

MARTELA CORPORATION STOCK EXCHANGE RELEASE 23.4.2008 at 9.00 a.m.

MARTELA CORPORATION'S INTERIM REPORT, 1 JANUARY - 31 MARCH, 2008

Net revenue for January-March was EUR 36.1 million (30.0), an increase of 20.8 per cent. Growth was particularly strong in the Finnish and Polish markets. Operating profit was EUR 3.4 million (1.7), including gains from the sale of assets totalling EUR 0.6 million (1.6). The equity-to-assets ratio was 47.2 per cent (44.7) and gearing was 7.7 per cent (45.5).

It is expected that net revenue for 2008 will exceed last year's level, and that the whole year's operating profit before non-recurring items will be better than last year.

Key figures

	1-3 2008	1-3 2007	1-12 2007
Revenue	36.1	30.0	128.4
Change in revenue %	20.8	11.2	7.3
Operating profit excluding non-recurring items	2.8	0.1	5.8
Operating profit %	7.7	0.3	4.5
Return on investment, %	31.1	16.3	19.6
Return on equity, %	32.2	20.7	19.8
Equity to asset ratio, %	47.2	44.7	46.7
Gearing, %	7.7	45.5	16.0
Average staff	660	629	663
Revenue/employee	54.7	47.5	193.7

Accounting policies

The financial statements have been prepared in compliance with IFRS recognition and measurement policies. The accounting policies applied are the same as those applied in the 2007 financial statements.

Market

The demand for office furniture continued to grow in 2007 and in the first quarter of 2008. Office construction is expected to continue to be lively in 2008.

Group structure

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

Segment reporting

Martela has a single primary segment, namely the furnishing of offices and public spaces. The net revenue and result are as recorded in the consolidated financial statements. The Group's secondary reporting segment is its customers by geographical location.

Net revenue

Net revenue for January-March grew to EUR 36.1 million (30.0), an increase of 20.8 per cent. The large projects carried out during the first quarter contributed to this growth.

Invoicing by main market areas

	1-3 2008	1-3 2007	1-12 2007
Finland	26.0	19.6	85.8
Scandinavia	5.7	6.5	26.4
Poland and surrounding areas	3.1	2.2	11.1
Other areas	1.3	1.7	5.4
Total	36.1	30.0	128.7

Change in invoicing and proportion of consolidated invoicing

	1-3 2008	1-3 2007	Change	Percentage	1-12 2007	Percentage
Finland	26.0	19.6	32.6 %	72.0 %	85.8	66.7 %
Scandinavia	5.7	6.5	-13.1 %	15.7 %	26.4	20.5 %
Poland and surrounding areas	3.1	2.2	43.4 %	8.6 %	11.1	8.6 %
Other areas	1.3	1.7	-21.7 %	3.7 %	5.4	4.2 %
Total	36.1	30.0	20.3 %	100.0 %	128.7	100.0 %

Consolidated result

The consolidated result for the first quarter was a clear improvement and the operating profit was EUR 3.4 million (1.7). This includes EUR 0.6 million (1.6) in non-recurring income from the sale of assets. The sales gain recognised in early 2008 relates to the sale of land in Poland. The operating profit excluding non-recurring items was EUR 2.8 million (0.1). Profit before taxes rose to EUR 3.2 million (1.5), and profit after taxes was EUR 2.4 million (1.3).

The operating profit percentage excluding non-recurring items was 7.7 per cent (0.3%).

Financial position

The Group's financial position remained stable. At the end of the review period, net interest-bearing liabilities were EUR 13.9 million (16.4), and the net debt was EUR 2.3 million (11.5). At the beginning of 2008, the net debt was EUR 4.7 million. At the end of the review period, gearing was 7.7 per cent (45.5) and the equity-to-assets ratio was 47.2 per cent (44.7). Net financial expenses were EUR -0.2 million (-0.2).

Cash flow from operating activities in January-March was EUR 2.7 million (2.6).

The end-of-period balance sheet total was EUR 63.5 million (56.7).

Capital expenditure

The Group's gross capital expenditure for January-March was EUR 0.9 million (1.3) and mainly concerned production replacements and IT investments. Of the capital expenditure for the comparison period in 2007, EUR 0.7 million was attributable to the ownership rearrangement at the Bodafors plant, as a result of which the long-term lease liability for the part leased back by Martela was activated in the consolidated balance sheet in accordance with the IFRS.

Staff

In January-March, the Group employed an average of 660 (629) persons, representing growth of 4.9 per cent. At the end of March, the Group employed 659 persons.

Average staff by region

	1-3 2008	1-3 2007	1-12 2007
Finland	503	501	518
Scandinavia	74	64	71
Poland	83	64	74
Group total	660	629	663

Product development and collection

Product development and collection management are the responsibility of two Group-level organisations: the Office product line, responsible for workstation furniture, and the Surroundings product line, responsible for furniture for surroundings and other public spaces.

Exhibited at Martela's stand at the Stockholm Furniture Fair in February were new products representing both product lines, as well as two fascinating new concepts. The exhibited new pieces of workstation furniture were the James task chair designed by Iiro Viljanen and the Pinta ES, the newest member of the Pinta range by Pekka Toivola and Iiro Viljanen. The surroundings furniture displayed for the first time featured the Skybar chair designed by Geir Sætveit and the Movie sofa by Rane Vaskivuori. The concepts presented by Martela in Stockholm were favourably received; both the Mybox desk by Iiro Viljanen and the book shelf/space divider by Pekka Toivola aroused discussion and interest, as had been hoped for.

At the Milan Furniture Fair in April, Martela set up its own exhibition with the theme "under THE Tree". The exhibition was named after The Tree space divider, designed by Professor Eero Aarnio.

Shares

During January-March, 137,640 (670,567) of the company's A shares were traded on the OMX Nordic Exchange Helsinki, corresponding to 3.9 per cent (18.9) of all A shares. The higher trading figure of the comparison period in 2007 was due partly to the acquisition of shares by Evli Alexander Management Oy for the three-year share-based incentive system. At that time, 143,166 shares were acquired for EUR 1.2 million in cash.

The value of trading during the review period was EUR 1.1 million (5.5), and the share price was EUR 8.35 at the beginning and EUR 8.56 at the end of the period. During the review period the share price was EUR 8.78 at its highest and EUR 7.36 at its lowest. At the end of March, equity per share was EUR 7.33 (6.18).

Treasury shares

The company did not purchase any Martela shares for the treasury in January-March. On 31 March 2008, Martela owned 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.

2008 Annual General Meeting

The Annual General Meeting was held on 1 April 2008. The meeting approved the financial statements and discharged the responsible parties from liability for the 2007 financial year. The AGM decided, in accordance with the Board of Directors' proposal, to distribute a dividend of EUR 0.50 per share, totalling EUR 2,043,950. 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, a firm of 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 the company's own shares.

Furthermore, the AGM decided, in accordance with the Board of Directors' proposal, to amend the company's Articles of Association pursuant to the new Companies' Act which entered into force on 1 September, 2006.

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-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 growth and the consequent overall demand for office furniture. The price trend of purchased materials and components also affects the short-term outlook.

The company's 2007 annual report presents the risks related to Martela's business operations in more detail.

Outlook for 2008

The overall outlook for 2008 is still favourable. The outlook is supported, among other things, by the solid growth of sales and profit early in the year and the general positive trend in office construction. It is expected that the whole year's operating profit before non-recurring items will be better than last year.

GROUP INCOME STATEMENT (EUR 1000)

	2008 1-3	2007 1-3	2007 1-12
Revenue	36.090	29.867	128.445
Other operating income	0.729	1.681	3.023
Employee benefits expenses	-7.880	-6.968	-28.723
Operating expenses	-24.842	-22.134	-91.236
Depreciation and impairment	-0.734	-0.776	-3.231
Operating profit/loss	3.362	1.670	8.278
Financial income and expenses	-0.189	-0.166	-0.726
Profit/loss before taxes	3.173	1.504	7.552
Income tax	-0.777	-0.206	-2.165
Profit/loss for the period	2.396	1.298	5.387
Basic earnings per share, eur	0.59	0.32	1.32
Diluted earnings per share, eur	0.59	0.32	1.32

GROUP BALANCE SHEET (EUR 1000) 31.3.2008 31.3.2007 31.12.2007

ASSETS

Non-current assets			
Intangible assets	0.682	0.744	0.633
Tangible assets	14.279	15.414	14.151
Investments	0.054	0.054	0.053
Deferred tax assets	0.242	0.550	0.240
Pension receivables	0.035	0.018	0.035
Receivables	0.623	0.000	0.623
Investment properties	0.600	1.160	1.203
Total	16.514	17.940	16.938
Current assets			
Inventories	13.015	12.680	13.635
Receivables	22.420	21.167	23.536
Financial assets at fair value through profit and loss	2.003	1.961	2.004
Cash and cash equivalents	9.559	2.909	7.686
Total	46.997	38.717	46.861
Total assets	63.511	56.656	63.800

EQUITY AND LIABILITIES

Equity attributable to shareholders
of the parent

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	-0.045	-0.192	-0.129
Retained earnings	22.379	17.935	22.060
Treasury shares	-0.721	-0.721	-0.721
Share-based incentives	0.100	0.000	0.067
Total	29.946	25.255	29.510

Non-current liabilities			
Interest-bearing liabilities	10.160	12.452	10.453
Deferred tax liability	1.521	0.149	1.553
Total	11.681	12.601	12.006
Current liabilities			
Interest-bearing	3.717	3.904	3.969
Non-interest bearing	18.167	14.896	18.315
Total	21.884	18.800	22.284
Total liabilities	33.565	31.401	34.290
Equity and liabilities, total	63.511	56.656	63.800

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
01.01.2007	7.000	1.116	0.117	-0.129	17.542	-0.721	24.925
Translation diff.				-0.063			-0.063
Profit/loss for the period					1.298		1.298
Other change					0.117		0.117
Total rec. income and expense				-0.063	1.415		1.352
Dividends					-1.022		-1.022
31.03.2007	7.000	1.116	0.117	-0.192	17.935	-0.721	25.255
1.1.2008	7.000	1.116	0.117	-0.129	22.127	-0.721	29.510
Translation diff.				0.084			0.084
Profit/loss for the period					2.396		2.396
Other change							0.000
Tot 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

CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)

	2008	2007	2007
	1-3	1-3	1-12
Cash flows from operating activities			
Cash flow from sales	36.816	33.969	130.834
Cash flow from other operating income	0.729	0.086	0.550
Payments on operating costs	-34.793	-31.282	-121.090
Net cash from operating activities before financial items and taxes	2.753	2.773	10.294
Interest paid	-0.169	-0.157	-0.842
Interest received	0.051	0.011	0.082
Other financial items	-0.016	0.005	-0.021
Dividends received	0.000	0.000	0.001
Taxes paid	0.075	-0.006	0.381
Net cash from operating activities (A)	2.694	2.626	9.895
Cash flows from investing activities			
Capital expenditure on tangible and intangible assets	-0.174	-0.297	-2.256
Proceeds from sale of tangible and intangible assets	0.000	2.307	2.028
Proceeds from sale of shares in subsidiaries	0.000	0.000	2.150
Loans granted	0.000	-1.203	-1.193
Repayments of loans receivables	0.023	0.000	0.011
Net cash used in investing activities (B)	-0.152	0.808	0.740
Cash flows from financing activities			
Proceed from short-term loans	0.000	0.000	0.976
Repayments of short-term loans	-0.233	-0.268	-1.704
Repayments of long-term loans	-0.456	-1.255	-3.108
Dividends paid and other profit distribution	0.000	-0.939	-1.022
Net cash used in financial activities (C)	-0.689	-2.462	-4.858
Change in cash and cash equivalents (A+B+C) (+ increase, - decrease)	1.853	0.972	5.778
Cash and cash equivalents at the beginning of period	9.691	3.911	3.911
Translation differences	0.018	-0.013	0.002
Cash and cash equivalents at the end of period	11.562	4.870	9.691

SEGMENT REPORTING

One primary segment has been defined for Martela, namely the furnishing of offices and public places. The revenue and result are as recorded in the consolidated financial statements. The Group's secondary reporting segment has been defined according to the geographical location of customers.

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

Tangible assets 1.1-31.3 2007

	Land areas	Buildings	Machinery & equipment	Other tangibles	Work in progress
Acquisitions	0.000	0.669	0.282	0.001	0.167
Decreases	-0.591	-2.943	-0.033	-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

	2008 1-3	2007 1-3	2007 1-12
Operating profit/loss	3.362	1.670	8.278
- in relation to revenue %	9.3	5.6	6.4
Profit/loss before taxes	3.173	1.504	7.552
- in relation to revenue %	8.8	5.0	5.9
Profit/loss for the period	2.396	1.298	5.387
- in relation to revenue %	6.6	4.4	4.2
Basic earnings per share, eur	0.59	0.32	1.32
Diluted earnings per share, eur	0.59	0.32	1.32
Equity/share, eur	7.33	6.18	7.22
Equity ratio	47.2	44.7	46.7
Return on equity *	32.2	20.7	19.8
Return on investment *	31.1	16.3	19.6
Interest-bearing net-debt, eur million	2.3	11.5	4.7
Gearing ratio	7.7	45.5	16.0
Capital expenditure, eur million	0.9	1.3	3.2
- in relation to revenue %	2.5	4.2	2.5
Personnel at the end of period	659	628	655
Average personnel	660	629	663
Revenue/employee, eur thousand	54.7	47.5	193.7

Key figures are calculated according to formulae as presented in Annual Report 2007.

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

CONTINGENT LIABILITIES

	31.3.2008	31.3.2007	31.12.2007
Mortgages and shares pledged	15.673	19.418	15.673
Guarantees	0.000	0.103	0.000
Other commitments	0.318	0.318	0.317
RENTAL COMMITMENTS	10.240	9.615	10.674
DEVELOPMENT OF SHARE PRICE	2008	2007	2007
	1-3	1-3	1-12
Share price at the end of period, EUR	8.56	9.00	8.35
Highest price, EUR	8.78	9.56	10.35
Lowest price, EUR	7.36	6.39	6.39
Average price, EUR	8.20	8.25	8.64

This interim report has not been audited

Helsinki, April 22, 2008

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