

MARTELA CORPORATION FINANCIAL STATEMENTS RELEASE 10.2.2010 at 8.30 a.m.

MARTELA CORPORATION'S FINANCIAL STATEMENTS RELEASE, 1 JANUARY - 31 DECEMBER 2009

Consolidated revenue in January-December was EUR 95.3 million (141.2), a decrease of 32.5 per cent on the previous year. Operating profit for the same period was EUR 0.8 million (10.9). Revenue for the fourth quarter was down by 41.0 per cent, and operating profit amounted to EUR 0.4 million (3.8). Cash flow from operating activities in January-December was EUR 10.8 million (11.8). The equity ratio was 57.4 per cent (52.2) and the gearing ratio was -33.9 per cent (-11.0).

#### Key figures

	10-12	10-12	1-12	1-12
EUR million	2009	2008	2009	2008
Net revenue	24.2	41.1	95.3	141.2
Change in revenue %	-41.0	11.0	-32.5	9.9
Operating profit excluding non-recurring items	0.4	3.8	0.8	10.2
Operating profit %	1.5	9.3	0.8	7.2
Return on investment, %			2.3	25.2
Return on equity, %			0.4	23.8
Equity to asset ratio, %			57.4	52.2
Gearing, %			-33.9	-11.0
Earnings per share, eur			0.03	1.89
Earnings per share (diluted), eur			0.03	1.89
Average staff			636	681
Revenue/employee (EUR 1.000)			149.9	207.3

#### Accounting policies

This financial statements release has been prepared in accordance with IAS 34, applying the same policies as were applied for the 2008 financial statements. 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. The annual figures presented in this financial statements release have been audited.

#### Market

The demand for office furniture decreased significantly on 2008. New office construction in 2009 was slower than in the previous year and fewer building permits were granted.

#### Group structure

There were no changes in Group structure during the review period or during the same period the previous year.

## Segment reporting

The segments presented in the financial statements 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 in the internal financial reporting. 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. In Finland, Martela has an extensive sales and service network which covers the whole of the country, with a total of 24 service locations. The Business Unit's logistics centre is in Nummela.

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

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 centre and administration.

## Revenue

Revenue for January-December was EUR 95.3 million (141.2), a decrease of 32.5 per cent. Business Unit Sweden and Norway's revenue was down by 5.3 per cent, and Business Unit Poland's revenue was down by 8.5 per cent, calculated in local currencies. The overall effect of exchange rate movements on consolidated revenue was approximately 3 percentage points.

Revenue for the fourth quarter was EUR 24.2 million (41.1), a decline of 41.0 per cent.

## Revenue by segment

	Business unit Finland	Business unit Sweden & Norway	Business unit Poland	Other segments	Total
1.1.2009-31.12.2009					
External Revenue	63.9	15.8	9.5	6.2	95.9
Internal Revenue	0.0	0.5	0.0	16.5	17.0
Total 2009	63.9	16.3	9.5	22.7	
1.1.2008-31.12.2008					
External Revenue	101.4	18.7	12.7	8.3	141.2
Internal Revenue	0.0	0.3	0.0	21.4	21.7
Total 2008	101.4	19.0	12.7	29.7	
External revenue change %	-37.0	-15.3	-25.6	-26.0	-32.5

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

## Change in External invoicing and share of total

EUR million	1-12 2009	1-12 2008	Change%	Percentage	1-12 2008	Percentage
Business unit Finland	63.9	101.4	-37.0	67.0 %	101.4	71.9%
Business unit Sweden & Norway	15.8	18.7	-15.3	16.6 %	18.7	13.2
Business unit Poland	9.5	12.7	-25.6	9.9 %	12.7	9.0
Other segments	6.2	8.3	-26.0	6.5 %	8.4	5.9
Total	95.3	141.2	-32.5	100.0 %	141.2	100.0 %

## Consolidated result

The consolidated result for the fourth quarter was EUR 0.4 million (3.8). The year-on-year decrease in operating profit was mainly due to the fall in revenue.

Operating profit for January-December was EUR 0.8 million (10.9). In May 2009, PO Korhonen sold its factory property in 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 0.4 million (10.2), and profit after taxes was EUR 0.1 million (7.5).

Operating profit excluding non-recurring items was 0.8 per cent of revenue (7.2).

## Operating profit by segment

	1-12	1-12
EUR million	2009	2008
Business Unit Finland	3.9	14.5
Business Unit Sweden & Norway	-1.0	-1.6
Business Unit Poland	-0.7	-0.6
Other Segments	-1.0	-0.4
Other	-0.4	-1.1
Total	0.8	10.8

Other Segments includes 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 is strong. At the end of the year, interest-bearing liabilities were EUR 8.5 million (10.9), and net liabilities were EUR -10.8 million (-3.7). At the end of the review period, the gearing ratio was -33.9 per cent (-11.0) and the equity ratio was 57.4 per cent (52.2). Net financing costs amounted to EUR -0.4 million (-0.7).

The cash flow from operating activities in January-December was EUR 10.8 million (11.8).

The balance sheet total at the end of the review period was EUR 55.6 million (64.9).

## Capital expenditure

The Group's gross capital expenditure for January-December totalled EUR 2.2 million (2.9). The capital expenditure mainly concerned production replacements and IT investments.

## Personnel

The Group employed an average of 636 (681) persons, a year-on-year decrease of 6.6 per cent.

## Average staff by region

	1-12	1-12
	2009	2008
Finland	479	520
Scandinavia	62	71
Poland	94	90
Russia	1	0
Group total	636	681

In March 2009, Martela concluded codetermination negotiations with personnel in the parent company, Martela Corporation. The outcome of the negotiations was that 15 people were made redundant, and temporary layoffs affecting the entire workforce were implemented, estimated to correspond to a work input of 30 person work years.

In November 2009, Martela also concluded the codetermination talks that were launched earlier in the autumn at the parent company, Martela Corporation. As a result of the talks, 3 people were made redundant and 9 people from the office worker and factory worker personnel groups were temporarily laid off.

Moreover, temporary layoffs affecting the entire workforce will be implemented in 2010. They are estimated to correspond to the work input of 18 person work years.

#### 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, while 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'. Martela exhibited a number of new products at its 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. The Pinta ES, a pure and simple design, is the newest addition to the range of electrically adjustable desks.

New products were also introduced to 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.

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 or for private conversations.

#### Shares

In January-December, a total of 811,183 (787,491) of the company's series A shares were traded on NASDAQ OMX Helsinki Ltd, corresponding to 22.8 per cent (22.2) of the total number of series A shares.

The value of trading was EUR 5.7 million (6.5); the share price was EUR 5.29 at the beginning of the year and EUR 7.13 at the end of the year. During January-December the share price was EUR 8.00 at its highest and EUR 5.21 at its lowest. At the end of December, equity per share was EUR 7.88 (8.47).

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

## Treasury shares

Martela did not purchase any of its own shares for the treasury in 2009. On 31 December 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 entered under equity in the consolidated financial statements for 2008 and 2009. On 31 December 2009, 57,625 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 2009 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

Martela's Board of Directors decided on 9 February, 2010 on a share-based incentive scheme for key personnel for 2010-2012. The key personnel will be eligible to receive Martela's A shares if the targets set for specified earnings periods are achieved. These periods are the calendar years 2010, 2011 and 2012. Any incentives paid on the basis of the above scheme will be paid in both shares and cash at the end of each earnings period. The maximum incentive for the whole scheme is 80,000 Martela Oyj A shares and the amount of cash needed to cover taxes and similar charges, which amounts to approximately the value of the shares to be paid. The achievement of the targets set for an earnings period determines the percentage of the maximum bonus to be paid to a key person.

## 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.

## Proposal of the Board of Directors for distribution of profit

The Board proposes that a dividend of EUR 0.45 per share be distributed for 2009. The company's liquidity is good and it is the Board's opinion that the proposed distribution of profit will not endanger the company's solvency. The notice of Annual General Meeting will be published in a separate stock exchange release.

#### Outlook for 2010

Low demand will continue to have an effect on the company's revenue and operating profit in 2010. The company will continue to review its cost structure and to improve its operating efficiency.

## GROUP INCOME STATEMENT (EUR 1000)

	2009 1-12	2008 1-12	2009 10-12	2008 10-12
Revenue	95.349	141.153	24.241	41.077
Other operating income	0.746	1.422	0.126	0.281
Employee benefits expenses	-25.988	-31.452	-6.255	-8.382
Operating expenses	-66.206	-97.154	-16.929	-28.352
Depreciation and impairment	-3.109	-3.115	-0.819	-0.803
Operating profit/loss	0.793	10.854	0.365	3.822
Financial income and expenses	-0.365	-0.651	-0.085	-0.194
Profit/loss before taxes	0.427	10.202	0.279	3.627
Income tax	-0.291	-2.666	-0.151	-0.525
Profit/loss for the period	0.137	7.537	0.129	3.102
Other comprehensive income				
Translation differences	0.077	-0.357	0.057	-0.393
Total comprehensive income	0.214	7.180	0.186	2.709
Basic earnings per share, eur	0.03	1.89	0.03	0.78
Diluted earnings per share, eur	0.03	1.89	0.03	0.78
Allocation of net profit for the period:				
To equity holders of the parent	0.137	7.537	0.129	3.102
Allocation of total comprehensive income:				
To equity holders of the parent	0.214	7.180	0.186	2.709

## GROUP BALANCE SHEET (EUR 1000)

31.12.2009 31.12.2008

## ASSETS

Non-current assets		
Intangible assets	0.716	0.724
Tangible assets	11.862	13.461
Investments	0.038	0.039
Deferred tax assets	0.262	0.304
Pension receivables	0.197	0.072
Receivables	0.000	0.000
Investment properties	0.600	0.600
Total	13.675	15.200
Current assets		
Inventories	9.408	10.825
Receivables	13.210	24.252
Financial assets at fair value through profit and loss	1.094	1.038
Cash and cash equivalents	18.211	13.581
Total	41.923	49.696
Total assets	55.598	64.896



## EQUITY AND LIABILITIES

Equity attributable to equity holders  
of the parent

Share capital	7.000	7.000
Share premium account	1.116	1.116
Other reserves	0.117	0.117
Translation differences	-0.409	-0.486
Retained earnings	24.672	27.335
Treasury shares	-1.200	-1.610
Share-based incentives	0.466	0.270
Total	31.762	33.742

## Non-current liabilities

Interest-bearing liabilities	3.518	8.024
Deferred tax liability	1.305	1.403
Total	4.823	9.427

## Current liabilities

Interest-bearing	5.008	2.869
Non-interest bearing	14.006	18.858
Total	19.014	21.727

Total liabilities	23.837	31.154
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Equity and liabilities, total	55.598	64.896
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## STATEMENT OF CHANGES IN EQUITY (EUR 1000)

	Share capital	Share premium account	Other reserves	Trans. diff.	Retained earnings	Treasury shares	Total
01.01.2008	7.000	1.116	0.117	-0.129	22.127	-0.721	29.510
Other change					-0.325	-0.889	-1.214
Total compr. income				-0.357	7.537		7.180
Dividends					-1.937		-1.937
Share-based inc.					0.203		0.203
31.12.2008	7.000	1.116	0.117	-0.486	27.605	-1.610	33.742
1.1.2009	7.000	1.116	0.117	-0.486	27.605	-1.610	33.742
Other change					-0.410	0.410	0.000
Total compr. income				0.077	0.137		0.214
Dividends					-2.390		-2.390
Share-based inc.					0.196		0.196
31.12.2009	7.000	1.116	0.117	-0.409	25.138	-1.200	31.762

## CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)

	2009 1-12	2008 1-12
Cash flows from operating activities		
Cash flow from sales	104.678	138.477
Cash flow from other operating income	0.489	0.687
Payments on operating costs	-92.273	-124.654
Net cash from operating activities before financial items and taxes	12.894	14.510
Interest paid	-0.516	-0.844
Interest received	0.166	0.268
Other financial items	-0.002	-0.060
Taxes paid	-1.780	-2.116
Net cash from operating activities (A)	10.762	11.758
Cash flows from investing activities		
Capital expenditure on tangible and intangible assets	-1.663	-2.206
Proceeds from sale of tangible and intangible assets	1.004	1.489
Repayments of loans receivables	0.000	0.022
Net cash used in investing activities (B)	-0.659	-0.694
Cash flows from financing activities		
Proceeds from short-term loans	0.008	0.129
Repayments of short-term loans	-0.781	-0.795
Repayments of long-term loans	-2.273	-3.365
Dividends	-2.390	-1.972
Net cash used in financing activities (C)	-5.436	-6.003
Change in cash and cash equivalents (A+B+C) (+ increase, - decrease)	4.667	5.061
Cash and cash equivalents at the beginning of period	14.620	9.691
Translation differences	0.017	-0.132
Cash and cash equivalents at the end of period	19.304	14.620

## SEGMENT REPORTING

Segment revenue	2009 1-12	2008 1-12	2009 10-12	2008 10-12
Business Unit Finland				
external	63.898	101.430	16.419	31.545
internal	0.000	0.000	0.000	0.000
Business Unit Sweden and Norway				
external	15.834	18.689	4.712	4.853
internal	0.457	0.301	0.136	0.049
Business Unit Poland				
external	9.465	12.722	2.034	3.231
internal	0.015	0.049	-0.029	0.016
Other segments				
external	6.151	8.312	1.075	1.448
internal	16.464	21.379	3.863	5.969
Total external revenue	95.348	141.153	24.240	41.077
Segment operating profit/loss	2009 1-12	2008 1-12	2009 10-12	2008 10-12
Business Unit Finland	3.854	14.517	1.038	5.133
Business Unit Sweden and Norway	-0.966	-1.599	-0.034	-0.467
Business Unit Poland	-0.668	-0.549	-0.368	-0.303
Other segments	-0.985	-0.421	-1.038	-0.471
Others	-0.442	-1.094	0.767	-0.070
Total operating profit/loss	0.793	10.854	0.365	3.822

Other segments include P.O. 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.

## 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 1-12	2008 1-12
Revenue EUR million	95.3	141.2
Change in revenue, %	-32.5	9.9
Exports and international operations, EUR million	29.2	38.1
In relation to revenue, %	30.6	27.0
Operating profit/loss, EUR million	0.8	10.9
In relation to revenue, %	0.8	7.7
Profit/loss before taxes, EUR million	0.4	10.2
In relation to revenue, %	0.4	7.2
Profit/loss for the period, EUR million	0.1	7.5

In relation to revenue, %	0.1	5.3
Gross capital expenditure on fixed assets, EUR million	2.2	2.9
In relation to revenue, %	2.3	2.1
Research and development expenses, EUR million	2.6	3.2
In relation to revenue, %	2.7	2.3
Average personnel	636	681
Change in personnel, %	-6.6	2.7
Personnel at year end	606	670
Turnover / employee, EUR thousand	149.9	207.3
Return on equity, %	0.4	23.8
Return on investment, %	2.3	25.2
Equity ratio, %	57.4	52.2
Interest-bearing net-debt, EUR million	-10.8	-3.7
Gearing ratio, %	-33.9	-11.0

## Key share-related figures

Number of shares, at the end of period (1000)	4155.6	4155.6
Basic earnings per share, EUR	0.03	1.89
Diluted earnings per share, EUR	0.03	1.89
Price/earnings ratio (PE)	237.7	2.8
Equity per share, EUR	7.88	8.47
Dividend/share, EUR	0.45*	0.60
Dividend/earnings, %	1500.0	31.7
Effective dividend yield, %	6.3	11.3
Price of A-share 31.12. EUR	7.13	5.29

\*) Proposal of the Board of Directors

## The largest shareholders, 31.12.2009

	No. of shares (A+K-series)	% of total votes
Marfort Oy	524 574	38.8
Ilmarinen Mutual Pension Insurance Company	335 400	2.1
OP-Suomi Arvo	273 700	1.8
Fondita Nordic Micro Cap Placeringsf	205 000	1.3
Palsanen Leena	199 634	9.6
Martela Heikki	169 234	7.4
Pohjola Vakuutus Oy	160 294	1.0
FIM Fenno Sijoitusrahasto	159 527	1.0
Nordea Bank Suomi Oyj	130 385	0.8
Martela Matti T	115 238	7.8
Oy Autocarrera Ab	111 820	0.7
Palsanen Jaakko	85 468	0.7
Lindholm Tuija	80 954	5.8
Martela Pekka	69 282	8.9
Martela Oyj	67 700	0.4
Evli Alexander Management Oy	57 625	0.4
Other shareholders	1 409 765	11.4
Total	4 155 600	100.0

The number of registered Martela Oyj shares on 31.12.2009 was 4.155,600. The shares are divided into A and K shares. Each A share carries 1 vote and each K share 20 votes in a general shareholders' meeting. The company's board of directors and CEO together hold 8.8% of the shares and 17.3% of the votes.

## CONTINGENT LIABILITIES

	31.12.2009	31.12.2008
Mortgages and shares pledged	14.480	14.566
Guarantees	-	-
Other commitments	0.256	0.332
Rental commitments	7.971	8.964

## DEVELOPMENT OF SHARE PRICE

	2009 1-12	2008 1-12
Share price at the end of period, EUR	7.13	5.29
Highest price, EUR	8.00	10.05
Lowest price, EUR	5.21	5.10
Average price, EUR	6.98	8.30

Annual Report 2009 will be published on Martela's homepages during the week 9. The first Interim Report for the period January 1 - March 31, 2010 will be published on April 28, 2010.

Martela Oyj  
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