MARTELA CORPORATION STOCK EXCHANGE RELEASE 27 April 2011 at 8.30 a.m.

MARTELA CORPORATION'S INTERIM REPORT, 1 JANUARY – 31 MARCH 2011

The revenue grew and the operating result improved slightly during the first quarter.

Key figures:

EUR mill.	1–3 2011	1–3 2010	1–12 2010
• Revenue	27.4	22.6	108.4
• Change in revenue, %	21.4	-6.1	13.7
• Operating result	-0.8	-1.1	1.3
• Operating result %	-2.9	-4.8	1.2
• Earnings per share, EUR	-0.22	-0.24	0.16
• Return on investment, %	-8.6	-10.7	3.7
• Return on equity, %	-11.8	-12.9	2.0
• Equity-to-assets ratio, %	54.9	57.2	55.6
• Gearing, %	-16.1	-30.1	-14.1

Martela Corporation's revenue is estimated to grow and its profit to improve in 2011. The new businesses, the most notable of which are the Danish subsidiary Martela A/S and Martela Corporation's Outlet chain, will be responsible for most of this revenue growth.

Market

In our primary market, there was no significant change in the demand for office furniture during the first quarter of the year.

There have been signs of recovery in office construction, but the impact of this on Martela will be delayed. Based on the number of square metres built, the amount of office buildings that were completed in Finland in 2010 was 23 per cent lower than the previous year. However, during the period more building permits were granted (+31%) than the previous year and the construction of new office buildings was at a significantly higher level than in 2009 (+19%).

Consolidated revenue and profit

Consolidated revenue for January-March was EUR 27.4 million (22.6), an increase of 21.4 per cent on the previous year. Factors increasing the revenue included the Martela Outlet sales channel that was acquired and launched in June 2010 and the Danish importer acquired in November. Moreover, revenue grew substantially in the traditional sales channels in Finland, Sweden and Poland. The comparable revenue growth without acquisitions in this quarter was 14.5 per cent.

During the first quarter, operating profit improved slightly and was EUR -0.8 million (-1.1). The Group has invested significantly in the development and growth of its operations, which has increased fixed expenses resulting from staff recruitment, new sales outlets and acquisitions. The investments focused in particular on strengthening the Group's service business and sales channels.

Profit before taxes was EUR -0.9 million (-1.1), and profit after taxes was EUR -0.9 million (-1.0).

Segment reporting

The segments presented in the interim report comply with the company's 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. Martela has an extensive sales and service network covering the whole of Finland, with a total of 28 service locations. The Business Unit's logistics centre is 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 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 and as of August 2010, a Martela subsidiary and sales centre has been established in Hungary. The company has altogether 7 sales centres in Poland. The Business Unit's principal export countries are Ukraine, 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 by segment

EUR mill.	Business Unit Finland	Business Unit Sweden and Norway	Business Unit Poland	Other segments	Total
1.1.2011–31.3.2011					
External revenue	18.4	4.6	2.3	2.0	27.4
Internal revenue	0.2	0.4	0.0	3.0	3.6
Total 2011	18.7	5.0	2.3	5.0	
1.1.2010–31.3.2010					
External revenue	15.1	4.0	1.6	1.9	22.6
Internal revenue	0.0	0.3	0.0	3.6	3.9
Total 2010	15.1	4.3	1.6	5.5	
External revenue change %	22.2 %	15.0 %	48.1 %	6.2 %	21.4 %

"Other segments" includes the revenues of Kidex Oy and Business Unit International. The Business Unit is responsible for the Group's other export markets. The revenue of P.O. Korhonen was included in the figures in "Other segments" in 2010 and until the end of January 2011; however, these figures will no longer be included after this due to changes in the Group structure.

Change in external revenue and percentage of consolidated revenue

EUR mill.	1–3 2011	1–3 2010	change %	Percentage	1–12 2010	Percentage
Business Unit Finland	18.4	15.1	22.2 %	67.3 %	71.8	66.2 %
Business Unit Sweden and Norway	4.6	4.0	15.0 %	16.9 %	18.6	17.1 %
Business Unit Poland	2.3	1.6	48.1 %	8.5 %	9.3	8.6 %
Other segments	2.0	1.9	6.2 %	7.3 %	8.7	8.1 %

Total	27.4	22.6	21.4 %	100.0 %	108.4	100.0 %

Operating profit by segment

EUR mill.	1–3 2011	1–3 2010	1–12 2010
Business Unit Finland	1.0	0.2	5.0
Business Unit Sweden and Norway	-0.2	-0.3	0.0
Business Unit Poland	-0.3	-0.4	-1.4
Other segments	-1.0	-0.2	-0.5
Others	-0.3	-0.4	-1.8
Total	-0.8	-1.1	1.3

“Other segments” includes the operating profits of P.O. Korhonen, Kidex Oy and Business Unit International. The revenue of P.O. Korhonen was included in the figures in “Other segments” in 2010 and until the end of January 2011; however, these figures will no longer be included after this due to changes in the Group structure. 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 review period, interest-bearing liabilities were EUR 5.4 million (8.1), and net liabilities were EUR -4.6 million (-8.7). The gearing ratio was -16.1 per cent (-30.1) and the equity ratio was 54.9 per cent (57.2). Net financing costs amounted to EUR 0.1 million (0.0).

The cash flow from operating activities in January-March was EUR 2.3 million (0.0).

The balance sheet total at the end of the review period was EUR 52.3 million (51.2).

Capital expenditure

The Group’s gross capital expenditure in January-March totalled EUR 1.0 million (0.6). The capital expenditure mainly concerned the ERP project and production replacements.

Staff

The Group employed an average of 619 (590) persons, a year-on-year increase of 4.9 per cent.

Average personnel by region

	1–3 2011	1–3 2010	1–12 2010
Finland	441	441	451
Scandinavia	77	56	54
Poland and Hungary	95	90	91
Russia	6	3	5
Group total	619	590	601

Product development and Martela's collection

In early 2011, the design, product development, marketing, corporate responsibility and brand organisations, and product control were integrated into one unit, Products and Communication (PCO). Martela's design director Petteri Kolinen was appointed as the director of PCO. The goal of this change is to harmonise processes from collection control to product development and brand control to marketing.

Martela's collection was strongly renewed in early 2011. A new chair was introduced to the James task chair product range, the mesh-backed JamesH. JamesH serves both as a task chair and in demanding meeting room use. In offices, people spend an increasing amount of time in meeting rooms, and Martela's new JamesH hybrid chair is an excellent solution for this customer need. Another significant new product is the Kuru all-purpose chair by the respected designer Antti Kotilainen. Kuru has a classical design and very high-quality finishing. Thanks to its innovative design, Kuru can be easily linked into rows and it is also stackable. The Cube lobby furniture by Mikko Halonen was also renewed. The product family was complemented with a high-back version and a curved element which enables the creation of curved sofa units. The new Cube will provide fascinating options for the design of various spaces, such as learning environments.

Group structure

Artek Oy Ab and Martela Corporation signed an agreement to establish a new company on 17 January 2011. On 1 February 2011, the new joint enterprise acquired the business of Martela's subsidiary P.O. Korhonen. The joint enterprise will focus on the manufacture of products marketed and sold by Martela and Artek. Martela has a 51-per cent stake in the new company while Artek's holding is 49 per cent. According to the shareholding agreement, Martela has no control of the company as defined in IFRS 3 and IAS 27. The new company, P.O. Korhonen, will operate as a contract manufacturer specialising in the production of form-pressed wooden furniture. Of the new company's figures, Martela's consolidated income statement will only include the share of the company's profit according to Martela's holding, and it will be reported in the consolidated income statement on the row "result in associated undertakings".

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

Shares

During January–March, 299,287 (287,682) of the company's A shares were traded on NASDAQ OMX Helsinki, corresponding to 8.4 per cent (8.1) of all A shares.

The value of trading turnover was EUR 2.4 million (2.2), and the share price was EUR 7.77 at the beginning of the year and EUR 8.08 at the end of the first quarter. During January–March the share price was EUR 8.56 at its highest and EUR 7.77 at its lowest. At the end of March, equity per share was EUR 7.06 (7.22).

Treasury shares

The company did not purchase any Martela shares in January-March. On 31 March 2011, Martela owned a total of 67,700 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.

The acquisition of shares related to the share-based incentive scheme and its management have been outsourced to an external service provider. These shares have been entered under equity on 31 March 2011 in the consolidated financial statements. On 31 March 2011, 60,517 shares under the incentive scheme were still undistributed.

2011 Annual General Meeting

The Annual General Meeting of Martela Corporation was held on Tuesday 15 March 2011. The meeting approved the financial statements for 2010 and discharged the members of the Board of Directors and the Managing Director from liability. The AGM decided, in accordance with the Board of Directors' proposal, to distribute a dividend of EUR 0.45 per share. The dividends were paid on 25 March 2011.

The number of members in the Board of Directors was confirmed as seven, and Heikki Ala-Ilkka, Tapio Hakakari, Jori Keckman, Heikki Martela, Pekka Martela, Pinja Metsäranta and Jaakko Palsanen were re-elected. KPMG Oy Ab, Authorised Public Accountants, was elected again 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 reportable events have taken place since the January-March 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 2011

Martela Corporation's revenue is estimated to grow and its result to improve in 2011. The new businesses, the most notable of which are the Danish subsidiary Martela A/S and Martela Corporation's Outlet chain, will be responsible for most of this revenue growth.

TABLE PART

Accounting policies

This interim report has been prepared in accordance with IFRS recognition and measurement principles, but not all the IAS 34 requirements have been complied with. The interim report should be read in conjunction with the 2010 financial statements.

All figures in the financial report has been rounded and consequently the sum of the individual figures can deviate from the sum figure. This interim report has not been audited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1 000)

	2011 1-3	2010 1-3	2010 1-12
Revenue	27 382	22 563	108 392
Other operating income	150	72	252
Employee benefits expenses	-7 546	-6 424	-27 886
Operating expenses	-20 163	-16 603	-76 781
Depreciation and impairment	-605	-686	-2 664
Operating profit/loss	-782	-1 078	1 313
Financial income and expenses	-74	-40	-229
Share of result in associated undertakings	-35	0	0
Profit/loss before taxes	-891	-1 118	1 084
Income tax	15	133	-446
Profit/loss for the period	-876	-985	638
Other comprehensive income:			
Translation differences	-56	134	312
Total comprehensive income	-932	-851	950
Earnings per share, eur	0,22	-0,24	0,16
Diluted earnings per share, eur	0,22	-0,24	0,16
Allocation of net profit for the period:			
To equity holders of the parent	-876	-985	638
Allocation of total comprehensive income:			
To equity holders of the parent	-932	-851	950

GROUP BALANCE SHEET (EUR 1 000)	31.3.2011	31.12.2010	31.3.2010
ASSETS			
Non-current assets			
Intangible assets	2 397	2 051	930
Tangible assets	12 216	12 721	11 660
Investments	375	260	38
Deferred tax assets	297	298	313
Pension receivables	250	250	197
Receivables	105	17	0
Investment properties	600	600	600
Total	16 240	16 197	13 738
Current assets			
Inventories	11 362	10 449	8 853
Receivables	14 711	19 793	11 798
Financial assets at fair value through profit and loss	1 114	1 107	1 098
Cash and cash equivalents	8 884	9 142	15 739
Total	36 071	40 492	37 488
Total assets	52 311	56 689	51 227
EQUITY AND LIABILITIES			
Equity			
Share capital	7 000	7 000	7 000
Share premium account	1 116	1 116	1 116
Other reserves	117	117	117
Translation differences	-153	-97	-275
Retained earnings	20 780	23 496	21 859
Treasury shares	-1 212	-1 212	-1 212
Share-based incentives	776	747	512
Total	28 424	31 167	29 117
Non-current liabilities			
Interest-bearing liabilities	3 005	3 197	2 979
Deferred tax liabilities	1 145	1 214	1 216
Other liabilities	175	240	0
Total	4 325	4 651	4 195
Current liabilities			
Interest-bearing	2 408	2 670	5 109
Non-interest bearing	17 154	18 201	12 806
Total	19 562	20 871	17 915
Total liabilities	23 886	25 522	22 110

Equity and liabilities, total	52 311	56 689	51 227

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	Total
01.01.2010	7 000	1 116	117	-409	25 138	-1 200	31 762
Other change						-12	-12
Total comprehensive income				134	-985		-851
Dividends					-1 828		-1 828
Share-based incentives					46		46
31.03.2010	7 000	1 116	117	-275	22 371	-1 212	29 117
01.01.2011	7 000	1 116	117	-97	24 243	-1 212	31 167
Other change							0
Total comprehensive income				-56	-876		-932
Dividends					-1 840		-1 840
Share-based incentives					29		29
31.03.2011	7 000	1 116	117	-153	21 556	-1 212	28 424

CONSOLIDATED CASH FLOW STATEMENT (EUR 1 000)	2011 1-3	2010 1-3	2010 1-12
Cash flows from operating activities			
Cash flow from sales	31 564	24 340	103 207
Cash flow from other operating income	146	72	225
Payments on operating costs	-29 283	-24 080	-102 873
Net cash from operating activities before financial items and taxes	2 428	332	559
Interest paid	-56	-63	-277
Interest received	10	13	47
Other financial items	-10	10	-31
Taxes paid	-72	-263	-361
Net cash from operating activities (A)	2 299	28	-63
Cash flows from investing activities			
Capital expenditure on tangible and intangible assets	-424	-563	-4 354

Proceeds from sale of tangible and intangible assets	293	0	459
Capital expenditure on associated undertaking	-150	0	-250
Proceeds from sale of other investments	0	0	31
Net cash used in investing activities (B)	-281	-563	-4 114
Cash flows from financing activities			
Repayments of short-term loans	-87	-156	-506
Repayments of long-term loans	-521	-291	-2 297
Dividends paid and other profit distribution	-1 664	-1 650	-1 813
Net cash used in financial activities (C)	-2 273	-2 098	-4 616
Change in cash and cash equivalents (A+B+C) (+ increase, - decrease)	-254	-2 633	-8 793
Cash and cash equivalents in the beginning of period	10 249	19 304	19 304
Translation differences	3	166	-261
Cash and cash equivalents at the end of period	9 998	16 837	10 249

SEGMENT REPORTING (EUR 1 000)

Segment revenue	2011 1-3	2010 1-3	2010 1-12
Business Unit Finland			
external	18 437	15 092	71 780
internal	235	0	140
Business Unit Sweden and Norway			
external	4 631	4 026	18 584
internal	369	299	1 001
Business Unit Poland			
external	2 320	1 567	9 289
internal	8	0	28
Other segments			
external	1 994	1 878	8 739
internal	3 036	3 606	15 477
Total external revenue	27 382	22 563	108 392

Segment operating profit/loss	2011 1-3	2010 1-3	2010 1-12
Business Unit Finland	1 025	185	5 024
Business Unit Sweden and Norway	-205	-301	-34
Business Unit Poland	-276	-411	-1 371
Other segments	-1 046	-237	-495
Other	-280	-315	-1 811
Total operating profit/loss	-782	-1 078	1 313

Other segments include Kidex Oy and Business Unit International, which is responsible for export markets. Year 2010 and up till end January 2011 Other segments include P.O. Korhonen, which is no more included in the segment reporting in the future because of change in group structure. The item "Other" includes non-allocated Group functions and non-recurring sales gains and losses.

TANGIBLE ASSETS 1.1-31.3.2011

	Land areas	Buildings	Machinery & equipment	Other tangibles	Work in progress
Acquisitions	0	0	375	0	171
Decreases	0	0	-298	0	-224

TANGIBLE ASSETS 1.1-31.3.2010

	Land areas	Buildings	Machinery & equipment	Other tangibles	Work in progress
Acquisitions	0	0	223	0	65
Decreases	0	0	0	0	0

RELATED PARTY AND SHARE-BASED INCENTIVE PROGRAMME

The CEO and the group's management are included in a long-term share-based incentive scheme, extending from 2010 to the end of 2012.

KEY FIGURES/RATIOS	2011 1-3	2010 1-3	2010 1-12
Operating profit/loss	-782	-1 078	1 313
- in relation to revenue	-2,9	-4,8	1,2
Profit/loss before taxes	-891	-1 118	1 084
- in relation to revenue	-3,3	-5,0	1,0
Profit/loss for the period	-876	-985	638
- in relation to revenue	-3,2	-4,4	0,6
Earnings per share, eur	-0,22	-0,24	0,16
Diluted earnings per share, eur	-0,22	-0,24	0,16
Equity/share, eur	7,06	7,22	7,74
Equity ratio	54,9	57,2	55,6
Return on equity *	-11,8	-12,9	2,0
Return on investment *	-8,6	-10,7	3,7
Interest-bearing net-debt, eur million	-4,6	-8,7	-4,4
Gearing ratio	-16,1	-30,1	-14,1
Capital expenditure, eur million	1,0	0,6	4,7
- in relation to revenue	3,5	2,5	4,4
Personnel at the end of period	609	583	625
Average personnel	619	590	601
Revenue/employee, eur thousand	44,2	38,2	180,4

Key figures are calculated according to formulas as presented in Annual Report 2010.
* When calculating return on equity and return on investment the profit/loss for the period has been multiplied in interim reports.

CONTINGENT LIABILITIES	31.3.2011	31.12.2010	31.3.2010
Mortgages and shares pledged	14 912	14 899	14 643
Other commitments	406	385	261
Rental commitments	8 014	8 086	7 838

DEVELOPMENT OF SHARE PRICE	2011	2010	2010
	1-3	1-3	1-12
Share price at the end of period, eur	8,08	7,45	7,77
Highest price, eur	8,56	8,60	8,60
Lowest price, eur	7,77	7,05	6,26
Average price, eur	8,18	7,73	7,57

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