

oras invest

Annual Report **2008**

CONTENTS

Oras Invest in brief.....	1
Message from CEO.....	2
Oras Invest Ltd key figures 2008.....	4
Strategy and goals.....	4
Portfolio companies	
Oras.....	5
Uponor.....	6
Kemira.....	7
Financial statements 2008.....	8
Board of Directors' report.....	9
Consolidated income statement.....	15
Consolidated balance sheet.....	16
Consolidated cash flow statement.....	17
Parent company's income statement.....	18
Parent company's balance sheet.....	19
Parent company's cash flow statement.....	20
Notes to the financial statements.....	21
Auditors' report.....	30
Corporate governance.....	31
Board of Directors.....	32

ORAS INVEST IN BRIEF

Oras Invest is a family-owned company with more than 60 years of tradition in industrial entrepreneurship. Its current industrial holdings include Kemira, Oras and Uponor. At the end of 2008 the net asset value of Oras Invest totaled EUR 249 million.

Oras Invest focuses its ownership in industrial companies, in which it has substantial understanding of the industry, business and development potential.

We develop our companies through active board work together with the management. The aim is to create long-term sustainable value growth.

Historical dates

1945

Oras Ltd
established

1999


Oras becomes
largest owner
of Uponor

2004

Oras Invest Ltd
established

2007

Oras Invest Ltd
becomes largest
owner of Kemira



MESSAGE FROM CEO



The year 2008 was challenging in many ways. In North America, the building and construction industry had already begun to face declining demand in 2007. This downturn expanded to Europe as well. At the end of 2008, a global building and construction industry slowdown was evident. The financial crisis, also originating from the US, has caused a global downturn. In every industry segment, the overall economic situation makes it extremely challenging to create forecasts for the year 2009.

Also the companies where Oras Invest holds significant ownership expect the upcoming years to be challenging and all the companies have taken various measures to respond to the current situation while not losing sight of the long-term strategy.

The decline in share prices which started in 2007 continued intensively in 2008. The share prices of the companies where Oras Invest holds ownership have decreased significantly from the previous year-end. As at December 31, 2007 the share price of Uponor was EUR 17.22, and at December 31, 2008 EUR 7.70 per share. The share price of Kemira was EUR 14.40 as at December 31, 2007, and a year later EUR 5.94. Accordingly, the market value of Oras Invest's holdings of Uponor was EUR 135 million and of Kemira EUR 123 million at the end of 2008. Also, the estimated market value* of Oras Ltd has been adjusted from EUR 235 million to EUR 207 million to better correspond to the current valuation of comparable companies. Thus, the total net asset value (NAV) (market value of the investments – net debt) of Oras Invest was EUR 249 million (EUR 587 million in 2007).

The dividend income of Oras Invest in 2008 was EUR 48 million including group contribution of EUR 11.1 million. Liquid assets amounted to EUR 13.0 million at the end of the year. The net profit of the parent company reached EUR 36.9 million (EUR 25.2 million). Total shareholder return (TSR) was –49% due to the drastic decline in the share prices. Even the 3-year average TSR was negative, –5.6%. The net debt of Oras Invest Ltd was EUR 215 million, and assets at market value were EUR 464 million.

During 2008 the interest costs were EUR 11.7 million and debt was repaid in the amount of EUR 19.9 million.

Based on proposals of profit distributions by the board of directors in the companies where Oras Invest holds ownership, the dividend income including group contribution to be received in 2009 is expected to be EUR 34 million. The cash balance of Oras Invest Group (Oras Invest Ltd and Oras Group) was EUR 54 million at the end of 2008.

Oras Ltd appointed a new CEO as of January 1, 2008, while the former CEO took up a position as the full-time CEO of Oras Invest Ltd. In connection with this, the composition of the Executive Committee of Oras Ltd was renewed. During the past year, the focus was put on clarifying the roles and refreshing the strategy of the plants in Finland, Poland and Norway.

Uponor introduced an organizational change during the fall, with the objective of streamlining the company's organization to better correspond to the strategic goals of the 5-year plan developed in 2007. A new CEO was appointed in Uponor, as the preceding CEO resigned. The new CEO commenced work on December 16, 2008.

At the beginning of 2008, a new CEO started at Kemira, as the former retired. There have also been changes in the compositions of the board of directors and management group during the financial year. The board of directors and management group of Kemira announced a new strategy, which included significant structural changes. The Pulp & Paper business, the Water business and certain parts of the Specialty business were organized into three businesses: Paper, Water and Oil & Mining. A majority share of the Specialty business was transferred to a joint venture with Rockwood Holdings Inc. The joint venture is owned 61 percent by Rockwood and 39 percent by Kemira. The remaining part of the Specialty business was combined with the Paper business.

A new board of directors was appointed at Kemira Coatings, i.e. Tikkurila Oy. At the beginning of the year 2009 a new CEO started, as the former retired due to health reasons. The role of Tikkurila as a business unit was further

emphasized, and the target is to list the company on the Helsinki Stock Exchange, when market conditions allow.

To summarize, the year 2008 was a year of major changes in all companies where Oras Invest holds ownership. According to our strategy in Oras Invest, we have strived to develop and strengthen the long-term business performances of Kemira, Uponor and Oras together with the boards of directors and operating management. In addition to this, all three companies have started cost reduction programs and efficiency initiatives of various significance due to the current economic situation. The medium-term financing is secured in all our companies. Furthermore, the CEOs of four aforementioned companies changed within rather short a time, but three of these were internal recruitments guaranteeing a deep understanding of the respective company. This gives me full reason to believe that both the managements and the companies are well prepared to face the challenges of the future.

Oras Invest is an industrial owner with more than 60 years' tradition in industrial entrepreneurship. We are prepared, both financially and mentally, to face major changes in the turbulent stock market environment. The fundamental principle of Oras Invest has always been long-term industrial ownership. We are convinced our investment will offer good longer term value. We remain focused on long-term value creation and like to own our investments for a long time. All these companies possess great development potential and, above all, the competence needed for the realization of this potential.



Jari Paasikivi

* One way to calculate the market value of unlisted companies is to estimate using the following formula: EBITDA × multiplier – net debt. In the building and construction industry the multiplier varies between 4 and 10. Taken into consideration the market position and good financial standing of Oras Ltd, the multiplier applied is 8. In 2007 the multiplier applied was 10.

ORAS INVEST LTD KEY FIGURES 2008

- Net profit 36.9 million (EUR 25.2 million)
- Shareholders' equity 297.8 million (EUR 267.8 million)
- Balance sheet total 531.0 million (EUR 518.1 million)
- Equity-to-assets ratio 56% (52%)
- Net asset value (NAV)* 249 million (EUR 587 million)
- Total shareholder return (TSR) -49% (-19%) (3 years average -6%)
- Debts-to-investments at market value -ratio 49% (30%)

* NAV = Market value of Uponor and Kemira on December 31, 2008 + Oras' EBITDA × 8 – net debt (previous year EBITDA × 10 – net debt) – net debt

STRATEGY AND GOALS

Oras Invest is a family-owned industrial owner. We develop our companies through active board work together with the management. The aim is to create long-term sustainable value growth.

STRATEGY

Good owner structure is essential for our value creating approach. We aim to be the largest owner in our listed companies and the majority owner in our unlisted companies in order to reach the opportunity for active, constructive and long-term development and enhancement of the value of our ownerships. In addition to this, we

may also acquire varying stakes in non-core companies, which may develop into core companies in the future. Good corporate governance is inherent to us and we pay a lot of attention to good board practice. Continuous renewal of companies through active board work with the management ensures long-term value growth.

LONG-TERM GOALS

The total shareholder value is generated by the increase of net asset value and dividend yields. Oras Invest aims to reach total shareholder value in excess of the cost of capital over a business cycle.



ORAS
www.oras.com



Oras develops, manufactures and markets user-friendly and innovative products for house technology water systems.

Oras is the market leader in Northern Europe, and the main goal of the Group is to develop into one of the world's leading companies in its field. The Group has production facilities in Finland, Poland and Norway plus sales offices or agencies in most European countries. Group Headquarters are located in Rauma, Finland.

SUMMARY OF 2008 PERFORMANCE

Oras Group net sales increased to EUR 145.2 million (143.6). The new product family, Oras Cubista, was well received on the market. Substantial and continuing growth in the sales of electronic products and discontinuing the supply of traditional two-handle faucets resulted in a significant rise in the average price and strengthened the strategic position of Oras Group.

Operating profit was EUR 20.7 million (18.8) and 14.3 percentage of net sales (13.1). The costs from restructuring the production were reduced from the previous year and the cost of materials went down towards the end of the year. The production plants were able to operate as planned, thus avoiding disturbances in the supply chain.

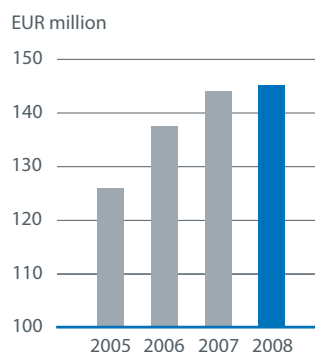
FUTURE OUTLOOK

Due to the uncertainty in the market, adjustments to the production capacity and immediate savings in terms of all expenses have been put in place. The market is expected to remain on a low level. An increase in the renovation projects is nonetheless expected to compensate somewhat for the rapidly declining market for new construction. Oras Group's target is to adjust the activities to the level of the demand, and to maintain a good level of competitiveness in this volatile market.

ORAS INVEST LTD'S HOLDING IN ORAS LTD

- Share capital: 100% (Oras Ltd)
- Voting rights: 100% (Oras Ltd)
- Market value of holding: EUR 207 million
- Since 1945
- Chairman: Jukka Paasikivi
- CEO: Pekka Kuusniemi
- Net sales: EUR 145.2 million
- Operating profit: EUR 20.7 million
- Average number of personnel: 1,129

Development of Oras Group's turnover 2005–2008



UPONOR

www.uponor.com

uponor

Uponor is a leading international provider of plumbing and indoor climate systems for the residential and commercial building markets.

Uponor is present in key European and North American markets, while its products are sold in over a hundred countries. In the Nordic countries, Uponor is also a prominent regional supplier of infrastructure pipe systems. Uponor offers its customers solutions that are technically advanced, ecologically sustainable, and safe and reliable to own and operate.

SUMMARY OF 2008 PERFORMANCE

Full year net sales and operating profit declined as building markets contracted. During Q4 2008 the company faced a further decline in net sales, and also operating profit fall accelerated towards the year-end. Net sales for the whole year totaled EUR 949.2 million (1,047.4), a change of -9.4%. Operating profit totaled EUR 51.2 million (135.7), down by 62.3%. The company's earnings per share were at EUR 0.99 (1.39).

Uponor faced an exceptionally wide and strong decline in demand. Uponor's financial performance lagged

far behind its targets, but the company succeeded in preserving a moderate level of profitability due to cost savings and their careful management. Focusing on managing the net working capital, Uponor succeeded in keeping the cash flow at a good level. At the end of the year, the inventories and receivables were at a record low level.

The company made good progress in the high-rise segment, and the new cooling offering has a fine tail wind.

FUTURE OUTLOOK

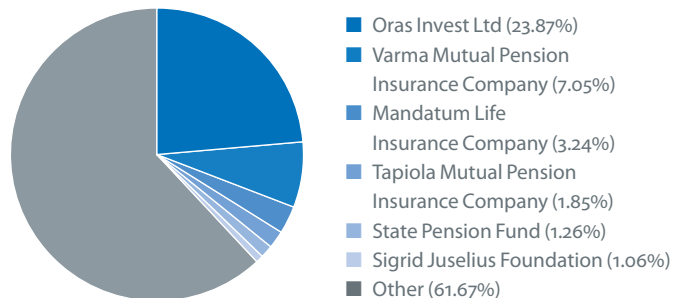
The European residential and commercial construction markets are expected to decline during 2009, leaving the overall market significantly smaller than in 2008. Although renovations and modernizations are expected to develop favourably, their importance to Uponor's product range is not as significant as that of new building. In the US, the slowdown of the residential construction market is expected to continue. Demand for commercial and office construction as well as infrastructure solutions is expected to remain clearly stronger than that of residential construction, but Uponor does not expect growth in its main markets.

ORAS INVEST LTD'S HOLDING IN UPONOR, AS PER 31 DECEMBER 2008

- Share capital: 23.9% (Uponor Corporation)
- Voting rights: 23.9% (Uponor Corporation)
- Market value of holding: EUR 135 million
- Since 1999
- Chairman: Jari Paasikivi
- CEO: Jyri Luomakoski
- Net sales: EUR 949.2 million *
- Operating profit: EUR 51.2 million *
- Average number of personnel: 4,211 *

* continuing operations

Distribution of the largest shareholders in Uponor



KEMIRA

www.kemira.com

Kemira

Kemira focuses on water and fiber management chemistry, its goal is to be the best in its field.

Kemira offers a comprehensive product range and an extensive knowledge base in fiber treatment chemistry, chemical water treatment and water separation technology. Kemira's businesses focusing on water and fiber management chemistry are Paper, Water and Oil & Mining. Tikkurila is responsible for Kemira's paints and coatings business. Kemira operates in 40 countries.

SUMMARY OF 2008 PERFORMANCE

The revenue for 2008 totaled EUR 2,832.7 million. Operating profit for 2008, excluding non-recurring items, was EUR 132.6 million (EUR 174.6 million). The decrease was due to the significantly higher prices of raw materials and energy. Earnings per share were EUR -0.02.

In the first half of the year 2008, raw material prices rose steeply. Kemira responded to this by implementing global sales price increases, but in spite of this, the first half was weak both in terms of earnings and sales. Price increases started to deliver results in the Q3, and as a whole, things took a positive turn during Q3. Positive development continued into the Q4, which in continu-

ing businesses outperformed the reference period both in terms of sales and operating profit excluding non-recurring items. Operating profit excluding non-recurring items increased clearly as a result of sales price increases as well as operational efficiency enhancement measures, and was EUR 11.7 million (EUR 4.1 million). However, at the year-end, demand in the market weakened, affecting Kemira's sales, particularly in the paints and coatings business as new construction declined, as well as in paper chemicals. Despite the challenging market situation, Kemira's revenue growth in continuing businesses was 5% in the Q4 period compared to the same period in 2007.

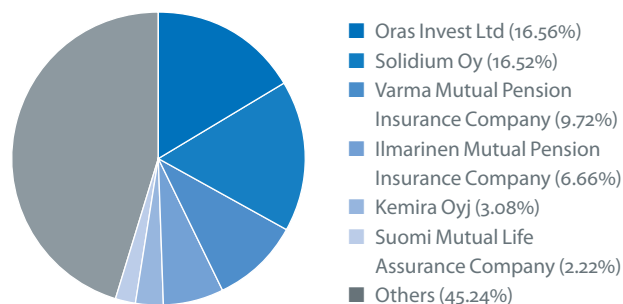
FUTURE OUTLOOK

In many of Kemira's customer industries, the market situation is challenging. General economic trends are generating big uncertainty in customers' and Kemira's business operations. During the first quarter of the year, Kemira's revenue is expected to fall due to reduced demand amongst customer industries. During the same period, operating profit excluding non-recurring items is expected to decrease in Kemira Coatings, but rise in the rest of the Group due to the efficiency-boosting measures.

ORAS INVEST LTD'S HOLDING IN KEMIRA, AS PER 31 DECEMBER 2008

- Share capital: 16.6% (Kemira Oyj)
- Voting rights: 16.6% (Kemira Oyj)
- Market value of holding: EUR 123 million
- Since 2007
- Chairman: Pekka Paasikivi
- CEO: Harri Kerminen
- Net sales: EUR 2,832.7 million
- Operating profit: EUR 74.0 million
- Average number of personnel: 9,954

Distribution of the largest shareholders in Kemira



.....

FINANCIAL STATEMENTS 2008

Board of Directors' report.....	9
Consolidated income statement	15
Consolidated balance sheet	16
Consolidated cash flow statement.....	17
Parent company's income statement	18
Parent company's balance sheet	19
Parent company's cash flow statement.....	20
Notes to the financial statements.....	21
Auditors' report	30
Corporate governance.....	31
Board of Directors	32



Board of Directors' report

Group structure

The Oras Invest Group consists of the parent company Oras Invest Ltd, the 100% owned Oras Ltd and the associated company Uponor Corporation (23.9%). The Oras Invest Group also owns a significant part of Kemira Oyj (16.6%). In the Group's financial statements for 2008, the subsidiary Oras Ltd is consolidated and the Uponor Corporation is accounted for as an associated company. The financial statements have been prepared according to FAS, Finnish Accounting Standards.

Shares and ownership

In 2008, Oras Invest did not acquire new shares and did not sell any of its share holdings.

The shares of Kemira Oyj and Uponor Corporation in Oras Invest Ltd's non-current assets are valued at cost, see notes on page 21.

Net sales and operating result

Oras Invest Ltd continued to charge patent fees from Oras Ltd. The patent fees are based on the utility value of each patent. On an annual level, this generated net sales of EUR 1.4 million (1.4). The net sales of the parent company during this financial period were EUR 1.7 million (1.4) and the net sales of the entire Group were EUR 145.2 million (143.6).

Oras Invest Ltd's income from dividends during the financial period was EUR 36.8 million. During 2008, Uponor Corporation paid a dividend of EUR 1.40 per share, which means that Oras Invest's share of Uponor dividends was EUR 24.5 million (24.5). Kemira Oyj paid a dividend of EUR 0.50 per share, which means that the total amount of dividends from Kemira was EUR 10.4 million. Oras Ltd paid out EUR 2 million in dividends. Additionally, Oras Ltd paid EUR 11.1 million as group contribution.

The result of the parent company for the financial period was EUR 36.9 million (25.2). The result of the Group for the financial period was EUR 28.0 million (32.2).

Financial status and financing

The Group's liquid assets on December 31 2008 were EUR 53.7 million. The balance sheet total was EUR 578.8 million (557.4) for the Oras Invest Group and EUR 531.0 million (518.1) for the parent company. The shareholders' equity was EUR 294.0 million (273.7) in the Group and EUR 297.8 million (267.8) in the parent company. Dividends distributed totaled EUR 7.0 million.

At the end of 2008, the total loan amounted to EUR 228 million, of which EUR 97 million was a bullet loan and the rest a fixed amortization loan. The annual amortization until 2012 is EUR 18.8 million. Of the loan, EUR 80 million was a short-term loan, which was converted to a long-term loan in March 2008.

Investments and R & D

The roles of the Oras Group's plants and procurement activities were redefined. The development and implementation of the investment program was directed according to these roles. The majority of investments were directed at the Rauma plant, where the main focus was on automation of assembly and machining.

The expansion of the plant in Poland was completed and, throughout the year, an effort was made to increase the technological know-how at the plant.

There are 25 persons (25) working on product development.

Personnel

The new Executive Committee of the Oras Group started its work at the beginning of March. Additionally, there was major reorganization during the financial period, especially in the supply chain. A new tool for development suggestions and development discussions was introduced to support the implementation of the new operating models. During the year, a special emphasis was put on work safety and the procedures related to it. In Poland, an additional focus was put on developing managerial skills.

In 2008, the Oras Invest Group had an average of 1,132 employees (1,183) of which 675 worked in Finland and 457 in foreign units. There are equal numbers of women

Board of Directors' report

ORAS INVEST LTD KEY FIGURES		2008	2007	2006
Net sales	EUR million	1.7	1.4	0.7
Operating profit	EUR million	0.6	0.7	-0.2
Profit for the financial period	EUR million	36.9	25.2	105.6
Shareholders' equity	EUR million	297.8	267.8	250.4
Total assets	EUR million	531.0	518.1	257.2
Shareholders' equity/total equity	%	56.1	51.7	97.0
Average number of personnel		3	3	3

ORAS INVEST GROUP KEY FIGURES		2008	2007	2006
Net sales	EUR million	145.2	143.6	137.5
Operating profit	EUR million	21.3	19.5	19.4
Profit for the financial period	EUR million	28.0	32.2	34.0
Shareholders' equity	EUR million	294.0	273.7	248.0
Total assets	EUR million	578.8	557.4	288.0
Shareholders' equity/total equity	%	50.8	49.1	86.1
Average number of personnel		1,132	1,183	1,072

and men working in the Group and the employment relationships are typically long-term. At the end of the financial period, the number of employees was 1,080.

The salaries and fees, including other personnel costs in the Group were EUR 37.6 million (36.8).

Environment

The Oras Group has defined strategic environmental goals. These environmental goals have been divided into development and maintenance goals. The development goals are to reduce the amount of water used and to minimize the inconvenience caused by odours and the amount of hazardous waste. The maintenance goals target emissions into air and water, noise, energy consumption and wastes other than hazardous waste. The maintenance goals aim to keep harmful effects within set limits.

Continuous maintenance and development of the quality and environmental systems continued in 2008 as in previous years. Det Norske Veritas audited the ISO 9001 and ISO 14001 systems in the Rauma plant and TÜV NORD in the Polish plant.

The emissions from the Rauma plant were measured in the fall in accordance with the requirements of the environmental permit. In Olesno, an environmental permit has been applied for due to increased emissions into the air resulting from an increase in production capacity.

In 2009, attention will again be paid to energy consumption and improving the recycling of waste as well as material efficiency.

MAIN EVENTS AFTER THE YEAR-END

No significant events took place in Oras Invest Ltd after the year-end. Due to the current market situation, adjustments to the production capacity and immediate savings in terms of all expenses have been put in place in the Oras Group. In the Olesno plant 25 employment contracts were terminated in January 2009. The Norwegian plant has adjusted the capacity to the current market situation with temporary lay-offs.

In the Rauma plant several tools have been taken into use to adjust the capacity. Examples of these are normal pension arrangements, pension solutions for persons

over 60 years of age, temporary lay-offs and utilizing the holiday bonus as additional vacation days. The plant will be running during the summer so that the use of temporary summer workers can be minimized.

OUTLOOK 2009

Despite the international economic situation, the 2009 outlook of Oras Invest Ltd looks stable. The success of Oras Invest Ltd is based on the capability of the owned companies to generate profit and cash flow. In all these companies, actions for adjusting to the international recession had already begun in 2008. The debt service ability of Oras Invest Ltd is good and on the basis of proposals made by the Board of Directors of the owned companies the expectations of the dividend yield is EUR 24 million. In addition, in accordance with the expectations of the Board of Directors of Oras Invest Ltd, contributions from Oras Ltd will be approximately EUR 10 million. Thus, dividend yields are expected to total EUR 34 million in 2009. The liquid assets of the Oras Invest Group support the Group's solvency and debt service capability.

RISKS

Risks in Oras Invest Ltd are connected to the long-term development of the profitability of the owned companies and their ability to pay dividends.

The risk of normal damages related to the industrial operation of Oras Group are covered by insurance.

In Oras Invest Ltd or the Oras Group, there are no on-going litigations that could result in significant liability for damages.

SHARES

The share capital of the company is as follows:

	2008	2007
A shares (1 vote/share)	217,350	217,350

All shares have an equal right to dividend and company's assets.

DIVIDEND PROPOSAL

The Board of Directors proposes that Oras Invest Ltd distributes a EUR 32 dividend per share, totaling EUR 6,955,200. The remainder of the profit for the year will remain in retained earnings.

BRANCHES OF ORAS INVEST LTD

Oras Invest Ltd no longer has any branches.

ORGANIZATION, MANAGEMENT AND AUDITORS OF THE COMPANY

- **Board Of Directors** Pekka Paasikivi (chairman), Ulla Litzén, Annika Paasikivi, Jukka Paasikivi and Vesa Puttonen
- **CEO** Jari Paasikivi
- **Auditors** APA Pekka Luoma (Ernst & Young Oy) and Ernst & Young Oy with APA Tapani Kulmala as the responsible auditor

Report on the situation of the owned companies

ORAS GROUP

- The net sales of the Group grew to EUR 145.2 million 1.1% (2007: 143.6 and 4.5%)
- The equity ratio was 51.7% (61.1%)
- Production restructuring programme was completed
- The responsibility areas of the Group were reorganized and the new management started its work

At the start of the financial period, uncertainty regarding market development increased significantly. In the spring, the performance of our markets varied greatly due to increased caution among businesses in the HVAC field. In spite of this uncertainty, we were able to follow our business plan based on reasonable organic growth up to the end of July. In early fall, the quickly realized expectations of weak economic development made the market very unstable.

The launch of new products and the continued strong increase in sales of electronic products, together with the discontinuation of production of conventional two-handle faucets, resulted in a significant rise in average price and a strengthening of strategic position. Our view is that we were able to increase our market share in our main market areas as, in addition to successful product updates, we were

also able to improve our delivery performance to a good level early on in the financial period.

The group-wide harmonization of pricing was continued during the financial period and this project in its part led to a managed decline in net sales in certain markets. The project will be completed in early 2009 as we relaunch our lower-middle price range faucet series.

Due to the weakening market conditions, capacity cuts and immediate cost saving measures were initiated.

The operative profit percentage rose from the previous year because we delivered products with more value added, the costs for restructuring production were lower than in the previous year, the cost of raw materials decreased towards the end of the year and we were able to operate in a planned way and avoid disturbances in the supply chain.

The operating profit of the Group was EUR 20.7 million (18.8) and the operating profit percentage was 14.3 (13.1). The operating profit of Oras Ltd was EUR 16.4 million (16.0) and the operating profit percentage was 12.7 (12.7). The profit for the financial period decreased from the previous year's EUR 14.3 million to EUR 5.7 million. The operating result for 2008 includes group contributions to Oras Invest Ltd amounting to EUR 11.1 million.

KEY FIGURES OF THE ORAS GROUP		2008	2007	2006
Net sales	EUR million	145.2	143.6	137.5
Change in net sales	%	1.1	4.5	9.4
Operating profit	EUR million	20.7	18.8	19.5
Operating profit percentage	%	14.3	13.1	14.2
Profit for the financial period	EUR million	5.7	14.3	15.9
	%	3.9	10.0	11.5
Return on investment	%	25.1	31.0	32.9
Shareholders' equity	EUR million	57.6	54.6	53.8
Total assets	EUR million	111.4	89.4	86.8
Shareholders' equity/balance sheet total	%	51.7	61.1	61.9
Investments	EUR million	5.9	8.4	5.3
Average number of personnel		1,129	1,180	1,069

The Board of Directors of Oras Ltd proposes that the company distributes EUR 4,000,000 in dividends for the financial year ended and that the remainder of the profit will remain in retained earnings.

UPONOR GROUP

- Uponor maintained reasonable strength in spite of the historically difficult markets of 2008, and emerged well prepared to weather the challenges ahead
- Operating profit declined to about 8% of net sales (excl. non-recurring items)
- Despite lower profits, cash flow improved (also when excluding the large disposal proceeds)

In 2008, Uponor's net sales from continuing operations came to EUR 949.2 million (2007: EUR 1,047.4 million), a fall of 9.4 percent year on year, and ending up clearly behind the long-term target of over +6 percent. Fluctuations in foreign currencies, mainly the US dollar, the Swedish krona and the UK pound, adversely affected net sales by approximately EUR 16.7 million.

Net sales decreased in all of Uponor's regional organisations, and was felt most in North America and in Europe – West, East, South, all of these markets experiencing a drastic fall in demand from the construction sector. In Central Europe, net sales nearly achieved the previous year's level due to the fact that demand for commercial and institutional construction remained relatively healthy throughout the year, both in Uponor's main market, Germany, and

its neighbouring countries. In the Nordic countries, the decline in net sales was mainly attributable to the weakening of the housing solutions market.

In all regional organisations, the fall in net sales remained smaller than the decline in the overall market due to the fact that plastic systems and radiant heating and cooling solutions achieved market shares.

Despite the clear shift in focus towards savings and cost control, Uponor continued to implement its internal development programs mainly according to plan. The company's integration program advanced well and the ERP project initiated in 2005 was for the most part completed during the report year. Furthermore, the organisation was revised to enable efficient supply chain management on a European scale.

In the latter half of 2008, an extensive adjustment program was implemented to safeguard the company's operational prerequisites in a difficult market situation. Combined with the strategic development programs initiated during the last few years, this has made Uponor an integrated and strong company which has a good starting point for succeeding in the near future's challenging market situation and capitalising on the opportunities that exist in the markets.

KEY FIGURES OF THE UPONOR GROUP		2008	2007	2006
Net sales	EUR million	949.2	1,047.4	1,003.7
Change in net sales	%	-9.4	4.4	10.8
Operating profit	EUR million	51.2	135.7	132.9
Operating profit percentage	%	5.4	13.0	13.2
Profit for the financial period	EUR million	72.5	101.9	96.5
	%	7.6	9.7	9.6
Return on investment	%	22.2	39.2	35.8
Shareholders' equity	EUR million	305.6	333.0	344.4
Total assets	EUR million	594.9	664.3	643.9
Shareholders' equity/balance sheet total	%	51.4	50.2	53.6
Investments into continuing operations	EUR million	39.0	52.0	50.2
Average number of personnel		4,211	4,497	4,260

The distributable funds of the parent company, Uponor Corporation, are EUR 165,611,126.74 of which the profit for the period is EUR 147,743,548.24.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.85/share will be distributed, totaling EUR 62,089,902.40.

Report on the situation of the owned companies

KEMIRA GROUP

- Revenue in 2008: EUR 2,832.7 million (2007: EUR 2,810.2 million)
- Operating profit excluding non-recurring items: EUR 132.6 million (EUR 174.6 million)
- Free cash flow after investments increased
- Earnings per share: EUR –0.02 (EUR 0.53). Earnings per share excluding non-recurring items: EUR 0.29 (EUR 0.75)
- Board proposes a dividend of EUR 0.25 per share (EUR 0.50)

Kemira Group's revenue for 2008 totaled EUR 2,832.7 million (2007: EUR 2,810.2 million). Sales price hikes increased revenue by some EUR 153 million and larger sales volumes increased revenue by some EUR 11 million. Acquisitions contributed about EUR 38 million to revenue growth while divestments decreased revenue by some EUR 130 million. The currency exchange effect had a negative impact on revenue of some EUR 63 million. Organic revenue growth excluding acquisitions and divestments in local currencies was 6%.

Revenue by market area was as follows: Europe 67% (67), North America 22% (23), South America 6% (4), Asia 4% (5), and others 1% (1).

Operating profit for 2008, excluding non-recurring items, was EUR 132.6 million (EUR 174.6 million). This de-

crease was due to the significantly higher prices for raw materials and energy. Variable costs rose by some EUR 177 million in 2008 (excluding the effect of acquisitions, divestments and changes in sales volumes). Sales price hikes increased operating profit by about EUR 153 million in 2008 and larger sales volumes by some EUR 2 million. The currency exchange effect decreased operating profit by approximately EUR 8 million. Acquisitions contributed approximately EUR 1 million to the operating profit while divestments decreased revenue by EUR 1 million. Operating profit as percentage of revenue, excluding non-recurring items, decreased from 6.2% to 4.7%.

Operating profit for 2008 was EUR 74.0 million (EUR 143.1 million), including non-recurring items with a net impact of EUR –58.6 million (EUR –31.5 million). In June, Kemira launched a global cost savings program, targeting more than EUR 50 million savings per annum, and in December Kemira announced it had identified further savings potential that will lead to additional annual savings of EUR 10 million. These savings should be realized during 2009–2010. Due to the cost savings program, Kemira booked EUR 79.8 million one-time costs for the last quarter of 2008. In January 2009, Kemira's paints and coatings business launched its own savings program targeting savings worth EUR 25 million in 2009–2010.

KEY FIGURES OF THE KEMIRA GROUP		2008	2007	2006
Net sales	EUR million	2,832.7	2,810.2	2,522.5
Change in net sales	%	0.8	11.4	26.5
Operating profit	EUR million	74.0	143.1	193.7
Operating profit percentage	%	2.6	5.1	7.7
Profit for the financial period	EUR million	1.8	67.5	112.2
	%	0.1	2.4	4.4
Return on investment	%	3.5	7.1	10.2
Shareholders' equity	EUR million	976.0	1,087.3	1,082.5
Total assets	EUR million	2,859.7	2,827.9	2,769.4
Shareholders' equity/balance sheet total	%	34.1	38.4	39.1
Investments	EUR million	87.5	321.0	462.0
Average number of personnel		9,954	10,008	9,186

The Board of Directors will propose a per share dividend of EUR 0.25 for 2008 totaling EUR 30,000,000.

Oras Invest Ltd

Consolidated income statement

CONSOLIDATED INCOME STATEMENT (EUR 1,000)	1 JAN. 2008– 31 DEC. 2008	1 JAN. 2007– 31 DEC. 2007
Net sales	145,175	143,634
Change in inventories of finished goods	1,282	1,409
Other operating income	531	990
Materials and services	52,276	55,574
Personnel expenses	37,586	36,788
Depreciation	4,174	4,012
Other operating expenses	31,624	30,158
Operating profit	21,328	19,501
Share from profit / loss of associated company	-12,598	-6,694
Financial income and expenses	21,519	24,512
Profit before extraordinary items	30,249	37,319
Extraordinary income	165	105
Profit before appropriations and taxes	30,414	37,424
Income taxes	-2,400	-5,249
Profit for the financial period	28,014	32,175

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET (EUR 1,000)	31 DEC. 2008	31 DEC. 2007
Assets		
Non-current assets		
Intangible assets	472	897
Tangible assets	28,050	28,488
Investments	453,848	466,690
Total non-current assets	482,370	496,075
Current assets		
Inventories	18,459	18,810
Long-term receivables	1,350	291
Trade receivables	22,885	23,787
Cash and cash equivalents	53,713	18,408
Total current assets	96,407	61,296
	578,777	557,371
Equity and liabilities		
Shareholders' equity		
Share capital	6,521	6,521
Restricted funds	2,292	3,783
Retained earnings	257,174	231,228
Profit for the year	28,014	32,175
Total shareholders' equity	294,001	273,707
Liabilities		
Non-current liabilities	236,519	156,343
Current liabilities	48,257	127,321
Total liabilities	284,776	283,664
	578,777	557,371

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)	1 JAN. 2008– 31 DEC. 2008	1 JAN. 2007– 31 DEC. 2007
Cash flow from operations		
Profit before extraordinary items	32,250	44,013
Adjustments for		
Depreciation	4,174	4,012
Other non-cash items	423	-488
Financial income and expenses	-10,921	-24,512
Other adjustments	-206	146
Cash flow from operations before change in working capital	25,720	23,171
Changes in net working capital		
Decrease/Increase in trade and other receivables, interest free (+/-)	-948	-792
Decrease/Increase in inventories (+/-)	351	-4,210
Decrease/Increase in current liabilities, interest free (-/+)	-7,294	2,863
Cash flow from operations before financial items and taxes	17,829	21,032
Interest and other financial items paid	-9,929	-2,738
Interest received	2,948	4,074
Dividends received	34,871	24,585
Taxes paid	-947	-6,169
Cash flow from operations	44,772	40,784
Cash flow from investments		
Investments in tangible and intangible assets	-5,936	-8,458
Proceeds from sale of intangible and tangible assets	215	1,392
Other investments	0	-335,829
Decrease in other long-term receivables	172	1,139
Proceeds from sale of other investments	218	2,020
Cash flow from investments	-5,331	-339,735
Cash flow from financing		
Increase in long-term loans	25,000	247,000
Repayment of long-term loans	-21,278	-6,947
Dividends paid	-6,955	-6,955
Cash flow from financing	-3,233	233,098
Net change in cash and cash equivalents (+/-)	36,208	-65,853
Cash and cash equivalents at the beginning of the period	18,408	84,261
Exchange rate differences	-903	0
Cash and cash equivalents at the end of the period	53,713	18,408

Parent company's income statement

INCOME STATEMENT (EUR 1,000)	1 JAN. 2008– 31 DEC. 2008	1 JAN. 2007– 31 DEC. 2007
Net sales	1,700	1,418
Other operating income	0	630
Personnel expenses	707	617
Depreciation	79	115
Other operating expenses	274	593
Operating profit	640	722
Financial income and expenses	25,065	23,456
Profit before extraordinary items	25,705	24,178
Extraordinary income	11,100	0
Profit before appropriations and taxes	36,805	24,178
Appropriations	4	837
Income taxes	107	182
Profit for the financial period	36,916	25,197

Parent company's balance sheet

BALANCE SHEET (EUR 1,000)	31 DEC. 2008	31 DEC. 2007
Assets		
Non-current assets		
Intangible assets	160	197
Tangible assets	352	194
Investments	515,013	515,182
Total non-current assets	515,525	515,573
Current assets		
Trade receivables	2,422	2,157
Cash and cash equivalents	13,037	371
Total current assets	15,459	2,527
	530,984	518,100
Equity and liabilities		
Shareholders' equity		
Share capital	6,520	6,521
Retained earnings	254,321	236,079
Profit for the year	36,916	25,197
Total shareholders' equity	297,757	267,797
Accumulated appropriations	48	52
Liabilities		
Non-current liabilities	209,500	148,250
Current liabilities	23,679	102,002
Total liabilities	233,179	250,252
	530,984	518,100

Parent company's cash flow statement

CASH FLOW (EUR 1,000)	1 JAN. 2008– 31 DEC. 2008	1 JAN. 2007– 31 DEC. 2007
Cash flow from operations		
Profit before extraordinary items	25,705	24,178
Adjustments for		
Depreciation	79	115
Other non-cash items	-480	-488
Financial income and expenses	-25,065	-23,456
Cash flow from operations before change in working capital	239	349
Changes in net working capital		
Decrease/Increase in trade and other receivables, interest free (+/-)	798	424
Decrease/Increase in current liabilities, interest free (-/+)	-1,820	57
Cash flow from operations before financial items and taxes	-783	830
Interest and other financial items paid	-9,292	-2,354
Interest received	2,287	3,101
Dividends received	36,841	24,568
Income taxes paid	195	-501
Cash flow from operations	29,248	25,644
Cash flow from investments		
Investments in tangible and intangible assets	-26	-78
Proceeds from sale of intangible and tangible assets	0	1,099
Other investments	0	-335,829
Decrease in other long-term receivables	131	1,139
Proceeds from sale of other investments	218	2,020
Repayment of share issue premium	0	12,800
Cash flow from investments	323	-318,849
Cash flow from financing		
Increase in long-term loans	0	247,000
Decrease in long-term loans	-19,950	-4,923
Group contribution received	10,000	0
Dividends paid	-6,955	-6,955
Cash flow from financing	-16,905	235,122
Net change in cash and cash equivalents (+/-)	12,666	-58,083
Cash and cash equivalents at the beginning of the period	371	58,454
Cash and cash equivalents at the end of the period	13,037	371

Notes to the financial statements

CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES

Oras Invest Ltd is the parent company of Oras Invest Group and includes Oras Group as a subgroup. Consolidated financial statements comprise Oras Invest Ltd, Oras Group and Oras Invest Group's associated companies.

Holding in associated company Uponor Corporation (ownership share 23.92%) has been consolidated using the equity method. The financial statements of Uponor have been prepared according to IFRS with the exception of the valuation of inventories, which have been adjusted to comply with Finnish Accounting Standards (FAS) to be in line with Oras Invest Group's policy. The effect of this adjustment to Group's result is EUR 618,000. Uponor's expected future income does not warrant changing the depreciation plan of acquisition goodwill.

The consolidated financial statements of Oras subgroup comprise Oras Ltd as parent company and its subsidiaries. Oras Group's share of Koy Rauman Kaivopuiston Teknologiyä (40%) has been consolidated using the equity method.

The consolidated financial statements have been prepared using the acquisition method. Intra-group transactions, internal contribution margins, internal receivables and payables, and internal distribution of profits have been eliminated from the consolidated financial statements. There are no minority shares in the Group.

The income statements of foreign Group companies have been translated into Euro using the average exchange rate of the financial year, while the balance sheets have been translated into Euro using the exchange rate on the closing date.

The exchange rate differences arising from elimination of subsidiaries' equity in the subgroup have been included in other funds in shareholders' equity.

VALUATION PRINCIPLES

Valuation of non-current assets

Non-current and current assets are stated at a residual of acquisition cost deducted by depreciations according to plan. The depreciations according to plan have been calculated on a straight-line basis according to assets' estimated economic life. The shares of Kemira Oyj and Uponor Corporation have been stated at the original acquisition cost based on expectations for future income.

Depreciation according to plan

Consolidation goodwill	5 years
Other long-term expenditure	4–10 years
Buildings	15–25 years
Constructions	10 years
Machinery and equipment	4–10 years

Valuation of inventories

Inventories are valued according to the FIFO principle at cost, at repurchase price or at realizable value, if lower than cost. Only direct expense has been capitalized. The valuation of inventories in foreign companies complies with local statutory requirements that do not substantially differ from the valuation principles that the parent company uses.

Valuation of financial assets

The financial assets have been valued at their acquisition cost or at the lower market value.

Pension plan

The Group's pension schemes comply with each country's local rules and regulations. Pensions are based on actual calculations or actual payments to insurance companies. In Finland, white-collar employees who started their employment in the Group before 1981 are entitled to a supplementary pension. The supplementary pension contributions are paid to the insurance company Mandatum Life.

Derivative contracts and hedging accounting

Oras Invest Ltd is exposed to fluctuations in interest rates as the company has floating rate loans. The objective of managing interest rate risk is to eliminate or reduce the effect of interest rate fluctuations on the company's results and cash flow. To manage the risk, the company has entered into interest rate swap contracts to change floating rates into fixed rates or to change the interest period.

Fair value of interest rate swaps are calculated as a present value of future cash flows. The company applies cash flow hedge accounting for interest rate swaps. Accrued gains and losses of the hedging instrument are recorded through profit and loss concurrently with the underlying transaction being hedged. Fair values of the interest rate swaps not yet realized and recorded are presented on page 28, under "Collateral and contingent liabilities".

ITEMS IN FOREIGN CURRENCY

Receivables and liabilities from the Group companies in foreign currencies have been translated into Euro using the exchange rate on the closing date.

Notes to the consolidated income statement

(EUR 1,000)	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Net sales by market areas				
EU area	111,185	106,362	1,700	1,418
Other countries	33,990	37,272	0	0
Total	145,175	143,634	1,700	1,418
Other operating income				
Profit from sales of fixed assets	57	470	0	419
Other operating income	474	520	0	211
Total	531	990	0	630
Materials and services				
Raw materials and consumables				
Purchases during the financial period	48,364	53,968	0	0
Change in inventories of finished goods	416	-2,499	0	0
	48,780	51,469	0	0
External services	3,496	4,105	0	0
Total	52,276	55,574	0	0
NOTES RELATED TO PERSONNEL AND BOARD OF DIRECTORS' WORK				
Personnel expenses				
Wages and salaries	30,782	29,911	543	415
Pension expenses	4,467	4,517	134	170
Other personnel expenses	2,337	2,360	30	32
Total	37,586	36,788	707	617
Wages and salaries paid to management and Board of Directors				
Wages and salaries	1,334	864	0	0
The average number of personnel during the financial period				
The Group employed during the financial period approximately				
White-collar workers	325	326	3	3
Blue-collar workers	807	857	0	0
Total	1,132	1,183	3	3
There are no pension commitments related to the members of the Board of Directors nor the CEO.				
Auditors' fees				
Auditing	195	144	23	11
Other services	104	245	2	62

DEPRECIATION AND VALUE ADJUSTMENTS	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Depreciation				
Intangible assets				
Intangible rights	55	52	45	44
Goodwill	0	0	0	0
Other long-term expenditure	193	206	0	0
	248	258	45	44
Tangible assets				
Buildings and constructions	869	889	0	43
Machinery and equipment	3,057	2,865	34	28
	3,926	3,754	34	71
Depreciation and value adjustments total	4,174	4,012	79	115

FINANCIAL INCOME AND EXPENSE

Dividend income				
From the Group companies	0	0	2,000	0
From others	34,871	24,493	34,841	24,476
Interest income from non-current assets				
From the Group companies	0	0	0	0
From others	0	2,918	0	2,918
Other income from non-current assets				
From the Group companies	0	0	0	0
From others	200	92	177	92
Other interest and financial income				
From the Group companies	0	0	52	0
From others	2,926	1,627	2,288	205
Financial income total	37,997	29,130	39,358	27,691
Financial expenses				
Interest expenses and other financial expenses	-16,104	-4,514	-13,989	-4,131
Value adjustments	-374	0	-304	0
Loss from the sale of shares	0	-104	0	-104
Financial expenses total	-16,478	-4,618	-14,293	-4,235
Financial income and financial expenses total	21,519	24,512	25,065	23,456

EXTRAORDINARY ITEMS

Extraordinary income				
Share of the associated company's profit	165	105	0	0
Group contribution	0	0	11,100	0
	165	105	11,100	0

Notes to the consolidated income statement

INCOME TAXES (EUR 1,000)	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Income taxes from operations	-1,742	-6,093	107	-187
Other taxes	0	369	0	369
Change in deferred tax liability	-658	475	0	0
	-2,400	-5,249	107	182

Notes to the balance sheet

Non-current assets (EUR 1,000)

ORAS INVEST GROUP	ACQUISITION COST 1.1.2008	ACQUISITION COST WITH THE EXCHANGE RATE ON 31.12.2008	ADDITIONS 2008	DISPOSALS 2008	OTHER TRANSFERS AND ELIMINATIONS	ACQUISITION COST 31.12.2008	DEPRECIATION FOR THE PERIOD	ACCUMULATED DEPRECIATION FROM DIVESTMENTS	RECLASSIFICATIONS	ACCUMULATED DEPRECIATION	CARRYING AMOUNT 31.12.2008
Intangible assets											
Intangible assets	1,101	1,101	15	0	0	1,116	-47	0	0	-901	215
Other long-term expenditure	1,784	1,955	75	0	-32	1,998	-193	0	0	-1,741	257
	2,885	3,056	90	0	-32	3,114	-240	0	0	-2,642	472
Tangible assets											
Land	1,122	1,072	0	0	0	1,072	0	0	0	0	1,072
Buildings and constructions	24,522	23,235	131	0	-593	22,773	-969	0	-22	-12,198	10,575
Machinery and equipment	65,073	62,643	4,309	-3,262	-92	63,598	-3,040	-2,851	-224	-49,269	14,329
Other tangible assets	2,760	2,760	50	0	171	2,981	-21	0	0	-2,263	718
Advance payments	349	339	1,356	0	-339	1,356	0	0	0	0	1,356
	93,826	90,049	5,846	-3,262	-853	91,780	-4,030	-2,851	-246	-63,730	28,050
Investments											
Shares											
Shares in associated companies	130,174	130,174	0	-12,598	0	117,576	0	0	0	0	117,576
Other shares	336,255	336,255	0	0	-114	336,141	0	0	0	0	336,141
Receivables											
Other receivables	261	261	0	-130	0	131	0	0	0	0	131
	466,690	466,690	0	-12,728	-114	453,848	0	0	0	0	453,848
Total	563,401	559,795	5,936	-15,990	-999	548,742	-4,270	-2,851	-246	-66,372	482,370

Non-current assets (EUR 1,000)

	ACQUISITION COST 1.1.2008	ADDITIONS 2008	DISPOSALS 2008	OTHER TRANSFERS AND ELIMINATIONS	ACQUISITION COST 31.12.2008	DEPRECIATION FOR THE PERIOD	ACCUMULATED DEPRECIATION FROM DIVESTMENTS	RECLASSIFICATIONS	ACCUMULATED DEPRECIATION	CARRYING AMOUNT 31.12.2008
ORAS INVEST LTD										
Intangible assets										
Intangible assets	981	0	0	0	981	-37	0	0	-821	160
	981	0	0	0	981	-37	0	0	-821	160
Tangible assets										
Land	39	0	0	0	39	0	0	0	0	39
Buildings and constructions	0	0	0	0	0	0	0	0	0	0
Machinery and equipment	182	26	0	0	208	-34	0	0	-125	83
Other tangible assets	63	0	0	171	234	-4	0	0	-4	230
	284	26	0	171	481	-38	0	0	-129	352
Investments										
Shares										
Group companies	21,942	0	0	0	21,942	0	0	0	0	2,1942
Associated company: Uponor Corporation	157,003	0	0	0	157,003	0	0	0	0	157,003
Other shares	335,976	0	-39	0	335,937	0	0	0	0	335,937
Receivables										
Other receivables	261	0	-130	0	131	0	0	0	0	131
	515,182	0	-169	0	515,013	0	0	0	0	515,013
Total	516,447	26	-169	171	516,475	-75	0	0	-950	515,525

GROUP COMPANIES	GROUP'S OWNERSHIP SHARE -%	PARENT COMPANY'S OWNERSHIP SHARE -%	SHARE CAPITAL (EUR 1,000)
Oras Ltd	100	100	59,862
Oras GmbH & Co KG Armaturen, Germany	100	0	1,502
Oras Armatur Leksvik Fabrikker AS, Norway	100	0	5,224
Oras Armatur A/S, Denmark	100	0	956
N.V. Oras S.A., Belgium	100	0	673
Oras Olesno Sp. z o.o, Poland	100	0	1,573
Oras International Ltd	100	0	251

ASSOCIATED COMPANIES

Uponor Corporation (financial statements have been prepared according to IFRS)	23.87	23.87
Koy Rauman Kaivopuiston Teknologiakylä	40	0

Associated companies have been consolidated using the equity method.

Notes to the consolidated balance sheet

NON-CURRENT ASSETS (EUR 1,000)	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Intangible assets				
Intangible assets	215	247	160	197
Other long-term expenditure	257	650	0	0
Total	472	897	160	197
Tangible assets				
Land	1,072	1,122	39	39
Buildings and constructions	10,575	12,863	0	0
Machinery and equipment	14,329	13,622	83	92
Other tangible assets	718	532	230	63
Advance payments	1,356	349	0	0
Total	28,050	28,488	352	194
Investments				
Shares in Group companies	0	0	21,942	21,942
Shares in associated companies				
Uponor Corporation, number of shares 17,471,780	157,003	157,003	157,003	157,003
Share of associated company's profit / loss	-39,427	-26,829	0	0
Other shares				
Kemira Oyj, number of shares 20,707,020	335,829	335,829	335,829	335,829
Other shares	312	426	108	147
Other long-term receivables (Okmetic Oyj)	131	261	131	261
Total	453,848	466,690	515,013	515,182
CURRENT ASSETS				
Inventories				
Raw materials and consumables	8,405	9,018	0	0
Work in progress	4,563	4,081	0	0
Finished products / goods	5,491	5,711	0	0
Total	18,459	18,810	0	0
Receivables				
Long-term receivables				
Deferred tax asset	1,350	291	0	0
Current receivables from Group companies				
Trade receivables	0	0	0	39
Loan receivables	0	0	2,261	1,108
Prepayments and accrued income	0	0	0	180
Current receivables from others				
Trade receivables	20,529	20,680	0	0
Other receivables	1,171	1,865	0	551
Prepayments and accrued income	1,185	1,242	161	278
Total	24,235	24,078	2,422	2,156

EQUITY	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Shareholders' equity				
Share capital January 1	6,521	6,521	6,521	6,521
Share capital December 31	6,521	6,521	6,521	6,521
Other funds January 1	3,783	3,293	0	0
Translation differences from holdings	-1,546	490	0	0
Changes in reporting principles	55	0	0	0
Other funds December 31	2,292	3,783	0	0
Retained earnings January 1	263,403	238,169	261,276	243,034
Distribution of dividends	-6,955	-6,955	-6,955	-6,955
Deferred tax receivables 2006	0	155	0	0
Changes in reporting principles	423	0	0	0
Translation and exchange rate differences	303	-141	0	0
Retained earnings December 31	257,174	231,228	254,321	236,079
Profit for the financial period	28,014	32,175	36,916	25,197
Distributable funds				
Retained earnings December 31	257,174	231,228	254,321	236,079
Profit for the financial period	28,014	32,175	36,916	25,197
Equity share of appropriations	-2,849	-1,707	0	0
Total December 31	282,339	261,696	291,237	261,276
Appropriations				
Parent company: accumulated depreciation differences	0	0	48	52
Group: Equity share of appropriations	2,849	1,707	0	0
LIABILITIES				
Non-current liabilities				
Loans from financial institutions	235,184	155,742	209,500	148,250
Other long term liabilities	334	0	0	0
Deferred tax liability	1,001	601	0	0
Total	236,519	156,343	209,500	148,250
Current liabilities				
Liabilities to others than Group companies				
Installment of loans	25,480	101,756	18,750	99,950
Trade payables	5,653	10,376	17	48
Other short-term liabilities	1,917	1,661	80	79
Accrued expenses and deferred income	15,207	13,528	4,832	1,925
Total	48,257	127,321	23,679	102,002

Additional notes

COLLATERAL AND CONTINGENT LIABILITIES (EUR 1,000)	GROUP 2008	GROUP 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
Collateral on behalf of Oras Ltd/Oras Invest Group				
Real estate mortgages	252	252	0	0
Counter-guarantee of bank security (Switzerland)	31	27	0	0
Other deposits	401	986	1	3
Total	684	1,265	1	3
Loans secured by mortgages or shares given as collateral				
Loans from financial institutions	259,143	255,460	228,250	248,200
Mortgages given				
Real-estate mortgages	21,205	10,912	0	0
Corporate mortgages	13,106	7,106	0	0
Carrying amount of shares deposited as pawn	484,400	415,167	484,400	415,167
Total	518,711	433,185	484,400	415,167
Other commitments and contingent liabilities				
Guarantees on behalf of others	240	240	240	240
Collateral and contingent liabilities total	519,635	434,690	484,641	415,410
Interest rate swaps				
Current value	-4,765	182	-4,765	182
Value of the underlying instrument	328,875	115,000	328,875	115,000

ANNUAL CLOSING, SIGNATURES

Helsinki, 6 March 2009



Pekka Paasikivi
Chairman of the Board



Ulla Litzén



Annika Paasikivi



Jukka Paasikivi



Vesa Puttonen



Jari Paasikivi
CEO

Auditors' report

TO THE ANNUAL GENERAL MEETING OF ORAS INVEST LTD

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Oras Invest Ltd for the financial period 1.1.2008–31.12.2008. The financial statements comprise the consolidated and parent company balance sheets, income statements, cash flow statements and notes to the financial statements.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements and the report of the Board of Directors 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 Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on these financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from

material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Limited Liability Companies Act.

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

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

OPINION

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

Helsinki, 9 March 2009



Pekka Luoma
Authorized Public Accountant

Ernst & Young Oy
Authorized Public Accountant Firm



Tapani Kulmala
Authorized Public Accountant

CORPORATE GOVERNANCE

Oras Invest Ltd is a private limited company registered in Finland. The company follows good corporate governance practices based on the Finnish Limited Liability Companies Act and the company's Articles of Association.

Oras Invest Ltd is the parent company of Oras Invest Group. In that capacity, it is responsible for the development of the Group, prepares the Group's financial reporting and supports the Group in financial, legal and management matters.

The Group consists of a number of independent subgroups and companies. The decisions regarding their operations are taken by each company's own decision-making bodies. Oras Invest exercises its ownership through representatives elected by its Board of Directors in the decision-making bodies of its subsidiaries and associated companies.

GENERAL MEETING OF SHAREHOLDERS

The highest authority in Oras Invest is exercised by the shareholders at general meetings of shareholders. Under the Finnish Limited Liability Companies Act, decisions made by general meetings of shareholders include:

- Amendments to the Articles of Association
- Adoption of the annual accounts
- Dividend distribution
- Election of members of the Board of Directors and decision on their emoluments
- Election of the Corporation's auditor and decision on audit fees

THE BOARD OF DIRECTORS

In accordance with the Finnish Limited Liability Companies Act, the Board of Directors is responsible for the management of the company and the proper organization of its activities. The Board's main duty is to direct the company's operations in such a way that, in the long run, the yield to shareholders is secured, while simultaneously taking the expectations of various stakeholders into account.

Pursuant to the Articles of Association, the Board of Directors comprises a minimum of three and maximum of seven members, elected for a one-year term starting at closing of the annual general meeting at which they were elected and expiring at closing of the following annual general meeting.

The annual general meeting held in March 2008 elected the following five members to the Board of Directors: Mr Pekka Paasikivi, Ms Ulla Litzén, Ms Annika Paasikivi, Mr Jukka Paasikivi and Mr Vesa Puttonen.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is appointed by the Board of Directors. The CEO plans and manages the company's business operations and bears responsibility for the company's day-to-day management in accordance with the decisions and instructions issued by the Board of Directors. It is the CEO's duty to ensure that the company's accounting procedures comply with the applicable legislation and that the financial management is conducted in a reliable manner.

SALARIES AND REMUNERATION

The annual general meeting of shareholders confirms the remuneration of the members of the Board of Directors for one year at time. The Board of Directors decides on the CEO's salary and benefits and it also confirms the salaries and benefits for the other management.

SUPERVISION

Oras Invest's auditors are Ernst & Young Oy, with Tapani Kulmala, Authorized Public Accountant, and Pekka Luoma, Authorized Public Accountant. The auditors supply the company's shareholders with the statutory auditor's report on the annual financial statements. The auditors also report on their observations to the company's management and Board of Directors.

BOARD OF DIRECTORS



Pekka Paasikivi

Ulla Litzén

Annika Paasikivi

Jukka Paasikivi

Vesa Puttonen

The Board briefly

The Chairman of the Board

Pekka Paasikivi born 1944

Board memberships:

- Chairman of the Board, Oras Invest since 2004
- Chairman of the Board, Kemira since 2007
- Chairman of the Supervisory Board, Varma Mutual Pension Insurance Company since 2005
- Member of the Board, East Office of Finnish Industries since 2008
- Member of the Board, Foundation of Economic Education since 2003

Members of the Board

Ulla Litzén born 1956

Board Memberships:

- Member of the Board, Oras Invest since 2006
- Member of the Board, Atlas Copco since 1999
- Member of the Board, SKF since 1998
- Member of the Board, Boliden since 2005
- Member of the Board, Alfa Laval since 2006
- Member of the Board, Rezidor Hotel Group since 2006

Annika Paasikivi born 1976

Board memberships:

- Member of the Board, Oras Invest since 2004
- Member of the Board, Friitala Fashion since 2009

Jukka Paasikivi born 1946

Board memberships:

- Chairman of the Board, Oras since 2006
- Member of the Board, Oras Invest since 2004
- Chairman of the Board, the Supporters' Foundation of the Rauma Business School since 2003
- Member of the Board, the Turku University Foundation since 2007

Vesa Puttonen born 1966

Board memberships:

- Member of the Board, Oras Invest since 2006
- Member of the Board, Orion Corporation since 2004
- Member of the Board, Rocla since 2007

Board's secretary

Ilkka Liukas

CFO of Oras Invest Ltd.

Graphic Design and Layout:
Kreab Gavin Anderson
Photos: Tomi Parkkonen
Pictures of Art work: Erkki Paasikivi,
from the book *Metalli ja vesi* (1988).
Original photos Pentti M. Valmunen A.R.P.S
Printing: Lönnberg Print, Helsinki 2009



ORAS INVEST LTD

Mannerheimintie 12 B, 5th floor
FI-00100 Helsinki, Finland
Tel. + 358 (0)10 2868 100

CEO Jari Paasikivi

Tel. +358 500 530 375

Board's secretary and CFO Ilkka Liukas

Tel. +358 50 502 4045

Executive assistant Riitta Johansson

Tel. +358 50 320 5037

forename.lastname@orasinvest.fi

www.orasinvest.fi