MARTELA CORPORATION FINANCIAL STATEMENTS RELEASE 9 February 2011 at 8.30 a.m.

MARTELA CORPORATION'S FINANCIAL STATEMENTS RELEASE, 1 JANUARY - 31 DECEMBER 2010

Consolidated revenue for January-December amounted to EUR 108.4 million (95.3), an increase of 13.7 per cent on the previous year. Operating profit for the corresponding period was EUR 1.3 million (0.8). The cash flow from operating activities in January-December came to EUR -0.1 million (10.8). The equity ratio was 55.6 per cent (57.4) and the gearing ratio was -14.1 per cent (-33.9).

Corporate restructuring during 2010

On 29 September 2010, Martela Corporation acquired the business operations of Martela A/S, its long-term partner and importer of its products in Denmark. The deal reinforces Martela Corporation’s role and position as a supplier of comprehensive services on the Danish market. The business was handed over to Martela on 1 November 2010. In the deal, assets of DKK 1.9 million were transferred to Martela A/S, Martela Corporation’s subsidiary. No goodwill arose in connection with the deal. The revenue of the acquired business was DKK 5.5 million in 2010.

The operations of Pa-Ri Materia Oy, acquired by Martela Corporation in June, were transferred to Martela on 1 August 2010. Since the founding of Martela Poistomyynti, Martela has worked closely with Pa-Ri Materia to improve the recycling of used furniture. Through the deal, Pa-Ri Materia’s stocks worth EUR 1,0 million and equipment worth EUR 0.2 million were transferred to Martela Corporation. Goodwill based on synergies of EUR 0.3 million were also entered in connection with the deal.

In August 2010, Martela Corporation established a subsidiary in Hungary.

Key figures (EUR million)

	10-12 2010	10-12 2009	1-12 2010	1-12 2009
Net revenue	34.0	24.2	108.4	95.3
Change in revenue %	40.4	-41.0	13.7	-32.5
Operating profit excluding non-recurring items	1.0	0.4	1.3	0.8
Operating profit %	2.8	1.5	1.2	0.8
Return on investment, %			3.7	2.3
Return on equity, %			2.0	0.4
Equity to asset ratio, %			55.6	57.4
Gearing, %			-14.1	-33.9
Earnings per share, eur			0.16	0.03
Earnings per share (diluted), eur			0.16	0.03
Average staff			601	636
Revenue/employee (EUR 1.000)			180.4	149.9

Accounting policies

This financial statements release has been prepared in accordance with IAS 34, applying the same policies as were applied for the 2009 financial statements.

The annual figures presented in this financial statements release have been audited.

Market

There were no significant changes in demand for office furniture in our key markets during 2010.

The first signs of recovery in office construction are evident, but the impact of this on Martela will be delayed. Measured in terms of floor space fewer office buildings were completed in Finland in 2010 compared with the previous year (-10%). In the same period, more building permits were issued (+20%) than the previous year and new office building starts were also markedly up on 2009 (+66%).

Group structure

In August 2010, Martela Corporation established a subsidiary in Hungary.
In the summer, Martela Corporation acquired an non-operating Danish company which acquired the operations and name of Martela A/S, Martela's former Danish import company in September 2010.

No other changes have taken place in the group structure.

Segment reporting

The segments presented in the financial statements comply with the company's segment division. The comparison period 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 are their operating profits, because tax items and financial items are not allocated to the segments. The Group's assets and liabilities are not allocated or monitored by segment in the internal financial reporting. Revenue and the operating result are as recorded in the consolidated financial statements.

Business Unit Finland is responsible for sales, 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 sales centres. The Business Unit has a logistics centre 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

Consolidated revenue in January-December was EUR 108.4 million (95.3), an increase of 13.7 per cent on the previous year. The revenue of Business Unit Sweden and Norway was up by 8.0 per cent, while that of Business Unit Poland was down by -9.0 per cent, calculated in local currencies. The overall effect of exchange rate movements on consolidated revenue was approximately +2.8 percentage points. Fourth-quarter revenue rose to EUR 34.0 million (24.2), an increase of 40.4 per cent.

Segment revenue (EUR million)

	Business unit Finland	Business unit Sweden & Norway	Business unit Poland	Other segments	Total
1.1.2010-31.12.2010					
External Revenue	71.8	18.6	9.3	8.7	108.4
Internal Revenue	0.1	1.0	0.0	15.5	16.6
Total 2010	71.9	19.6	9.3	24.2	
1.1.2009-31.12.2009					
External Revenue	63.9	15.8	9.5	6.2	95.3
Internal Revenue	0.0	0.5	0.0	16.5	17.0
Total 2009	63.9	16.3	9.5	22.7	
External revenue change %	12.3 %	17.4 %	-1.9 %	42.1 %	13.7 %

Change in external revenue and share of total revenue

	1-12 2010	1-12 2009	Change%	Percentage	1-12 2009	Percentage
Business unit Finland	71.8	63.9	12.3 %	66.2 %	63.9	67.0%
Business unit Sweden & Norway	18.6	15.8	17.4 %	17.1 %	15.8	16.6 %
Business unit Poland	9.3	9.5	-1.9 %	8.6 %	9.5	9.9 %
Other segments	8.7	6.2	42.1 %	8.1 %	6.2	6.5 %
Total	108.4	95.3	13.7 %	100.0 %	95.3	100.0 %

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

Consolidated result

Cumulative operating profit excluding non-recurring items was EUR 1.3 million (0.8). Fourth-quarter operating profit was EUR 1.0 million (0.4).

Profit before taxes was EUR 1.1 million (0.4), and profit after taxes was EUR 0.6 million (0.1).

Operating profit excluding non-recurring items was 1.2 per cent of revenue (0.8).

Operating profit by segment (EUR million)

	1-12 2010	1-12 2009
Business Unit Finland	5.0	3.9
Business Unit Sweden & Norway	-0.0	-1.0
Business Unit Poland	-1.4	-0.7
Other Segments	-0.5	-1.0
Other	-1.8	-0.4
Total	1.3	0.8

Other Segments includes 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.

Financial position

The Group’s financial position is strong. Interest-bearing liabilities at the end of the period amounted to EUR 5.9 million (8.5) and net liabilities were EUR -4.4 million (-10.8). The gearing ratio at the end of the year was -14.1 per cent (-33.9), and the equity ratio was 55.6 per cent (57.4). Net financial expenses were EUR -0.2 million (-0.4).

The cash flow from operating activities in January-December was EUR -0.1 million (10.8).

The balance sheet total at the end of December was EUR 56.7 million (55.6).

Capital expenditure

The Group’s gross capital expenditure for January-December was EUR 4.7 million (2.2). In addition to production replacement investments, Martela invested in a new enterprise resource planning system during the period.

Personnel

The Group employed an average of 601 (636) persons, a decrease of 5.5 per cent.

Average staff by region

	1-12 2010	1-12 2009
Finland	451	479
Scandinavia	54	62
Poland and Hungary	91	94
Russia	5	1
Group total	601	636

Products and communications

At the beginning of 2011, Martela combined its design, product development, marketing, corporate responsibility and brand organisations and product management into a single Products & Communication (PCO) unit. Petteri Kolinen, Martela's Design Director, has been appointed to head the new unit.

The aim is to harmonise processes from management of product collections to product development, and from brand management to marketing.

The first half of 2010 saw the launch of some interesting new products. A larger James+ chair was added to the James task chair range. The versatile range of adjustments possible with this task chair, which is designed by Iiro Viljanen, enhance the wellbeing of the chair's user. The MyBox desk and the Book space divider/shelf, previously presented as concepts, are now in production. These new products share the characteristics of versatility and new and innovative thinking. The MyBox desk, designed by Iiro Viljanen, has a lid that can be closed to protect the work items on the desk, with the lid's upper surface at the same time serving as a fresh desk top that can be used for a meeting, for example. Designed by Pekka Toivola, Book combines the characteristics of a space divider and a storage unit in a new way. The overall look and scope can be easily varied by combining the elements in various ways.

In Finland, the service product range was expanded at the beginning of the year with an innovative addition to the services available for office premises. This consisted of a new system for keeping track of office furniture for inventory and other purposes. The system is based on radio frequency identification (RFID) and is a unique way of managing office property. The new system has been very well received by our customers.

During 2010 the Martela Outlet chain was established in Finland to serve the needs of small businesses and private individuals. Recycling operations were acquired from Martela's partner, Martela Poistomyynti, and its two stores, which were given a clear concept and distinct image. Martela Outlet had four stores and the fifth one was opened in January 2011. Martela Outlet sells recycled Martela furniture which has been refurbished; the furniture is reasonably-priced and good as new. The more efficient reuse of furniture items also benefits businesses undergoing change who need a responsible solution that makes financial sense when recycling old furniture.

Accountability

According to our environmental policy, we supply products that are durable, guarantee a high-quality working environment and have the lowest possible environmental impact during their life cycle. We develop our manufacturing processes to reduce energy consumption and minimise emissions and risks to the environment. Our products are mainly recyclable and we continuously increase the share of recycled material in our production. We also reduce environmental impact by providing furniture rental, maintenance and recycling services.

We manage our environmental work with an ISO 14001 certified environmental management system and we report our results annually. We promote environmental awareness among our staff, and our material and component suppliers. We require responsible management of environmental matters from all our suppliers.

Shares

Martela has two share series ('K shares' and 'A shares'), with each K share entitling its holder to 20 votes at a General Meeting and each A share entitling its holder to one vote. Private owners of K shares have a valid shareholder agreement that restricts the sale of the series' shares to other than existing holders of K shares. The total number of K shares is 604,800 and A shares is 3,550,800.

In January-December, a total of 1,182,411 (811,183) of the company's series A shares were traded on NASDAQ OMX Helsinki Ltd, corresponding to 33.3 per cent (22.8) of the total number of series A shares.

The value of trading turnover was EUR 8.4 million (5.7), and the share price was EUR 7.13 at the beginning of the year and EUR 7.77 at the end of the period. During January-December the share price was EUR 8.60 at its highest and EUR 6.26 at its lowest. At the end of December, equity per share was EUR 7.74 (7.88).

Treasury shares

Martela did not purchase any of its own shares for the treasury in 2010. On 31 December 2010, 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 corresponds 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. These shares were entered under equity in the consolidated financial statements for 2010. On 31 December 2010, 60,517 (57,625) shares under the previous share-based incentive scheme for 2007-2009 were still undistributed. These shares will be included in the new share-based incentive scheme for 2010-2012.

2010 Annual General Meeting

The Annual General Meeting of Martela Corporation was held on 16 March 2010. The meeting approved the financial statements for 2009 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.

Heikki Ala-Ilkka, Tapio Hakakari, Jori Keckman, Heikki Martela, Pekka Martela, Jaakko Palsanen and new member Pinja Metsäranta were elected as members of the Board of Directors. 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 authorization is for a maximum of 415,560 own A series shares acquired for the company.
The authorization will be valid to the end of the 2011 Annual General Meeting.

The AGM decided, in accordance with the Board of Directors' proposal, to amend the company's Articles of Association with respect to delivery of the meeting notice.

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

Corporate Governance

Martela Corporation is a Finnish limited liability company that is governed in its decision-making and management by Finnish legislation, especially the Finnish Limited Liability Companies Act, by other regulations concerning public listed companies, and by its Articles of Association.

The company complies with the guidelines for insiders of NASDAQ OMX and the Corporate Governance Code 2010 for Finnish listed companies published by the Finnish Securities Market Association.

The company has drawn up a report on its corporate governance system that is in line with the latest Corporate Governance Code.

Further information on Martela's corporate governance:
http://www.martela.com/In_English/Investors/Corporate_Governance

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 2010. 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 2011

We anticipate the revenue of the Martela Group will increase in 2011 and profit will improve. Growth will come mainly from new businesses of which the most significant are the Danish subsidiary Martela A/S and Martela Corporation's Outlet chain.

Events after the end of the financial year

Artek Oy Ab and Martela Corporation signed an agreement on 17 January to establish a new company. On 1 February 2011, the new joint venture acquired the business of P.O. Korhonen, a subsidiary of Martela. The established joint venture will concentrate on manufacturing products marketed and sold by Martela and Artek. Martela will own 51%, and Artek 49%, of the new company. On the basis of the shareholder agreement Martela does not have control of the business, as stated in IFRS 3 and IAS 27.

The new company, P.O. Korhonen, will operate as a contract manufacturer, focusing on the manufacture of wooden furniture using form-pressing technology. The joint venture will invest approximately EUR 500,000 in production technology in the beginning of the year. With the aid of a new surface treatment line it will be possible to develop efficient and environmentally friendly surface treatment methods. The company's revenue for 2011 is estimated at EUR 4-5 million.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1000)

	2010 1-12	2009 1-12	2010 10-12	2009 10-12
Revenue	108 392	95 349	34 032	24 241
Other operating income	252	746	50	126
Employee benefits expenses	-27 886	-25 988	-8 163	-6 255
Operating expenses	-76 781	-66 206	-24 271	-16 929
Depreciation and impairment	-2 664	-3 109	-695	-819
Operating profit/loss	1 313	793	953	365
Financial income and expenses	-229	-365	-18	-85
Profit/loss before taxes	1 084	427	935	281
Income tax	-446	-291	2	-151
Profit/loss for the period	638	137	937	129
Other comprehensive income				
Translation differences	312	77	73	57
Total comprehensive income	950	214	1 010	186
Basic earnings per share, eur	0,16	0,03	0,23	0,03
Diluted earnings per share, eur	0,16	0,03	0,23	0,03
Allocation of net profit for the period:				
To equity holders of the parent	638	137	937	129
Allocation of total comprehensive income:				
To equity holders of the parent	950	214	1 010	186

GROUP BALANCE SHEET (EUR 1000)	31.12.2010	31.12.2009
ASSETS		
Non-current assets		
Intangible assets	2 051	716
Tangible assets	12 721	11 862
Investments	260	38
Deferred tax assets	298	262
Pension receivables	250	197
Receivables	17	0
Investment properties	600	600
Total	16 197	13 675
Current assets		
Inventories	10 449	9 408
Receivables	19 793	13 210
Financial assets at fair value through profit and loss	1 107	1 094
Cash and cash equivalents	9 142	18 211
Total	40 492	41 923
Total assets	56 689	55 598
EQUITY AND LIABILITIES		
Equity		
Share capital	7 000	7 000
Share premium account	1 116	1 116
Other reserves	117	117
Translation differences	-97	-409
Retained earnings	23 496	24 672
Treasury shares	-1 212	-1 200
Share-based incentives	747	466
Total	31 167	31 762
Non-current liabilities		
Interest-bearing liabilities	3 197	3 518
Deferred tax liability	1 214	1 305
Other liabilities	240	0
Total	4 651	4 823
Current liabilities		
Interest-bearing	2 670	5 008
Non-interest bearing	18 201	14 006
Total	20 871	19 014
Total liabilities	25 522	23 837
Equity and liabilities, total	56 689	55 598

STATEMENT OF CHANGES IN EQUITY (EUR 1000)

Equity attributable to equity holders of the parent

	Share capital	Share premium account	Other reserves	Transl. diff.	Retained earnings	Treasury shares	Total
1.1.2009	7 000	1 116	117	-486	27 605	-1 610	33 742
Other change					-410	410	0
Total comprehensive income				77	137		214
Dividends					-2 390		-2 390
Share-based incentives					196		196
31.12.2009	7 000	1 116	117	-409	25 138	-1 200	31 762
1.1.2010	7 000	1 116	117	-409	25 138	-1 200	31 762
Other change						-12	-12
Total comprehensive income				312	638		950
Dividends					-1 814		-1 814
Share-based incentives					281		281
31.12.2010	7 000	1 116	117	-97	24 243	-1 212	31 167

CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)

	2010	2009
Cash flows from operating activities	1-12	1-12
Cash flow from sales	103 207	104 678
Cash flow from other operating income	225	489
Payments on operating costs	-102 873	-92 273
Net cash from operating activities before financial items and taxes	559	12 894
Interest paid	-277	-516
Interest received	47	166
Other financial items	-31	-2
Taxes paid	-361	-1 780
Net cash from operating activities (A)	-63	10 762
Cash flows from investing activities		
Capital expenditure on tangible and intangible assets	-4 354	-1 663
Proceeds from sale of tangible and intangible assets	459	1 004

Capital expenditure on other investments	-250	0
Proceeds of sale of other investments	31	0
Net cash used in investing activities (B)	-4 114	-659
Cash flows from financing activities		
Proceeds from short-term loans	0	8
Repayments of short-term loans	-506	-781
Repayments of long-term loans	-2 297	-2 273
Dividends paid and other profit distribution	-1 813	-2 390
Net cash used in financing activities (C)	-4 616	-5 436
Change in cash and cash equivalents (A+B+C) (+ increase, - decrease)	-8 793	4 667
Cash and cash equivalents in the beginning of the period	19 304	14 620
Translation differences	-261	17
Cash and cash equivalents at the end of period	10 249	19 304

SEGMENT REPORTING

Segment revenue	2010 1-12	2009 1-12	2010 10-12	2009 10-12
Business Unit Finland				
external	71 780	63 898	22 300	16 419
internal	140	0	140	0
Business Unit Sweden and Norway				
external	18 584	15 834	5 725	4 712
internal	1 001	457	456	136
Business Unit Poland				
external	9 289	9 465	3 077	2 034
internal	28	15	28	-29
Other segments				
external	8 739	6 151	2 930	1 075
internal	15 477	16 464	4 170	3 863
Total external revenue	108 392	95 348	34 032	24 240

Segment operating profit/loss	2010 1-12	2009 1-12	2010 10-12	2009 10-12

Business Unit Finland	5 024	3 854	3 003	1 038
Business Unit Sweden and Norway	-34	-966	341	-34
Business Unit Poland	-1 371	-668	-352	-368
Other segments	-495	-985	-608	-1 038
Others	-1 811	-442	-1 431	767
Total operating profit/loss	1 313	793	953	365

Other Segments includes 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 2010 to the end of 2012.

KEY FIGURES/RATIOS	2010	2009
	1-12	1-12
Revenue, EUR million	108,4	95,2
Change in revenue, %	13,7	-32,5
Exports and international operations, EUR million	32,7	29,2
In relation to revenue, %	30,2	30,6
Operating profit/loss, EUR million	1,3	0,8
In relation to revenue, %	1,2	0,8
Profit/loss before taxes, EUR million	1,1	0,4
In relation to revenue, %	1,0	0,4
Profit/loss for the period, EUR million	0,6	0,1
In relation to revenue, %	0,6	0,1
Gross capital expenditure on fixed assets, EUR million	4,7	2,2
In relation to revenue, %	4,4	2,3
Research and development expenses, EUR million	2,2	2,6
In relation to revenue, %	2,0	2,7
Average personnel	601	636
Change in personnel, %	-5,5	-6,6
Personnel at year end	625	606
Turnover/employee, EUR thousand	180,4	149,9
Return on equity, %	2,0	0,4
Return on investment, %	3,7	2,3

Equity ratio, %	55,6	57,4
Interest-bearing net-debt, EUR million	-4,4	-10,8
Gearing ratio, %	-14,1	-33,9

Key share-related figures

Number of shares, at the end of period (1000)	4 155,6	4 155,6
Basic earnings per share, EUR	0,16	0,03
Diluted earnings per share, EUR	0,16	0,03
Price/earnings ratio (PE)	48,6	237,7
Equity per share, EUR	7,74	7,88
Dividend/share, EUR	0,45 *	0,45
Dividend/earnings, %	281,3	1 500,0
Effective dividend yield, %	5,8	6,3
Price of A-share 31.12, EUR	7,77	7,13

* Proposal of the Board of Directors

The largest shareholders, 31.12.2010	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	285 000	1,8
Fondita Nordic Micro Cap	205 000	1,3
Nordea Pankki Suomi Oyj	179 081	1,1
Palsanen Leena	175 634	6,5
Martela Heikki	169 234	7,4
Pohjola Vakuutus Oy	160 294	1,0
Oy Autocarrera Ab	116 000	0,7
Martela Matti T	115 238	7,8
Palsanen Jaakko	93 781	0,8
Lindholm Tuija	77 454	5,7
Martela Pekka	69 282	8,9
Martela Oyj	67 700	0,4
Evli Alexander Management Oy	60 517	0,4
Apteekkien eläkekassa B-osasto	55 000	0,4
Other shareholders	1 466 411	14,7
Total	4 155 600	100,0

The number of registrated Martela Oyj shares on 31.12.2010 was 4.155,600.
The shares are divided into A and K shares. Each A share carries one vote and each K share 20 votes in a general shareholders' meeting.
The company's Board of Directors and CEO together hold 8,9% of the shares and 17.3% of the votes.

CONTINGENT LIABILITIES	31.12.2010	31.12.2009
Mortgages and shares pledged	14 899	14 480
Guarantees	0	0
Other commitments	385	256
Rental commitments	8 086	7 971

DEVELOPMENT OF SHARE PRICE	2010	2009
	1-12	1-12
Share price at the end of period, EUR	7,77	7,13
Highest price, EUR	8,60	8,00
Lowest price, EUR	6,26	5,21
Average price, EUR	7,57	6,98

Annual Report 2010 will be published on Martela's homepages during the week 9.
The first Interim Report for the period January 1 – March 31, 2011 will be published on April 27, 2011.

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