

MARTELA CORPORATION STOCK EXCHANGE RELEASE 29.4.2009 at 09.00 a.m.

MARTELA CORPORATION'S INTERIM REPORT, 1 JANUARY - 31 MARCH, 2009

Consolidated net revenue for January-March was EUR 24.0 million (36.1), a decrease of 33.4 per cent. Operating profit was EUR -0.1 million (3.4), including a gain of EUR 0.0 million (0.6) from the sale of assets. Cash flow from operating activities in January-March was EUR 7.7 million (2.7). The equity-to-assets ratio was 54.7 per cent (47.2) and gearing improved significantly and was -27.9 per cent (7.7).

Key figures

	1-3 2009	1-3 2008	1-12 2008
EUR million			
Net revenue	24.0	36.1	141.2
Change in revenue %	-33.4	20.8	9.9
Operating profit excluding non-recurring items	-0.1	2.8	10.2
Operating profit %	-0.3	7.7	7.2
Return on investment, %	0.2	31.1	25.2
Return on equity, %	-2.7	32.2	23.8
Equity to asset ratio, %	54.7	47.2	52.2
Gearing, %	-27.9	7.7	-11.0
Earnings per share, eur	-0.06	0.59	1.89
Earnings per share (diluted), eur	-0.06	0.59	1.89
Average staff	649	660	681
Revenue/employee (EUR 1.000)	37.0	54.7	207.3

Accounting policies

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as approved by the EU. As from 1 January 2009, Martela Group has applied the following new and amended standards: IFRS 8, Operating Segments and IAS 1, Presentation of Financial Statements. In other respects, the accounting policies are the same as those applied in the 2008 financial statements.

Market

The demand for office furniture decreased in comparison with the figure for the same quarter in 2008. New office construction in 2008 was slower than in the previous year and fewer building permits were granted, too.

Group structure

There were no changes in Group structure during the review period or the comparison period.

Segment reporting

The segments presented in the interim report comply with the company's new segment division. The comparison year's figures have also been rendered in the

same way. The business segments are based on the Group's internal organisational structure and internal financial reporting.

Sales between segments are reported as part of the segments' revenue. The segments' results presented are their operating profits, because tax items and financial items are not allocated by segment. The Group's assets and liabilities are not allocated or monitored by segment for the purposes of internal financial reporting. Net revenue and operating profit are as recorded in the consolidated financial statements.

Business Unit Finland is responsible for sales and marketing, service production and manufacturing in Finland. There are 24 service locations in Finland, 9 of which are Martela's and the rest are entrepreneur-run Martela centres. The Business Unit's logistics centre is located in Nummela.

Business Unit Sweden and Norway is responsible for sales in Sweden and Norway, handled through about 70 dealers. In addition, the Business Unit has its own sales and showroom facilities at three locations: Stockholm and Bodaafors in Sweden and Oslo in Norway. The Business Unit's logistics centre and order handling are also located in Bodaafors.

Business Unit Poland is responsible for the sales and distribution of Martela products in Poland and eastern Central Europe. Sales in Poland are organized via the sales network maintained by the Business Unit. The company has altogether 7 sales centres in Poland. The Business Unit's principal export countries are Ukraine, Hungary, the Czech Republic and Slovakia, in each of which sales are handled by established dealers. Business Unit Poland is based in Warsaw, where it has its logistics and administration.

Net revenue

Net revenue for January–March was EUR 24.0 million (36.1), a decrease of 33.4 per cent. The drop in net revenue was partly due to the exceptionally large projects carried out in Finland during the previous year's comparison period. Exchange rate fluctuations also contributed to the change in consolidated net revenue. The effect of exchange rate movements was approximately 3 percentage units.

Net revenue by segment

EUR million

	Business unit Finland	Business unit Sweden & Norway	Business unit Poland	Other segments	Total
1.1.2009–31.3.2009					
External Revenue	17.1	4.3	1.6	1.0	24.0
Internal Revenue	0.0	0.0	0.0	4.2	4.2
Total 2009	17.1	4.3	1.6	5.2	
1.1.2008–31.3.2008					
External Revenue	25.3	5.3	3.1	2.4	36.1
Internal Revenue	0.0	0.1	0.0	5.0	5.1
Total 2008	25.3	5.4	3.1	7.4	
External revenue change %	-32.3	-18.7	-48.2	-60.8	-33.4

Other segments include PO Korhonen Oy, Kidex Oy and Business Unit International, which is responsible for export markets.

Change in external revenue and percentage of consolidated net revenue

EUR million	1-3	1-3	Change%	Percentage	1-12	2008 Percentage
	2009	2008			2008	
Business unit Finland	17.1	25.3	-32.3	71.3	101.4	71.9
Business unit Sweden & Norway	4.3	5.3	-18.7	18.1	18.7	13.2
Business unit Poland	1.6	3.1	-48.2	6.7	12.7	9.0
Other segments	1.0	2.4	-60.8	3.9	8.4	5.9
Total	24.0	36.1	-33.4	100.0 %	141.2	100.0 %

Consolidated result

The consolidated operating profit for the first quarter was EUR -0.1 million (3.4). The operating profit decreased from the previous year mainly due to the fall in revenue. The 2008 first-quarter figure includes EUR 0.6 million in non-recurring income from the sale of assets.

Profit before taxes was EUR -0.2 million (3.2), and profit after taxes was EUR -0.2 million (2.4). The operating profit excluding non-recurring items was -0.3 per cent of net revenue (7.7).

Operating profit by segment

EUR million	1-3	1-3	1-12
	2009	2008	2008
Business Unit Finland	1.6	3.7	14.5
Business Unit Sweden & Norway	-0.2	-0.7	-1.6
Business Unit Poland	-0.3	-0.1	-0.6
Other Segments	-0.2	0.2	-0.4
Other	-1.0	0.3	-1.1
Total	-0.1	3.4	10.8

Other segments include PO Korhonen Oy, Kidex Oy and Business Unit International, which is responsible for export markets. The item Others includes non-allocated Group functions and non-recurring sales gains and losses.

Financial position

The Group's financial position remains strong. At the end of the first quarter, net interest-bearing liabilities were EUR 10.4 million (13.9), and net debt was EUR -8.7 million (2.3). At the end of the quarter, the gearing ratio was -27.9 per cent (7.7) and the equity-to-assets ratio was 54.7 per cent (47.2). Net financial expenses were EUR -0.1 million (-0.2).

Cash flow from operating activities in January-March was EUR 7.7 million (2.7). The balance sheet total at the end of the first quarter was EUR 56.9 million (63.5).

Capital expenditure

The Group's gross capital expenditure totalled EUR 0.4 million (0.9) in January-March. The capital expenditure mainly concerned production replacements and IT investments.

Staff

In January-March, the Group employed an average of 649 (660) persons, a year-on-year decrease of 1.7 per cent.

Average staff by region

	1-3 2009	1-3 2008	1-12 2008
Finland	492	503	520
Scandinavia	64	74	71
Poland	93	83	90
Group total	649	660	681

Product development and Martela's collection

Product development and the management of Martela's collection are the responsibility of two Group-level organisations: Brand & Product Portfolio, which is responsible for collection and brand management, and Product Development and Marketing, which is responsible for the development of innovative products and the Group's marketing communications.

At the Stockholm Furniture Fair in February, Martela's theme was 'The Light of Snow'. We exhibited a number of new products at our snow-white stand. The Spot series by Pekka Toivola and Iiro Viljanen was complemented with easily movable screens, side tables and workstation desks. The Big cabinet by Pekka Toivola also serves as a space divider. Pinta ES, a pure and simple design, is the newest addition to the range of electrically adjustable desks. New products were also introduced in the surroundings furniture ranges: the Form conference chair by Jukka Setälä, and the SoftX lobby furniture series by Julia Läufer and Marcus Keichel. As a concept product we exhibited the Tree W space divider, designed by Professor Eero Aarnio and featuring LED illumination.

At the Milan Furniture Fair in April, Martela set up its own exhibition under the theme 'Black Swan'. The name came from the Swan XL lamp, another Eero Aarnio design. Another new product introduced at Milan was the Diagonal, an innovative piece of furniture for public spaces providing flexible seating for groups of people or private conversations alike. Diagonal is the brainchild of o4i, a Stockholm-based design office.

Shares

During January-March, 229,046 (137,640) of the company's A shares were traded on the NASDAQ OMX Helsinki Ltd exchange, corresponding to 6.5 per cent (3.9) of all A shares. The value of trading was EUR 1.4 million (1.1), and the share price was EUR 5.29 at the beginning and EUR 5.73 at the end of the first quarter. During the quarter the share price was EUR 6.82 at its highest and EUR 5.21 at its lowest. At the end of March, equity per share was EUR 7.79 (7.33).

On 5 March 2009, ODIN Forvaltning AS announced that the holdings of funds managed by ODIN in Martela Corporation fell to 2.85 per cent following a share transaction made on 5 March 2009.

Treasury shares

The company did not purchase any of its own shares in January-March. On 31 March 2009, Martela owned a total of 67,700 of Martela A shares, purchased at an average price of EUR 10.65. Martela's holding of treasury shares amounts to 1.6 per cent of all shares and 0.4 per cent of all votes.

Acquisition of shares for the share-based incentive scheme and the management of the scheme have been outsourced to an external service provider, Evli Alexander Management Oy. These shares have been treated in the consolidated financial statements for 2008 and 2009 under equity. On 31 December 2008, 104,282 shares under the incentive scheme were still undistributed.

2009 Annual General Meeting

The Annual General Meeting was held on 17 March 2009. The meeting approved the financial statements and discharged the responsible parties from liability for the 2008 financial year. The AGM decided, in accordance with the Board of Directors' proposal, to distribute a dividend of EUR 0.60 per share, totalling EUR 2,452,740. Heikki Ala-Ilkka, Tapio Hakakari, Heikki Martela, Pekka Martela, Jori Keckman and Jaakko Palsanen were elected as members of the Board of Directors for the next term. KPMG Oy Ab, Authorised Public Accountants, was elected as the company's auditor.

The AGM also approved the Board of Directors' proposals, detailed in the meeting notice, to authorise the Board to acquire and/or dispose of Martela shares.

The new Board of Directors convened after the Annual General Meeting and elected Heikki Ala-Ilkka as Chairman and Pekka Martela as Vice Chairman.

Post-balance sheet events

No significant events requiring reporting have taken place since the first quarter, and operations have continued according to plan.

Short-term risks

The greatest risk to profit performance is related to the continuation of the general economic uncertainty and the consequent effects on the overall demand for office furniture.

Outlook for 2009

General economic uncertainty will affect the company's performance in 2009. Revenue will decrease from the previous year, and operating profit will also be lower than in 2008. During the year, the company will examine its cost structure for improvements and increase the efficiency of its operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1 000)

	2009 1-3	2008 1-3	2008 1-12
Revenue	24.019	36.090	141.153
Other operating income	0.131	0.729	1.422
Employee benefits expenses	-7.148	-7.880	-31.452
Operating expenses	-16.304	-24.842	-97.154
Depreciation and impairment	-0.758	-0.734	-3.115
Operating profit/loss	-0.060	3.362	10.854
Financial income and expenses	-0.110	-0.189	-0.651
Profit/loss before taxes	-0.171	3.173	10.202
Income tax	-0.051	-0.777	-2.666
Profit/loss for the period	-0.221	2.396	7.537
Basic earnings per share, eur	-0.06	0.59	1.89
Diluted earnings per share, eur	-0.06	0.59	1.89
Allocation of net profit for the period:			
To equity holders of the parent	-0.221	2.396	7.537
OTHER COMPREHENSIVE INCOME			
Translation differences	-0.154	0.084	-0.357
Total comprehensive income	-0.375	2.480	7.180
Allocation of total comprehensive income			
To equity holders of the parent	-0.375	2.480	7.180
GROUP BALANCE SHEET (EUR 1 000)	31.03.2009	31.12.2008	31.03.2008
ASSETS			
Non-current assets			
Intangible assets	0.728	0.724	0.682
Tangible assets	13.044	13.461	14.279
Investments	0.039	0.039	0.054
Deferred tax assets	0.315	0.304	0.242
Pension receivables	0.072	0.072	0.035
Receivables	0.000	0.000	0.623
Investment properties	0.600	0.600	0.600
Total	14.798	15.200	16.514
Current assets			
Inventories	10.017	10.825	13.015
Receivables	13.000	24.252	22.420
Financial assets at fair value through profit and loss	1.054	1.038	2.003
Cash and cash equivalents	18.053	13.581	9.559
Total	42.125	49.696	46.997
Total assets	56.923	64.896	63.511

EQUITY AND LIABILITIES

	31.03.2009	31.12.2008	31.03.2008
Equity			
Share capital	7.000	7.000	7.000
Share premium account	1.116	1.116	1.116
Other reserves	0.117	0.117	0.117
Translation differences	-0.640	-0.486	-0.045
Retained earnings	24.661	27.335	22.379
Treasury shares	-1.610	-1.610	-0.721
Share-based incentives	0.371	0.270	0.100
Total	31.015	33.742	29.946
Non-current liabilities			
Interest-bearing liabilities	7.689	8.024	10.160
Deferred tax liability	1.367	1.403	1.521
Total	9.057	9.427	11.681
Current liabilities			
Interest-bearing	2.754	2.869	3.717
Non-interest bearing	14.098	18.858	18.167
Total	16.852	21.727	21.884
Total liabilities	25.908	31.154	33.565
Equity and liabilities, total	56.923	64.896	63.511

STATEMENT OF CHANGES IN EQUITY (EUR 1 000)

Equity attributable to equity holders of the parent

	Share capital	Share premium account	Other reserves	Trans. diff.	Retained earnings	Treasury shares and share-based inc.	Total
01.01.2008	7.000	1.116	0.117	-0.129	22.127	-0.721	29.510
Translation diff.				0.084			0.084
Other change					0.000		0.000
Profit/loss for the period					2.396		2.396
Total rec. income and expense				0.084	2.396		2.480
Dividends					-2.044		-2.044
31.03.2008	7.000	1.116	0.117	-0.045	22.479	-0.721	29.946
1.1.2009	7.000	1.116	0.117	-0.486	27.605	-1.610	33.742
Translation diff.				-0.154			-0.154
Other change					0.101		0.101
Profit/loss for the period					-0.221		-0.221
Total rec. income and expense				-0.154	-0.120		-0.274
Dividends					-2.453		-2.453
31.03.2009	7.000	1.116	0.117	-0.640	25.032	-1.610	31.015

CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)

	2009 1-3	2008 1-3	2008 1-12
Cash flows from operating activities			
Cash flow from sales	33.890	36.816	138.477
Cash flow from other operating income	0.131	0.729	0.687
Payments on operating costs	-25.712	-34.793	-124.654
Net cash from operating activities before financial items and taxes	8.309	2.753	14.510
Interest paid	-0.133	-0.169	-0.844
Interest received	0.088	0.051	0.268
Other financial items	0.009	-0.016	-0.060
Taxes paid	-0.585	0.075	-2.116
Net cash from operating activities (A)	7.688	2.694	11.758
Cash flows from investing activities			
Capital expenditure on tangible and intangible assets	-0.360	-0.174	-2.206
Proceeds from sale of tangible and intangible assets	0.000	0.000	1.489
Repayments of loans receivables	0.000	0.023	0.022
Net cash used in investing activities (B)	-0.360	-0.152	-0.694
Cash flows from financing activities			
Proceeds from short-term loans	0.006	0.000	0.129
Repayments of short-term loans	-0.270	-0.233	-0.795
Repayments of long-term loans	-0.291	-0.456	-3.365
Dividends paid and other profit distribution	-2.248	0.000	-1.972
Net cash used in financial activities (C)	-2.803	-0.689	-6.003
Change in cash and cash equivalents (A+B+C) (+ increase, - decrease)	4.524	1.853	5.061
Cash and cash equivalents at the beginning of period	14.620	9.691	9.691
Translation differences	-0.037	0.018	-0.132
Cash and cash equivalents at the end of period	19.107	11.562	14.620

SEGMENT REPORTING (EUR 1 000)

Segment revenue	2009 1-3	2008 1-3	2008 1-12
Business Unit Finland			
external	17.129	25.284	101.430
internal	0.000	0.000	0.000
Business Unit Sweden and Norway			
external	4.342	5.309	18.689
internal	0.044	0.072	0.301
Business Unit Poland			
external	1.616	3.119	12.722
internal	0.007	0.006	0.049
Other segments			
external	0.931	2.377	8.312
internal	4.239	5.016	21.379
Total external revenue	24.019	36.090	141.153
Segment operating profit/loss	2009 1-3	2008 1-3	2008 1-12
Business Unit Finland	1.635	3.749	14.517
Business Unit Sweden and Norway	-0.211	-0.662	-1.599
Business Unit Poland	-0.280	-0.117	-0.549
Other segments	-0.164	0.141	-0.421
Other	-1.040	0.252	-1.094
Total operating profit/loss	-0.060	3.362	10.854

TANGIBLE ASSETS 1.1-31.3.2009

	Land areas	Buildings	Machinery & equipment	Other tangibles	Work in progress
Acquisitions	0.000	0.010	0.207	0.017	0.082
Decreases	0.000	0.000	0.000	0.000	0.000

TANGIBLE ASSETS 1.1-31.3.2008

	Land areas	Buildings	Machinery & equipment	Other tangibles	Work in progress
Acquisitions	0.000	0.001	0.451	0.000	0.329
Decreases	0.000	0.000	-0.004	0.000	0.000

RELATED PARTY AND SHARE-BASED INCENTIVE PROGRAMME

The CEO and the group's management and some key-persons are included in a long-term incentive scheme, extending from 2007 to the end of 2009.

KEY FIGURES/RATIOS

	2009 1-3	2008 1-3	2008 1-12
Operating profit/loss	-0.060	3.362	10.854
- in relation to revenue	-0.3	9.3	7.7
Profit/loss before taxes	-0.171	3.173	10.202
- in relation to revenue	-0.7	8.8	7.2
Profit/loss for the period	-0.221	2.396	7.537
- in relation to revenue	-0.9	6.6	5.3
Basic earnings per share, eur	-0.06	0.59	1.89
Diluted earnings per share, eur	-0.06	0.59	1.89
Equity/share, eur	7.79	7.33	8.47
Equity ratio	54.7	47.2	52.2
Return on equity *	-2.7	32.2	23.8
Return on investment *	0.2	31.1	25.2
Interest-bearing net-debt, eur million	-8.7	2.3	-3.7
Gearing ratio	-27.9	7.7	-11.0
Capital expenditure, eur million	0.4	0.9	2.9
- in relation to revenue, %	1.6	2.5	2.1
Personnel at the end of period	643	659	670
Average personnel	649	660	681
Revenue/employee, eur thousand	37.0	54.7	207.3

Key figures are calculated according to formulae as presented in Annual Report 2008.

* When calculating return on equity and return on investment the profit/loss for the period has been multiplied in interim reports.

CONTINGENT LIABILITIES

	31.03.2009	31.12.2008	31.03.2008
Mortgages and shares pledged	14.548	14.566	18.866
Guarantees	0.000	0.000	0.000
Other commitments	0.324	0.332	0.318
RENTAL COMMITMENTS	8.246	8.964	10.240
DEVELOPMENT OF SHARE PRICE	2009 1-3	2008 1-3	2008 1-12
Share price at the end of period, EUR	5.73	8.56	5.29
Highest price, EUR	6.82	8.78	10.05
Lowest price, EUR	5.21	7.36	5.10
Average price, EUR	6.24	8.20	8.30

This interim report has not been audited

Helsinki, 29 April 2009

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