9
More than five years	**1.2**	1.7
Total minimum lease payments	**10.9**	12.5
Future finance charges	**-1.3**	-1.6
Present value of minimum lease payments	**9.6**	10.9
Present value of minimum lease payments		
Within one year	**1.2**	1.5
Between one and five years	**7.3**	7.8
More than five years	**1.1**	1.6
Present value of minimum lease payments	**9.6**	10.9

The Group has leased production facilities, office premises, land areas, machinery and other items of property, plant and equipment under finance lease agreements of varying duration.

27. Trade and other payables

EUR million	2011	2010
Non-current		
Other liabilities	**0.1**	0.1
Accrued expenses and deferred income	**4.7**	4.3
Total	**4.8**	4.4
Discontinued operations	**0.0**	-
Continuing operations	**4.8**	4.4
Current		
Trade payables	**249.3**	279.3
Accrued expenses and deferred income	**58.6**	59.6
Derivative financial instruments	**2.1**	1.4
Advances received	**1.0**	0.6
Liabilities to associated companies	**3.4**	0.2
Other current liabilities	**21.9**	19.9
Total	**336.3**	361.1
Discontinued operations	**7.5**	34.0
Continuing operations	**328.8**	327.1
Specification of accrued expenses and deferred income		
Including discontinued operations		
Accrued wages, salaries and related cost	**49.4**	51.8
Accrued interest expense	**5.6**	2.9
Other	**8.3**	9.3
Total	**63.4**	64.0

28. Carrying amounts of financial assets and liabilities by measurement categories

EUR million	(Note)	Financial assets/ liabilities at fair value through profit and loss	Derivatives under hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Discontinued operations	Continuing operations	IFRS fair value hierarchy level
2011										
Non-current financial assets										
Other investments	(18)	-	-	-	0.4	-	**0.4**	-	**0.4**	
Other receivables	(22)	-	-	52.0	-	-	**52.0**	0.0	**51.9**	
Current financial assets										
Trade and other receivables	(22)	-	-	257.2	-	-	**257.2**	18.4	**238.8**	
Derivative financial instruments	(22,29)	2.6	-	-	-	-	**2.6**	-	**2.6**	2
Cash and cash equivalents	(19)	-	-	94.4	-	-	**94.4**	0.4	**94.0**	
Carrying amount by category		**2.6**	**-**	**403.6**	**0.4**	**-**	**406.6**	**18.8**	**387.8**	
Non-current financial liabilities										
Interest-bearing loans and borrowings	(26)	-	-	-	-	274.2	**274.2**	-	**274.2**	
Other liabilities	(27)	-	-	-	-	4.8	**4.8**	0.0	**4.8**	
Current financial liabilites										
Interest-bearing loans and borrowings	(26)	-	-	-	-	58.1	**58.1**	-	**58.1**	
Trade and other payables	(27)	-	-	-	-	334.2	**334.2**	7.5	**326.7**	
Derivative financial instruments	(27,29)	2.1	-	-	-	-	**2.1**	-	**2.1**	2
Carrying amount by category		**2.1**	**-**	**-**	**-**	**671.3**	**673.4**	**7.6**	**665.8**	
2010										
Non-current financial assets										
Other investments	(18)	-	-	-	0.4	-	0.4	-	0.4	
Other receivables	(22)	-	-	35.8	-	-	35.8	-10.8	46.5	
Current financial assets										
Trade and other receivables	(22)	-	-	302.1	-	-	302.1	38.9	263.2	
Derivative financial instruments	(22,29)	3.5	0.1	-	-	-	3.6	-	3.6	2
Cash and cash equivalents	(19)	-	-	24.6	-	-	24.6	1.1	23.5	
Carrying amount by category		3.5	0.1	362.5	0.4	-	366.6	29.3	337.3	
Non-current financial liabilities										
Interest-bearing loans and borrowings	(26)	-	-	-	-	261.7	261.7	0.0	261.7	
Other liabilities	(27)	-	-	-	-	4.4	4.4	-	4.4	
Current financial liabilites										
Interest-bearing loans and borrowings	(26)	-	-	-	-	93.0	93.0	-2.0	95.0	
Trade and other payables	(27)	-	-	-	-	359.7	359.7	34.0	325.7	
Derivative financial instruments	(27,29)	1.3	0.1	-	-	-	1.4	-	1.4	2
Carrying amount by category		1.3	0.1	-	-	718.8	720.2	32.0	688.2	

All Group's financial instruments measured at fair value belong to level 2 in the IFRS 7 standard fair value hierarchy.

29. Derivative financial instruments

EUR million	Nominal value maturing in < 1 year	Nominal value maturing in > 1 year	Total	Fair value, assets maturing in < 1 year	Fair value, assets maturing in > 1 year	Fair value, liabilities maturing in < 1 year	Fair value, liabilities maturing in > 1 year
2011							
Non-hedge accounting							
Foreign exchange forward contracts*	107.8	-	107.8	0.8	-	-1.6	-
Interest rate options	-	10.0	10.0	-	0.0	-	-
Commodity derivatives	44.8	-	44.8	1.8	-	-0.5	-
Total	**152.6**	**10.0**	**162.6**	**2.6**	**0.0**	**-2.1**	**-**
2010							
Hedge accounting							
Foreign exchange forward contracts*	9.2	-	9.2	-	-	-0.1	-
Commodity derivatives	12.7	-	12.7	0.1	-	-	-
Total	21.9	-	21.9	0.1	-	-0.1	-
Non-hedge accounting							
Foreign exchange forward contracts*	240.1	-	240.1	3.5	-	-1.4	-
Interest rate options	-	10.0	10.0	-	-	-	0.1
Total	240.1	10.0	250.1	3.5	-	-1.4	0.1

* Outstanding foreign exchange forward contracts, nominal amount of EUR 107.8 million (EUR 249.3 million in 2010) relate to the hedging of the operational and financial cash flows.

The fair values of derivative financial instruments are the discounted cashflows calculated using existing forward prices of derivatives.

30. Operating leases

Including discontinued operations

EUR million	2011	2010
Minimum lease payments from operating lease contracts:		
Within one year	**5.8**	7.1
Between one and five years	**9.6**	11.3
More than five years	**10.2**	9.0
Total	**25.5**	27.4

Lease arrangements are mainly related to buildings and constructions as well as to machinery and equipment.

In 2011 rental expenses from operating leases booked to income statement amounted to EUR 9.1 million (EUR 8.3 million in 2010).

31. Collaterals and commitments

Including discontinued operations

EUR million	2011	2010
Mortgages	**73.0**	73.0
Pledges	**0.3**	0.2
Commitments		
Guarantees given on behalf of group companies	**19.5**	19.8
Guarantees given on behalf of associated companies	**15.0**	-
Capital expenditure commitments	**19.5**	3.6
Other commitments	**3.1**	2.6

The most significant capital expenditure commitments are related to the additional investments to Longkou, Binzhou, Turin and Stenay plants.

Other commitments include binding contract for purchases of energy among others.

Group companies are currently not a party to any material legal, arbitration or administrative proceedings.

Operating lease commitments are specified in note 30.

32. Transactions with related parties

The Group has a related party relationship with its subsidiaries, associated companies and its management.

At Dec 31, 2011 the Group parent company and subsidiaries are as follows

	Ownership interest, %	Country
Parent company Ahlstrom Corporation		Finland
Ahlstrom Australia Pty Ltd	100.0	Australia
Ahlstrom Brasil Indústria e Comércio de Papéis Especiais Ltda	100.0	Brazil
Ahlstrom Fabricação de Não Tecidos Ltda	100.0	Brazil
Ahlstrom Chirnside Limited	100.0	UK
Ahlstrom Fiber Composites India Private Ltd	100.0	India
Ahlstrom Japan Inc.	100.0	Japan
Ahlstrom Korea Co., Ltd	100.0	South Korea
Ahlstrom Malmédy SA	100.0	Belgium
Ahlstrom Monterrey, S. de R.L. de C.V.	100.0	Mexico
Ahlstrom Sales Helsinki Oy	100.0	Finland
Ahlstrom Sales LLC	100.0	Russia
Ahlstrom South Africa (Pty) Ltd	100.0	South Africa
Ahlstrom Ställdalen AB	100.0	Sweden
Ahlstrom Warsaw Sp. Z.o.o	100.0	Poland
Ahlstrom Yulong Specialty Paper Company Ltd	60.0	China
Akerlund & Rausing Kuban Holding GmbH	100.0	Germany
Fiberflow Oy	100.0	Finland
Lantor (Hong Kong) Limited	100.0	Hong Kong
Ahlstrom Asia Holdings Pte Ltd	100.0	Singapore
PT Ahlstrom Indonesia	100.0	Indonesia
Ahlstrom Barcelona, S.A.	100.0	Spain
Ahlstrom Ibérica, S.L.	100.0	Spain
Ahlstrom Glassfibre Oy	100.0	Finland
Karhulan Teollisuuskeräys Oy	100.0	Finland
Ahlstrom Holding GmbH	100.0	Germany
Ahlstrom Munich GmbH	100.0	Germany
Ahlstrom Osnabrück GmbH	100.0	Germany
Ahlstrom Nümbrecht GmbH & Co. KG	100.0	Germany
Ahlstrom Nümbrecht Verwaltung GmbH	100.0	Germany

At Dec 31, 2011 the Group parent company and subsidiaries are as follows

	Ownership interest, %	Country
Ahlstrom Industrial Holdings Limited	100.0	UK
Ahlstrom Group Finance Limited	100.0	UK
Ahlstrom Industries	100.0	France
Ahlstrom Brignoud	100.0	France
Ahlstrom Tampere Oy	100.0	Finland
Ahlstrom Chantraine	100.0	France
Ahlstrom Labelpack	100.0	France
Ahlstrom Research and Services	100.0	France
Ahlstrom Specialties	100.0	France
Ahlstrom Russia Oy	100.0	Finland
Ahlstrom Tver LLC	100.0	Russia
Ahlstrom Turin S.p.A.	100.0	Italy
Ahlstrom USA Inc.	100.0	USA
Ahlstrom North America LLC	100.0	USA
Ahlstrom Filtration LLC	100.0	USA
Ahlstrom Nonwovens LLC	100.0	USA
Windsor Locks Canal Company	100.0	USA
Ahlstrom Glass Nonwovens LLC	100.0	USA
Ahlstrom West Carrollton Inc.	100.0	USA
Porous Power Technologies LLC	49.5	USA
Titanium Foreign Sales Corporation	100.0	USA
Tybalt Limited	100.0	UK
Ahlstrom Fibercomposites (Binzhou) Limited	100.0	China

Ownership interest does not differ from the voting rights.

Board Remuneration

EUR thousand	2011	2010
Board members at December 31, 2011		
Peter Seligson, Chairman	**93**	88
Pertti Korhonen, Vice Chairman	**50**	-
Thomas Ahlström	**51**	41
Sebastian Bondestam	**51**	43
Lori J. Cross	**66**	41
Esa Ikäheimonen	**59**	-
Anders Moberg	**73**	59
Former Board members		
Jan Inborr	**-**	12
Martin Nüchtern	**-**	9
Bertel Paulig	**11**	49
Total	**454**	343
Employee benefits for key management		
Short-term employee benefits	**5,302**	5,113
Post-employment benefits	**442**	203
Share-based incentive plan	**961**	2,285
Total	**6,706**	7,601
Executive Remuneration		
President and CEO Jan Lång	**931**	1,023
Other Executive Management Team (EMT) members	**4,371**	4,090
Total	**5,302**	5,113
Loans to key management		
William Casey	**407**	400
Total	**407**	400

The CEO and the other members of the EMT may participate in voluntary pension insurances. All such pension insurances are country-specific defined contribution plans. As regards each participant, the annual contribution of the Company to the relevant plan does not exceed his/her two month's salary (including fringe benefits without bonuses). The participants' pensions will be determined based on the applicable local pension rules and the amount of their savings in the aforesaid defined contribution plans. According to the terms and conditions of the plan, the CEO may retire at the age of 60, at the earliest.

Share-based incentive plan

On January 31, 2008 Ahlstrom's Board of Directors approved a share-based long-term incentive plan for the Executive Management Team (EMT) as part of the remuneration and commitment program. The plan will last five years, comprising three one-year earning periods, the years 2008, 2009 and 2010 followed by two-year ownership periods. The plan offers a possibility to receive Ahlstrom shares and cash (equaling the amount of taxes of the total reward) as a reward, if the targets set by the Board for each earning period are achieved. Shares earned on the basis of the plan must be owned for at least two years after each earning period.

As Ahlstrom did not reach the EPS target set by the Board, no shares or cash were received by the EMT members for 2008.

Ahlstrom's Board of Directors approved some changes to the share-based incentive scheme in May 2009. The 2009 and 2010 earning periods were combined into one period 2010. The target set for the earning period was changed from earnings per share (EPS) to return on capital employed (ROCE). The accrued costs of the plan were EUR 0.2 million for 2009, EUR 4.6 million for 2010 and EUR 0.2 million for 2011.

The ROCE target set for the earning period 2010 was reached partially. According to the terms and conditions of the plan a total of 124,995 shares were transferred to the 13 recipients as the payout of the plan. Fair value of the shares paid on the transfer date was EUR 16.28 per share.

On December 15, 2010 Ahlstrom's Board of Directors approved a new long-term share-based incentive plan for 2011–2015 for the Executive Management Team (EMT) and other key employees consisting in total of maximum 50 persons per earning period.

The plan will be in effect for five years and consists of three earning periods 2011–2012, 2012–2014 and 2013–2015. The plan offers a possibility to receive Ahlstrom shares and cash equivalent to the amount of taxes of the total reward, if return on capital employed and earnings per share targets set by the Board for each earning period are achieved. If the targets of the plan are achieved in full for all three earning periods, the reward to be paid on the basis of the plan will in its entirety correspond to a gross value of approximately 1,000,000 shares as a maximum. Transfer of the shares earned for one earning period is restricted for one year after the earning period. The accrued cost of the plan was EUR 0.1 million for 2011.

The Board recommends that the President & CEO holds shares in the Company corresponding in value to his annual net salary and that the other EMT members hold shares in the Company corresponding in value to half of their annual net salary.

Share ownership plan for EMT

On August 17, 2010 the Board decided on a new share ownership plan for the Group's Executive Management Team (EMT). The purpose of the ownership plan is to support the shareholding of the EMT members in the company. Ahlstrom finances the management's holding company Ahlcorp Oy as part of a system which enables significant long-term shareholding by the management in the company. the President and CEO and a group of EMT members personally invested a significant amount of their own funds in Ahlstrom shares through a holding company, Ahlcorp Oy. Due to the U.S. legal requirements, American EMT member William Casey acquired Ahlstrom shares directly. The plan harmonizes the benefits of the company and its management and supports the achievement of Ahlstrom's strategic objectives.

As part of the plan, Ahlcorp Oy and William Casey purchased Ahlstrom Corporation shares worth EUR 4.9 million from the market. The purchase was financed with a capital investment of the executive team members in Ahlcorp Oy as well as with an interest-bearing loan of EUR 3.8 million granted to Ahlcorp Oy and William Casey by Ahlstrom Corporation. The loan will be repaid in full by December 31, 2013. If the plan is continued in 2013 and 2014, the loan repayment will be postponed accordingly. Ahlcorp Oy has the right to repay the loan at any time and is obligated to prepay the loan by selling shares it holds in Ahlstrom Corporation if the share price exceeds a certain predetermined value.

The plan is in effect until the release date of the January-September 2013 interim report after which the plan will be discontinued in a manner to be decided on later. In 2013 and 2014, the plan will continue one year at a time if the price of Ahlstrom Corporation's share in October-November of these years is lower than the price paid by Ahlcorp Oy for these shares. While the plan is in effect, selling shares of Ahlstrom Corporation held by Ahlcorp Oy is restricted.

33. Subsequent events after the balance sheet date

The Group's management does not have knowledge of any significant events after the balance sheet date, which would have had an impact on the financial statements.

Key figures

EUR million	2011	2010	2009	2008	2007
Financial indicators					
Net sales	**1,852.6**	1,894.2	1,596.1	1,802.4	1,760.8
Net sales - Continuing operations	**1,607.2**	1,636.3			
Personnel costs	**353.8**	350.0	337.8	337.8	362.1
% of net sales	**19.1**	18.5	21.2	18.7	20.6
Personnel costs - Continuing operations	**323.6**	315.3			
% of net sales	**20.1**	19.3			
Depreciation and amortization	**92.3**	104.8	106.7	97.9	93.9
Depreciation and amortization - Continuing operations	**84.5**	88.2			
Impairment charges	**32.7**	0.2	31.1	14.4	5.9
Impairment charges - Continuing operations	**10.8**	0.1			
Operating profit	**2.0**	53.7	-14.6	14.6	25.8
% of net sales	**0.1**	2.8	-0.9	0.8	1.5
Operating profit - Continuing operations	**20.1**	46.5			
% of net sales	**1.3**	2.8			
Net interest expense	**16.6**	21.4	23.3	30.0	20.9
% of net sales	**0.9**	1.1	1.5	1.7	1.2
Net interest expense - Continuing operations	**16.3**	2.8			
% of net sales	**1.0**	0.2			
Profit before taxes	**-27.0**	25.5	-40.1	-20.6	0.2
% of net sales	**-1.5**	1.3	-2.5	-1.1	0.0
Profit before taxes - Continuing operations	**-6.6**	18.8			
% of net sales	**-0.4**	1.1			
Profit for the period attributable to owners of the parent	**-32.2**	17.9	-32.9	-17.9	0.5
% of net sales	**-1.7**	0.9	-2.1	-1.0	0.0
Interest on hybrid bond for the period after taxes	**5.6**	5.6	0.6	-	-

EUR million	2011	2010	2009	2008	2007
Capital employed (end of period)	**955.0**	1,058.5	1,101.5	1,285.0	1,270.6
Capital employed (end of period) - Continuing operations	**922.9**	887.4			
Interest-bearing net liabilities	**237.8**	330.1	395.9	598.7	491.1
Total equity	**622.7**	703.8	685.6	628.1	752.4
Return on capital employed (ROCE), %	**-0.1**	5.0	-1.1	1.4	2.5
Return on capital employed (ROCE), % - Continuing operations	**2.0**	5.2			
Return on equity (ROE), %	**-4.9**	2.6	-5.0	-2.3	0.2
Equity ratio, %	**43.6**	45.6	44.8	36.8	44.0
Gearing ratio, % (Net debt to equity ratio)	**38.2**	46.9	57.7	95.3	65.3
Capital expenditure, including acquisitions	**71.4**	62.3	63.8	167.0	371.9
% of net sales	**3.9**	3.3	4.0	9.3	21.1
Capital expenditure, including acquisitions - Continuing operations	**67.4**	58.5			
% of net sales	**4.2**	3.6			
R&D expenditure	**19.3**	20.3	21.6	23.8	23.9
% of net sales	**1.0**	1.1	1.4	1.3	1.4
R&D expenditure - Continuing operations	**17.9**	18.6			
% of net sales	**1.1**	1.1			
Net cash from operating activities	**83.7**	167.5	209.6	102.4	43.9
Number of employees, year-end	**5,223**	5,688	5,841	6,365	6,481
Number of employees, year-end - Continuing operations	**5,202**	5,131			
Number of employees, annual average	**5,666**	5,823	5,993	6,510	6,108
Net sales per employee, EUR thousands	**327**	325	266	277	288
Number of employees, annual average - Continuing operations	**5,181**	5,264			
Net sales per employee, EUR thousands	**310**	311			

EUR million	2011	2010	2009	2008	2007
Share indicators					
Earnings per share, EUR	**-0.81**	0.26	-0.72	-0.38	0.01
Earnings per share, EUR - Continuing operations	**-0.38**	0.11			
Earnings per share, diluted, EUR	**-0.81**	0.26	-0.72	-0.38	0.01
Effect of the interest on hybrid bond for the period after taxes, EUR	**0.12**	0.12	0.01	0.00	0.00
Equity per share, EUR	**11.50**	13.48	12.98	13.46	15.35
Dividend per share, EUR	***1.30**	0.88	0.55	0.45	1.00
Payout ratio, %	**n/a**	338.5	n/a	n/a	n/a
Number of outstanding shares at the end of the period (1,000 shares)	**46,105.3**	46,224.3	46,670.6	46,670.6	46,670.6
Own shares held by the parent company at the end of the period (1,000 shares)	**269.0**	150.0	-	-	-
Shares held by Ahlcorp Oy at the end of the period (1,000 shares)	**296.3**	296.3	-	-	-
Total number of shares at the end of the period (1,000 shares)	**46,670.6**	46,670.6	46,670.6	46,670.6	46,670.6
Average number of shares during the period (1,000 shares)	**46,670.6**	46,670.6	46,670.6	46,670.6	46,476.2
Average number of outstanding shares during the period (1,000 shares)	**46,281.8**	46,514.2	46,670.6	46,670.6	46,476.2

Net sales and operating profit are determined in the accounting principles of the consolidated financial statements.

* The Board of Directors' proposal to the Annual General Meeting.

Calculation of key figures

Interest-bearing net liabilities	Interest-bearing loans and borrowings - Cash and cash equivalents - Other investments (current)	
Equity ratio, %	Total equity / Total assets - Advances received	x 100
Gearing ratio, %	Interest-bearing net liabilities / Total equity	x 100
Return on equity (ROE), %	Profit (loss) for the period / Total equity (annual average)	x 100
Return on capital employed (ROCE), %	Profit (loss) before taxes + Financing expenses / Total assets (annual average) - Non-interest bearing liabilities (annual average)	x 100
Earnings per share, EUR	Profit for the period attributable to owners of the parent - Interest on hybrid bond for the period after taxes / Average number of shares during the period	
Equity per share, EUR	Equity attributable to owners of the parent / Number of outstanding shares at the end of the period	
Dividend per share, EUR	Dividends paid for the period / Number of outstanding shares at the end of the period	
Payout ratio, %	Dividend per share / Earnings per share	x 100

Income statement

EUR million	(Note)	2011	2010
Net sales	(1)	**56.6**	50.1
Other operating income		**0.5**	0.1
Personnel costs	(2)	**-14.2**	-10.7
Depreciation and amortization	(9)	**-1.2**	-1.1
Other operating expense	(3)	**-28.3**	-25.1
		-43.7	-36.9
Operating profit		**13.4**	13.3
Financing income and expense			
Dividend income	(4)	**34.4**	38.3
Interest and other financing income	(5)	**6.9**	7.7
Reduction in value of investments held as non-current assets		**-2.1**	-4.3
Interest and other financing expense	(6)	**-25.0**	-31.1
Gains and losses on foreign currency		**-0.3**	-3.9
		13.9	6.7
Profit before extraordinary items		**27.3**	20.0
Extraordinary items			
Extraordinary income	(7)	**1.2**	2.6
Profit before appropriations and taxes		**28.5**	22.6
Appropriations			
Change in cumulative accelerated depreciation		**-0.1**	-0.1
Income taxes	(8)	**0.1**	3.6
Profit for the period		**28.5**	26.1

Balance sheet

EUR million	(Note)	Dec 31, 2011	Dec 31, 2010
Assets			
Non-current assets			
Intangible assets	(9)		
Intangible rights		**2.8**	6.7
Advances paid		**0.3**	1.0
		3.1	7.7
Tangible assets	(9)		
Land and water areas		**0.4**	0.4
Machinery and equipment		**0.0**	0.0
Other tangible assets		**0.1**	0.1
		0.5	0.5
Long-term investments	(10)		
Shares in Group companies		**1,095.2**	1,127.9
Receivables from Group companies		**23.0**	25.1
Shares in associated companies		**32.7**	2.7
Shares in other companies		**0.5**	0.5
		1,151.4	1,156.2
Current assets			
Long-term receivables			
Receivables from Group companies	(16)	**89.3**	143.0
Loans receivable		**0.4**	0.4
Deferred tax assets	(15)	**1.0**	1.2
Prepaid expenses and accrued income	(11)	**1.3**	0.7
		92.0	145.3
Short-term receivables			
Trade receivable		**0.0**	-
Receivables from Group companies	(16)	**51.7**	71.5
Receivables from associated companies		**0.4**	-
Deferred tax assets	(15)	**4.9**	4.2
Prepaid expenses and accrued income	(11)	**1.7**	12.3
		58.7	88.1
Short-term Investments		**10.0**	-
Cash and cash equivalents		**54.4**	0.1
Total assets		**1,370.1**	1,398.0

EUR million	(Note)	Dec 31, 2011	Dec 31, 2010
Shareholders' equity and liabilities			
Shareholders' equity	(12)		
Share capital		**70.0**	70.0
Share premium		**187.8**	187.8
Non-restricted equity reserve		**8.3**	8.3
Retained earnings		**599.7**	615.9
Profit for the period		**28.5**	26.1
		894.3	908.0
Appropriations			
Cumulative accelerated depreciation		**0.2**	0.1
Provisions for contingencies	(14)	**4.2**	4.5
Liabilities			
Long-term liabilities	(13)		
Hybrid bond		**80.0**	80.0
Bonds		**99.4**	99.3
Loans from financial institutions		**116.6**	75.9
Pension loans		**36.9**	54.8
Accrued expenses and deferred income	(17)	**0.6**	-
		333.5	310.0
Short-term liabilities			
Loans from financial institutions		**7.6**	56.0
Pension loans		**17.9**	1.2
Trade payables		**1.5**	2.5
Liabilities to Group companies	(16)	**98.5**	106.2
Other short-term liabilities		**3.6**	0.5
Accrued expenses and deferred income	(17)	**8.8**	8.9
		137.9	175.4
Total liabilities		**471.4**	485.4
Total shareholders' equity and liabilities		**1,370.1**	1,398.0

Statement of cash flows

EUR million	2011	2010
Cash flow from operating activities		
Operating profit	**13.4**	13.3
Depreciation, amortization and write-downs	**1.2**	1.1
Other adjustments	**1.5**	0.3
Operating profit before change in net working capital	**16.1**	14.7
Change in net working capital	**-0.6**	2.5
Cash generated from operations	**15.5**	17.2
Interest income	**5.8**	6.9
Interest and other financing expense	**-23.8**	-30.3
Gains and losses on foreign currency	**3.6**	-7.4
Income taxes	**-0.9**	-0.2
Net cash from operating activities	**0.2**	-13.8
Cash flow from investing activities		
Capital expenditures	**-1.8**	-8.1
Capital injections in Group companies	**-52.2**	-52.9
Acquisitions of associated companies	**-30.0**	-
Capital repayments from Group companies	**81.9**	76.2
Proceeds from sale of Group companies	**0.7**	-
Proceeds from sale of non-current assets	**5.3**	-
Dividends received	**34.4**	38.3
Net cash used in investing activities	**38.3**	53.5
Cash flow from financing activities		
Change in notes receivable and short-term investments	**64.0**	82.7
Change in long-term debt	**18.9**	36.1
Change in short-term debt	**-25.7**	-132.9
Dividends paid	**-41.4**	-25.9
Repurchase of own shares	**-3.1**	-2.0
Group contributions	**3.1**	1.4
Net cash used in financing activities	**15.8**	-40.6
Net change in cash and cash equivalents	**54.3**	-0.9
Cash and cash equivalents at the beginning of the period	**0.1**	1.0
Cash and cash equivalents at the end of the period	**54.4**	0.1

Accounting principles

Company information

Ahlstrom Corporation is the parent company of the Ahlstrom Group and acts as a holding company for its subsidiaries. The parent company coordinates the treasury functions of Ahlstrom and also the group internal financing. In addition, the parent company sells management services and other administrative services to its subsidiaries. The shares of Ahlstrom Corporation are listed on the NASDAQ OMX Helsinki.

Basis of preparation

The financial statements of the company have been prepared in euro and in accordance with the requirements of Finnish Accounting Act and other acts and accounting principles generally accepted in Finland. The consolidated financial statements of Ahlstrom Group have been prepared in accordance with International Financial Reporting Standards (IFRS), and the parent company complies with the Group's accounting principles whenever this has been possible.

Non-current assets

Intangible and tangible non-current assets are stated at historical cost less accumulated depreciation or amortization. Depreciation and amortization are calculated on a straight line basis over the estimated useful lives of the assets as follows:

Trademarks, patents and licenses
5–10 years
Computer software
3–5 years
Machinery and equipment
3–10 years

Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses arising from translation are recognized in the financial income and expenses in the income statement.

Derivative financial instruments

The derivative financial instruments include foreign exchange forward contracts, an interest rate option and commodity derivatives. They are used for hedging purposes, to decrease currency, interest rate and commodity price risk.

Derivative contracts are initially recognised at fair value and subsequently re-measured at their fair value through profit and loss.

Extraordinary items

The extraordinary items in the financial statements include group contributions granted or received and the related income tax effects.

Income taxes

Deferred taxes are provided for temporary differencies arising between the carrying amounts in the balance sheet and the tax bases of assets and liabilities as well as for tax losses carried forward using the relevant enacted tax rate. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilized.

Leasing

Payments made under operating leases, or under rental agreements, are expensed as incurred.

Pension plans

A statutory pension liability and supplementary pension benefits are funded through compulsory insurance policies. Payments to pension insurance institutions are determined by the insurance institution according to prescribed actuarial calculations. Pension insurance premiums are charged to income. In Finland, the accrued pension liabilities not covered by insurance policies and their changes are recorded in the balance sheet and income statement according to accounting principles generally accepted in Finland.

Hybrid bond

The subordinated hybrid bond is reported in the balance sheet under the long-term liabilities. Interest payable under the loan terms is accrued over the loan period. The arrangement fee is recognized as expense on the date of issue.

1. Distribution of net sales

EUR million	2011	2010
France	**13.6**	11.9
USA	**13.5**	12.8
Italy	**9.0**	7.5
Germany	**4.7**	4.9
Finland	**4.2**	2.7
Brazil	**4.1**	3.8
United Kingdom	**1.7**	1.6
South Korea	**1.4**	1.2
Sweden	**1.3**	1.0
Spain	**1.1**	1.1
Belgium	**1.0**	0.9
Other	**1.0**	0.7
Total	**56.6**	50.1

2. Personnel costs

EUR million	2011	2010
Remuneration of board members	**-0.5**	-0.3
Remuneration and bonuses of managing director	**-1.9**	-1.0
Other wages and salaries	**-9.7**	-7.1
Pension costs	**-1.6**	-1.8
Other wage-related costs	**-0.5**	-0.5
Total	**-14.2**	-10.7

The President and CEO and the other members of the Corporate Executive Team may participate in voluntary pension insurances. All such pension insurances are defined contribution plans. According to the terms and conditions of the plan, the President and CEO may retire at the age of 60, at the earliest.

	2011	2010
Average number of personnel		
Salaried	**71**	64

3. Auditors' fees

EUR million	2011	2010
To PricewaterhouseCoopers		
Audit	**-0.2**	-0.2
Tax services	**-0.0**	-0.0
Other services	**-0.4**	-0.0
Total	**-0.6**	-0.2

4. Dividend income

EUR million	2011	2010
from Group companies	**34.4**	38.3

5. Interest and other financing income

EUR million	2011	2010
from Group companies	**5.8**	7.4
from others	**1.1**	0.3
Total	**6.9**	7.7

6. Interest and other financing expense

EUR million	2011	2010
to Group companies	**-0.9**	-0.6
to others	**-24.1**	-30.6
Total	**-25.0**	-31.2

7. Extraordinary items

EUR million	2011	2010
Group contributions	**1.6**	3.5
Tax related to extraordinary items	**-0.4**	-0.9
Total	**1.2**	2.6

8. Income taxes

EUR million	2011	2010
Taxes for current and previous years	**-0.8**	0.2
Deferred taxes	**0.5**	2.5
Tax related to extraordinary items	**0.4**	0.9
Income taxes in the income statement	**0.1**	3.6

9. Intangible and tangible assets

EUR million	Intangible rights	Land and water areas	Machinery and equipment	Other tangible assets
2011				
Historical cost at Jan 1	13.6	0.4	0.2	0.6
Increases	1.7	-	-	-
Decreases	-9.3	-	-	-
Historical cost at Dec 31	**6.0**	**0.4**	**0.2**	**0.6**
Accumulated depreciation and amortization at Jan 1	5.9	-	0.2	0.5
Depreciation and amortization for the fiscal year	1.2	-	-	-
Decreases	-4.2	-	-	-
Accumulated depreciation and amortization at Dec 31	**2.9**	**-**	**0.2**	**0.5**
Book value at Dec 31, 2011	**3.1**	**0.4**	**0.0**	**0.1**

EUR million	Intangible rights	Land and water areas	Machinery and equipment	Other tangible assets
2010				
Historical cost at Jan 1	2.9	0.4	0.2	0.6
Increases	10.7	-	-	-
Decreases	0.0	-	-	-
Historical cost at Dec 31	13.6	0.4	0.2	0.6
Accumulated depreciation and amortization at Jan 1	2.2	-	0.2	0.5
Depreciation and amortization for the fiscal year	1.1	-	-	-
Decreases	2.6	-	0.0	-
Accumulated depreciation and amortization at Dec 31	5.9	-	0.2	0.5
Book value at Dec 31, 2010	7.7	0.4	0.0	0.1

10. Long-term investments

EUR million	Shares in Group companies	Receivables from Group companies	Shares in associated companies	Shares in other companies
2011				
Historical cost at Jan 1	1,128.0	25.1	2.7	0.5
Increases	52.2	-	30.0	-
Decreases	-85.0	-2.1	-	-
Historical cost at Dec 31	**1,095.2**	**23.0**	**32.7**	**0.5**
Book value at Dec 31, 2011	**1,095.2**	**23.0**	**32.7**	**0.5**
2010				
Historical cost at Jan 1	1,155.6	25.1	2.7	0.5
Increases	52.9	0.0	-	-
Decreases	-80.5	0.0	-	-
Historical cost at Dec 31	**1,128.0**	**25.1**	**2.7**	**0.5**
Book value at Dec 31, 2010	**1,128.0**	**25.1**	**2.7**	**0.5**

11. Prepaid expenses and accrued income

EUR million	2011	2010
Long-term		
Loan arrangement fees	**1.3**	0.7
Short-term		
Accruals of hedging contracts	**0.8**	3.6
Loan arrangement fees	**0.4**	1.3
Accrued rebates	**-**	7.3
Other	**0.5**	0.1
Total	**1.7**	12.3

12. Shareholders' equity

EUR million	2011	2010
Balance at Jan 1	**908.0**	910.1
Dividends paid	**-41.1**	-25.6
Donations	**-0.1**	-0.5
Repurchase of own shares	**-3.1**	-2.0
Transfer of own shares	**2.1**	-
Net profit	**28.5**	26.1
Balance at Dec 31	**894.3**	908.0

At December 31, 2011 share capital amounted to EUR 70,005,912.00. The share capital is divided into 46,670,608 shares. All shares have one vote and equal right to dividend.

The shares have no nominal value.

13. Maturity profile of long-term liabilities

EUR million	2013	2014	2015	2016	2017-	Total
2011						
Hybrid bond	80.0	-	-	-	-	80.0
Bonds	-	-	99.4	-	-	99.4
Loans from financial institutions	45.0	20.0	18.6	16.9	16.1	116.6
Pension loans	17.9	17.9	1.1	-	-	36.9
Total	**142.9**	**37.9**	**119.1**	**16.9**	**16.1**	**332.9**

EUR million	2012	2013	2014	2015	2016-	Total
2010						
Hybrid bond	-	80.0	-	-	-	80.0
Bonds	-	-	-	99.3	-	99.3
Loans from financial institutions	7.5	37.0	12.0	10.5	8.9	75.9
Pension loans	17.9	17.9	17.9	1.1	-	54.8
Total	25.4	134.9	29.9	110.9	8.9	310.0

14. Provisions for contingencies

EUR million	2011	2010
Environmental responsibility	**0.4**	0.4
Pension and other employee benefit plan liabilities	**3.8**	4.1
Total	**4.2**	4.5

15. Deferred tax assets

EUR million	2011	2010
Long-term assets	**1.0**	1.2
Short-term assets	**4.9**	4.2
Total	**5.9**	5.4
Arising from:		
Temporary differences and tax losses	**5.9**	5.4

16. Receivables from and liabilities to Group companies

EUR million	2011	2010
Long-term notes receivable	**89.3**	143.0
Trade receivables	**1.4**	1.3
Notes receivable	**47.9**	66.0
Prepaid expenses and accrued income	**2.3**	4.3
Total	**140.9**	214.6
Trade payables	**0.2**	0.2
Accrued expenses and deferred income	**1.2**	11.1
Other short-term liabilities	**97.1**	94.9
Total	**98.5**	106.2

17. Accrued expenses and deferred income

EUR million	2011	2010
Long-term		
Accrued personnel costs	**0.6**	-
Short-term		
Accrued personnel costs	**3.1**	3.8
Accrued interest expense	**3.1**	3.3
Accruals of hedging contracts	**1.5**	1.3
Other	**1.1**	0.5
Total	**8.8**	8.9

18. Commitments and contingent liabilities

EUR million	2011	2010
For commitments of Group companies:		
Guarantees	**116.9**	50.6
For commitments of associated companies:		
Guarantees	**15.0**	-
Leasing commitments		
Current portion	**1.1**	1.0
Long-term portion	**9.0**	0.9

19. Shares in subsidiaries

The list of subsidiaries can be found in note 32 to the consolidated financial statements.

20. Nominal and fair values of derivative financial instruments

	Nominal values		**Fair values**	
EUR million	**2011**	2010	**2011**	2010
Interest rate derivatives				
Interest rate options	**10.0**	10.0	**0.0**	0.1
Foreign exchange derivatives				
Foreign exchange forward contracts	**102.8**	240.8	**-0.8**	2.2
Commodity derivatives	**44.8**	12.7	**1.3**	0.1

Derivatives are hedging transactions in line with Ahlstrom Group hedging policy.
More information of financial risks can be found in note 1 to the consolidated financial statements.

Proposal for the distribution of profits

The Parent Company's balance sheet on December 31, 2011 shows:

	EUR
Retained earnings	599,777,628.32
Non-restricted equity reserve	8,266,273.12
Profit for the period	28,453,886.08
Total distributable funds	636,497,787.52

The Board of Directors proposes to the Annual General Meeting to be held on April 4, 2012 as follows:

- a dividend of EUR 0.87 per share and in addition an extra dividend of EUR 0.43 per share to be paid from the retained earnings corresponding to	60,671,790.40
- to be reserved for donations at the discretion of the Board of Directors	100,000.00
- to be retained in non-restricted equity reserve	8,266,273.12
- to be retained in retained earnings	567,459,724.00
	636,497,787.52

The suggested dividend record date is April 11, 2012 and the dividend will be paid on April 18, 2012.

Helsinki, February 1, 2012

Peter Seligson

Thomas Ahlström | Sebastian Bondestam | Lori J. Cross

Esa Ikäheimonen | Pertti Korhonen | Anders Moberg

Jan Lång
President & CEO

Auditor’s Report

To the Annual General Meeting of Ahlstrom Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Ahlstrom Corporation for the year ended 31 December, 2011. The financial statements comprise the consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company’s income statement, balance sheet, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President & CEO

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President & CEO are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

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

Opinion on the Company’s Financial Statements and the Report of the Board of Directors

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

Helsinki, 28 February 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Eero Suomela
Authorised Public Accountant

Investor Information

The annual General Meeting of Shareholders (AGM) of Ahlstrom Corporation will be held on Wednesday, April 4, 2012 at 1:00 p.m. in Finlandia Hall (Mannerheimintie 13e, Helsinki, Finland). The registration of shareholders participating in the meeting begins at 12 noon.

In order to attend the Annual General Meeting, a shareholder must be registered in the company's register of shareholders, held by Euroclear Finland Ltd. on the record date of March 23, 2012.

As instructed on the notice, shareholders participating in the Annual General Meeting must give prior notice to attend the AGM by March 30, 2012.

For further information, please visit www.ahlstrom.com.

Dividend policy and payment of dividends

Ahlstrom's dividend policy is based on the company's cash generating capability. Ahlstrom aims to pay a dividend of not less than one third of the net cash flow from operating activities after operative investments. The figure is calculated as a three-year rolling average to achieve stability in the dividend pay-out. Operative investments include maintenance, cost reduction and efficiency improvement investments.

The Board of Directors proposes to the Annual General Meeting that for the financial year ended on December 31, 2011 a dividend totaling of EUR 1.30 per share be paid: a dividend of EUR 0.87 per share and an extra dividend of EUR 0.43 per share based on cash generated from the divestment of Home and Personal business area. The dividend will be paid to shareholders registered in the register of shareholders held by Euroclear Finland Ltd. on the record date of April 11, 2012. The dividend payout date is April 18, 2012.

Shares and share capital

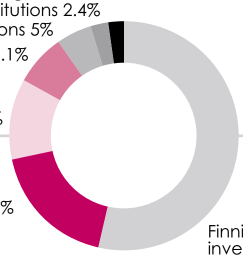
Ahlstrom's shares are listed on the NASDAQ OMX Helsinki Stock Exchange. The company has one series of shares. The share is classified under the stock exchange's Materials sector and the trading code is AHL1V. Ahlstrom's shares are entered in Euroclear Finland Ltd.'s book-entry system.

At the end of 2011, Ahlstrom's share capital was EUR 70,005,912 and the total number of shares was 46,670,608. At the end of the period, there were no unpaid options which would entitle to subscribing the company's shares.

Share price performance and trading

During 2011, a total of 8.14 million Ahlstrom shares were traded for a total of EUR 118.2 million. The lowest trading price was EUR 10.60 and the highest was EUR 18.23. The closing price on December 30, 2011, was EUR 12.50 and the market capitalization was EUR 576.3 million, excluding the shares owned by the parent company and Ahlcorp Oy.

Ownership structure on December 31, 2011



Shareholders

Ahlstrom had a total of 11,948 shareholders at the end of 2011. The largest shareholder is Antti Ahlströmin Perilliset Oy, which holds 10 percent of the company's share capital. For more information on the shareholders, please see the tables on page 104.

A list of Ahlstrom's largest shareholders, which is listed once a month, is available in the Investors section of the company's website at www.ahlstrom.com.

Authorization of the Board

Ahlstrom Corporation's Annual General Meeting held on March 30, 2011, authorized the Board of Directors to repurchase Ahlstrom's shares. The maximum number of own shares to be repurchased is 4,000,000. The shares may be repurchased only through public trading at the prevailing market price using unrestricted shareholders' equity.

The AGM also authorized the Board of Directors to distribute a maximum of 4,000,000 own shares held by the company. The Board of Directors is authorized to decide to whom and in which order the shares will be distributed. The shares may be used as consideration in acquisitions and in other arrangements as well to implement the company's share-based incentive plans in the manner and extend decided by the Board of Directors. The Board of Directors also has the right to decide on the distribution of the shares in public trading for the purpose of financing possible acquisitions.

The authorizations for the Board of Directors to repurchase the Company's own shares, to distribute them as well as to accept them as pledge are 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 on April 4, 2012, at the latest.

Investor Relations

The objective of Ahlstrom's Investor Relations is to ensure that the market has correct, adequate and current information for true and fair valuation of the Ahlstrom share. The company follows all principles of transparency and impartiality and strives to serve all of its stakeholders in the best possible manner.

All inquiries relating to investor relations are processed through the Investor Relations function. Ahlstrom's investor communications include, among other things, annual and interim reports, stock exchange and press releases, the Investors section of the website, regular contacts with analysts and investors, press conferences held in connection with the publication of the interim reports, as well as other investor events.

Analysts covering Ahlstrom

To Ahlstrom's knowledge at least the following investment banks and brokerage firms cover Ahlstrom in their research.

- Bank of Aland
- Credit Agricole Cheuvreux Nordic
- Evli Bank
- Inderes
- Nordea Bank
- Pohjola Bank
- SEB Enskilda
- Swedbank

The analysts follow Ahlstrom on their own initiative and the company takes no responsibility on any of their statements.

Investor materials

Ahlstrom publishes its annual reports in Finnish and English and a summary in Swedish. Printed copies of the annual report and summaries are sent to subscribers. Interim reports are published in Finnish and English and a summary in Swedish. Stock exchange and press releases are published in Finnish and English.

All above mentioned materials are available at www.ahlstrom.com. They can also be ordered through the website.

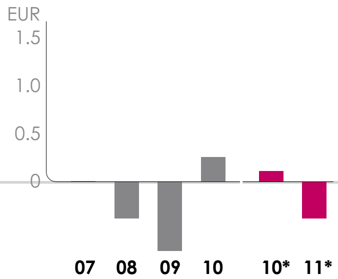
Outlook

Ahlstrom provides a verbal description of its outlook and presents a full-year forecast range on net sales and operating profit excluding non-recurring items in euros in the Outlook section of the financial statements bulletin and interim reports.

Additional information

Additional information is available in the Investors section at www.ahlstrom.com.

Earnings per share

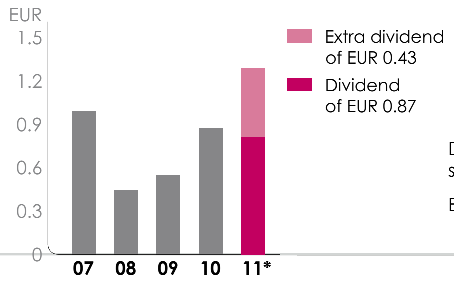


Earnings per share in 2011

EUR -0.38

*Continuing operations

Dividend per share

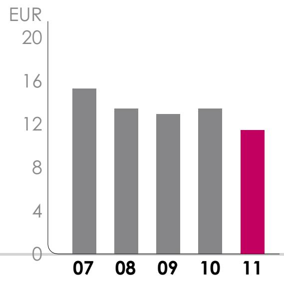


* The Board of Directors' proposal to the Annual General Meeting

Dividend per share in 2011

EUR 1.30

Equity per share



Equity per share in 2011

EUR 11.50

MAJOR SHAREHOLDERS ON DECEMBER 31, 2011

Shareholders	Shares and votes	%
Antti Ahlström Perilliset Oy	4,674,802	10.02
Nordea Life Assurance Finland Ltd	2,159,865	4.63
Vimpu Intressenter Ab	1,788,279	3.83
Varma Mutual Pension Insurance Company	1,532,200	3.28
Huber Mona Lilly	1,256,700	2.69
Tracewski Jacqueline	1,007,600	2.16
Seligson Peter	797,600	1.71
Seligson Peter	555,000	1.19
Baltiska Handels AB	242,600	0.52
Nahi Kai Anders Bertel	717,538	1.54
Lund Niklas Roland	693,738	1.49
Huber Samuel	639,600	1.37
Huber Karin	638,700	1.37
Studer Anneli	636,420	1.36
Emmett Linda	635,800	1.36
Gullichsen Johan	634,451	1.36
Sumelius Michael	618,038	1.32
Kylmälä Tauno Kim Toivo	588,000	1.26
Koivulehto Monica	581,700	1.25
Coulet-Tracewski Eliane	545,100	1.17
Mandatum Life Insurance Company Ltd.	500,000	1.07
Kylmälä Kasper	493,700	1.06

DISTRIBUTION OF OWNERSHIP ON DECEMBER 31, 2011

Number of shares	Number of shareholders	%
1–100	6,707	56.14
101–1 000	4,333	36.27
1 001–10 000	676	5.66
10 001–100 000	130	1.09
100 001–250 000	59	0.49
250 001–500 000	24	0.20
500 001–	19	0.16
TOTAL	11,948	100
Nominee registered	8	0

SHARE RELATED KEY FIGURES

	2011	2010	2009
Earnings per share, EUR	**-0.38***	0.11*	-0.72
Dividend per share, EUR	**1.30****	0.88	0.55
Dividend yield, %	**10.4**	5.9	6.0
Average number of shares during the period, 1,000s	**46,670.6**	46,670.6	46,670.6

* Continuing operations

** The Board of Directors' proposal to the Annual General Meeting. Consisting of a dividend of EUR 0.87 per share and an extra dividend of EUR 0.43 per share.

FINANCIAL INFORMATION IN 2012

Report	Date of publication	Silent period
Financial statements bulletin 2011	Wednesday, February 1	January 1–February 1
Annual report	Week starting March 5	
Interim report January–March	Friday, April 27	April 1–27
Interim report January–June	Thursday, August 9	July 1–August 9
Interim report January–September	Monday, October 22	October 1–22

Silent period
Ahlstrom's silent period starts after the close of each quarter and lasts until the publication of the financial statements bulletin or interim report. During this period, Ahlstrom will not communicate with capital market representatives.

Contact details

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