

MARTELÀ CORPORATION STOCK EXCHANGE RELEASE 5.8.2009 at 09.00 a.m.

MARTELÀ CORPORATION'S INTERIM REPORT, 1 JANUARY - 30 JUNE 2009

Consolidated net revenue for January-June was EUR 45.3 million (69.4), a decrease of 34.8 per cent. Operating profit for the first half of the year was EUR -0.8 million (5.1). The result for 2008 includes EUR 0.7 million in non-recurring income from the sale of assets. Cash flow from operating activities in January-June was EUR 7.1 million (6.3). The equity-to-assets ratio was 55.7 per cent (49.8) and gearing was -26.4 per cent (1.3).

**Key figures**

	4-6 2009	4-6 2008	1-6 2009	1-6 2008	1-12 2008
EUR million					
Net revenue	21.3	33.3	45.3	69.4	141.2
Change in revenue %	-36.2	9.7	-34.8	15.2	9.9
Operating profit excluding non-recurring items	-0.7	1.6	-0.8	4.4	10.2
Operating profit %	-3.3	4.9	-1.7	6.3	7.2
Return on investment, %			-2.9	23.7	25.2
Return on equity, %			-4.9	23.0	23.8
Equity to asset ratio, %			55.7	49.8	52.2
Gearing, %			-26.4	1.3	-11.0
Earnings per share, eur			-0.19	0.85	1.89
Earnings per share (diluted), eur			-0.19	0.85	1.89
Average staff			645	680	681
Revenue/employee (EUR 1.000)			70.2	102.1	207.3

**Accounting policies**

This 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 clearly decreased in comparison with the figure for the same period 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; nine 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-June was EUR 45.3 million (69.4), a decrease of 34.8 per cent. The drop in net revenue was partly due to the exceptionally large projects carried out in Finland during the previous year's first quarter. Exchange rate fluctuations also contributed to the change in consolidated net revenue. The effect of exchange rate movements was approximately 4 percentage units.

## Net revenue by segment

EUR million

	Business unit Finland	Business unit Sweden & Norway	Business unit Poland	Other segments	Total
<b>1.1.2009-30.6.2009</b>					
External Revenue	30.9	7.8	4.1	2.5	45.3
Internal Revenue	0.0	0.1	0.0	8.1	8.2
Total 2009	30.9	7.9	4.1	10.6	
<b>1.1.2008-30.6.2008</b>					
External Revenue	48.2	10.1	6.5	4.6	69.4
Internal Revenue	0.0	0.1	0.0	10.4	10.5
Total 2008	48.2	10.2	6.5	15.0	
External revenue change %	-36.0 %	-22.5 %	-36.9 %	-46.1 %	-34.8 %

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	1-6		1-12	
	2009	2008 Change %	Percentage	2008 Percentage
Business unit Finland	30.9	48.2 -36.0 %	68.1 %	101.4
Business unit Sweden & Norway	7.8	10.1 -22.5 %	17.3 %	18.7
Business unit Poland	4.1	6.5 -36.9 %	9.1 %	12.7
Other segments	2.5	4.6 -46.1 %	5.5 %	8.4
Total	45.3	69.4 -34.8 %	100.0 %	141.2
				100.0 %

## Consolidated result

The consolidated result for the second quarter fell somewhat short of the target and the operating profit was EUR -0.7 million (1.7). The previous year's result was increased by EUR 0.1 million in non-recurring income from the sale of assets. Operating profit decreased from the previous year mainly due to the fall in revenue.

Operating profit for the first half-year was EUR -0.8 million (5.1). In May 2009, PO Korhonen sold its factory property Raisio. This transaction did not have a material effect on the consolidated result. The result for 2008 includes EUR 0.7 million in non-recurring income from the sale of assets.

Profit before taxes was EUR -0.9 million (4.8), and profit after taxes was EUR -0.8 million (3.5).

The operating profit excluding non-recurring items was -1.7 per cent of net revenue (6.3).

#### Operating profit by segment

EUR million	1-6 2009	1-6 2008	1-12 2008
Business Unit Finland	2.0	6.5	14.5
Business Unit Sweden & Norway	-0.7	-1.0	-1.6
Business Unit Poland	-0.3	-0.2	-0.6
Other Segments	-0.3	-0.1	-0.4
Other	-1.5	-0.1	-1.1
<b>Total</b>	<b>-0.8</b>	<b>5.1</b>	<b>10.8</b>

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 second quarter, net interest-bearing liabilities were EUR 9.7 million (13.0), and net debt was EUR -8.1 million (0.4). At the end of the review period, gearing was -26.4 per cent (1.3) and the equity-to-assets ratio was 55.7 per cent (49.8%). Net financial expenses were EUR -0.2 million (-0.3).

Cash flow from operating activities in January-June was EUR 7.1 million (6.3).

The balance sheet total at the end of the review period was EUR 55.6 million (62.9).

#### Capital expenditure

The Group's gross capital expenditure for January-June was EUR 1.1 million (1.6). The capital expenditure mainly concerned production replacements and IT investments.

#### Staff

In January-June, the Group employed an average of 645 (680) persons, a year-on-year decrease of 5.1 per cent.

#### Average staff by region

	1-6 2009	1-6 2008	1-12 2008
Finland	491	518	520
Scandinavia	63	73	71
Poland	91	89	90
<b>Group total</b>	<b>645</b>	<b>680</b>	<b>681</b>

In March 2009 Martela has concluded the personnel negotiations at the parent company, Martela Corporation. As a result of the personnel negotiations, 15 people were made redundant and layoffs affecting the entire workforce will also be implemented. The layoffs are estimated to correspond to the work input of 30 person work years.

#### Related party transactions

Martela Group's related party comprise the CEO, members of the board and the group's management team. The fees paid to the Chairman and to the members of the Board during the first half of the year totalled EUR 15,000 (14,000) and EUR 30,000 thousand (27,000), respectively. However, no fees are paid to Board members employed by the company.

The total salaries, bonuses and other benefits paid to Martela Corporation's Managing Director during the first half of the year were EUR 77,000 (83,000). In addition, EUR 28,000 (26,000) was booked as share-based incentives.

The total salaries, bonuses and other benefits paid to Martela Corporation's Management team members (excl. salary of CEO) during the first half of the year were EUR 416,000 (426,000). In addition, EUR 133,000 (121,000) was booked as share-based incentives.

#### 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 is responsible for collection and brand management. Product Development and Marketing 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 floor lamp, another Eero Aarnio design. Another new product introduced at Milan was Diagonal, the brainchild of Stockholm-based design office o4i; it is an innovative piece of furniture for public indoor spaces providing flexible seating for groups of people as well as private conversations alike.

#### Shares

During January-June, 455,921 (483,137) of the company's A shares were traded on the NASDAQ OMX Helsinki Ltd exchange, corresponding to 12.8 per cent (13.6) of all A shares.

The value of trading was EUR 3.0 million (4.4), and the share price was EUR 5.29 at the beginning of the year and EUR 7.30 at the end of the second quarter. During January-June the share price was EUR 7.84 at its highest and EUR 5.21 at its lowest. At the end of June, equity per share was EUR 7.59 (7.65).

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-June. On 30 June 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 30 June 2009, 56,227 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, Tapiu 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 January-June period and operations have continued according to plan.

#### Short-term risks

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

#### Outlook for 2009

The general economic uncertainty will have an effect on 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 is examining its cost structure for improvements and increasing the efficiency of its operations.

## GROUP INCOME STATEMENT (EUR 1000)

	2009 1-6	2008 1-6	2009 4-6	2008 4-6	2008 1-12
Revenue	45.283	69.419	21.264	33.329	141.153
Other operating income	0.388	0.981	0.257	0.252	1.422
Employee benefits expenses	-13.914	-16.248	-6.766	-8.368	-31.452
Operating expenses	-31.032	-47.615	-14.728	-22.773	-97.154
Depreciation and impairment	-1.485	-1.456	-0.727	-0.722	-3.115
Operating profit/loss	-0.760	5.081	-0.700	1.719	10.854
Financial income and expenses	-0.188	-0.262	-0.078	-0.073	-0.651
Profit/loss before taxes	-0.948	4.818	-0.778	1.645	10.202
Income tax	0.164	-1.332	0.215	-0.555	-2.666
Profit/loss for the period	-0.784	3.487	-0.563	1.091	7.537
Other comprehensive income					
Translation differences	-0.082	0.044	0.072	-0.040	-0.357
Total comprehensive income	-0.866	3.531	-0.491	1.051	7.180
Basic earnings per share, eur	-0.19	0.85	-0.14	0.26	1.89
Diluted earnings per share, eur	-0.19	0.85	-0.14	0.26	1.89
Allocation of net profit for the period:					
To equity holders of the parent	-0.784	3.487	-0.563	1.091	7.537
Allocation of total comprehensive income					
To equity holders of the parent	-0.866	3.531	-0.491	1.051	7.180

## GROUP BALANCE SHEET (EUR 1000) 30.6.2009 31.12.2008 30.06.2008

## ASSETS

Non-current assets			
Intangible assets	0.796	0.724	0.654
Tangible assets	12.210	13.461	14.148
Investments	0.039	0.039	0.039
Deferred tax assets	0.294	0.304	0.246
Pension receivables	0.072	0.072	0.035
Receivables	0.000	0.000	0.630
Investment properties	0.600	0.600	0.600
Total	14.011	15.200	16.353
Current assets			
Inventories	11.437	10.825	13.601
Receivables	12.423	24.252	20.425
Financial assets at fair value through profit and loss	1.073	1.038	2.033
Cash and cash equivalents	16.658	13.581	10.538
Total	41.591	49.696	46.597
Total assets	55.602	64.896	62.950

## EQUITY AND LIABILITIES

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	-0.568	-0.486	-0.085
Retained earnings	23.751	27.335	23.671
Treasury shares	-1.200	-1.610	-0.721
Share-based incentives	0.371	0.270	0.157
<b>Total</b>	<b>30.587</b>	<b>33.742</b>	<b>31.255</b>
 Non-current liabilities			
Interest-bearing liabilities	6.875	8.024	9.280
Deferred tax liability	1.201	1.403	1.486
<b>Total</b>	<b>8.076</b>	<b>9.427</b>	<b>10.766</b>
 Current liabilities			
Interest-bearing	2.796	2.869	3.710
Non-interest bearing	14.143	18.858	17.218
<b>Total</b>	<b>16.939</b>	<b>21.727</b>	<b>20.928</b>
 Total liabilities			
	25.015	31.154	31.695
 Equity and liabilities, total			
	55.602	64.896	62.950

## STATEMENT OF CHANGES IN EQUITY (EUR 1000)

## Equity attributable to equity holders of the parent

	Share capital	Share premium account	Other reserves	Trans. diff.	Retained earnings and share-based inc.	Treasury shares	Total
01.01.2008	7.000	1.116	0.117	-0.129	22.127	-0.721	29.510
Translation diff.							0.000
Other change					0.258		0.258
Profit/loss for the period, compr.				0.044	3.487		3.531
Total rec. income and expense				0.044	3.745		3.789
Dividends					-2.044		-2.044
30.06.2008	7.000	1.116	0.117	-0.085	23.828	-0.721	31.255
 1.1.2009	 7.000	 1.116	 0.117	 -0.486	 27.605	 -1.610	 33.742
Translation diff.							0.000
Other change					-0.309	0.410	0.101
Profit/loss for the period, compr.				-0.082	-0.784		-0.866
Total rec. income and expense				-0.082	-1.093	0.410	-0.765
Dividends					-2.390		-2.390
30.06.2009	7.000	1.116	0.117	-0.568	24.122	-1.200	30.587

## CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)

	2009 1-6	2008 1-6	2008 1-12
<b>Cash flows from operating activities</b>			
Cash flow from sales	55.913	71.396	138.477
Cash flow from other operating income	0.247	0.277	0.687
Payments on operating costs	-47.115	-64.227	-124.654
Net cash from operating activities before financial items and taxes	9.046	7.446	14.510
Interest paid	-0.313	-0.378	-0.844
Interest received	0.135	0.117	0.268
Other financial items	0.013	-0.020	-0.060
Taxes paid	-1.780	-0.897	-2.116
Net cash from operating activities (A)	7.100	6.268	11.758
<b>Cash flows from investing activities</b>			
Capital expenditure on tangible and intangible assets	-0.894	-1.321	-2.206
Proceeds from sale of tangible and intangible assets	0.853	1.492	1.489
Repayments of loans receivables	0.000	0.022	0.022
Net cash used in investing activities (B)	-0.042	0.193	-0.694
<b>Cash flows from financing activities</b>			
Proceeds from short-term loans	0.006	-	0.129
Repayments of short-term loans	-0.408	-0.482	-0.795
Repayments of long-term loans	-1.136	-1.190	-3.365
Dividends paid and other profit distribution	-2.389	-1.972	-1.972
Net cash used in financial activities (C)	-3.927	-3.644	-6.003
Change in cash and cash equivalents (A+B+C) (+ increase, - decrease)	3.131	2.817	5.061
Cash and cash equivalents at the beginning of period	14.620	9.691	9.691
Translation differences	-0.020	0.063	-0.132
Cash and cash equivalents at the end of period	17.731	12.571	14.620

## SEGMENT REPORTING (EUR 1 000)

Segment revenue	2009 1-6	2008 1-6	2009 4-6	2008 4-6	2008 1-12
Business unit Finland					
external	30.855	48.184	13.725	22.900	101.430
internal	0.000	0.000	0.000	0.000	0.000
Business unit Sweden and Norway					
external	7.826	10.100	3.484	4.790	18.689
internal	0.143	0.107	0.099	0.036	0.301
Business Unit Poland					
external	4.131	6.552	2.516	3.433	12.722
internal	0.020	0.018	0.012	0.012	0.049
Other segments					
external	2.471	4.583	1.539	2.206	8.312
internal	8.119	10.353	3.880	5.337	21.379
Total external revenue	45.283	69.419	21.264	33.329	141.153
Segment operating profit/loss	2009 1-6	2008 1-6	2009 4-6	2008 4-6	2008 1-12
Business Unit Finland	1.977	6.520	0.342	2.771	14.517
Business Unit Sweden and Norway	-0.725	-1.006	-0.514	-0.344	-1.599
Business Unit Poland	-0.271	-0.233	0.009	-0.116	-0.549
Other segments	-0.248	-0.068	-0.084	-0.208	-0.421
Other	-1.493	-0.133	-0.453	-0.384	-1.094
Total operating profit/loss	-0.760	5.081	-0.700	1.719	10.854

## TANGIBLE ASSETS 1.1-30.6.2009

	Land areas	Buildings	Machinery & equipment	Other tangibles	Work in progress
Acquisitions	0.000	0.084	0.670	0.060	0.014
Decreases	-0.023	-0.687	0.000	0.000	0.000

## TANGIBLE ASSETS 1.1-30.6.2008

	Land areas	Buildings	Machinery & equipment	Other tangibles	Work in progress
Acquisitions	0.000	0.020	0.823	0.005	0.569
Decreases	0.000	-0.008	-0.126	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 1-6	2008 1-6	2008 1-12
Operating profit/loss	-0.760	5.081	10.854
- in relation to revenue	-1.7	7.3	7.7
Profit/loss before taxes	-0.948	4.818	10.202
- in relation to revenue	-2.1	6.9	7.2
Profit/loss for the period	-0.784	3.487	7.537
- in relation to revenue	-1.7	5.0	5.3
Basic earnings per share, eur	-0.19	0.85	1.89
Diluted earnings per share, eur	-0.19	0.85	1.89
Equity/share, eur	7.59	7.65	8.47
Equity ratio	55.7	49.8	52.2
Return on equity *	-4.9	23.0	23.8
Return on investment *	-2.9	23.7	25.2
Interest-bearing net-debt, eur million	-8.1	0.4	-3.7
Gearing ratio	-26.4	1.3	-11.0
Capital expenditure, eur million	1.1	1.6	2.9
- in relation to revenue, %	2.3	2.3	2.1
Personnel at the end of period	645	723	670
Average personnel	645	680	681
Revenue/employee, eur thousand	70.2	102.1	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

	30.6.2009	31.12.2008	30.6.2008
Mortgages and shares pledged	14.329	14.566	18.841
Guarantees	0.000	0.000	0.000
Other commitments	0.347	0.332	0.322
RENTAL COMMITMENTS	7.757	8.964	9.989
DEVELOPMENT OF SHARE PRICE	2009 1-6	2008 1-6	2008 1-12
Share price at the end of period, EUR	7.30	8.40	5.29
Highest price, EUR	7.84	10.05	10.05
Lowest price, EUR	5.21	7.32	5.10
Average price, EUR	6.67	9.04	8.30

This interim report has not been audited

Helsinki, 5 August 2009

Martela Corporation  
Board of Directors  
Heikki Martela  
CEO

## Additional information

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