

Press Release

28 July 2008

INTERIM REPORT FOR JANUARY – JUNE 2008

- Net sales totalled EUR 288.4 million (EUR 258.1 million).
- Operating profit was EUR 19.3 million (EUR 19.5 million).
- Millog Oy and the Ministry of Defence of Finland signed a partnership agreement concerning army material maintenance.
- The outlook for the full year is mainly unchanged, but risks related to certain delivery projects have increased.

Key figures

	1-6/2008	1-6/2007	1-12/2007
New orders, EUR million	171.6	302.4	568.0
Order stock, EUR million	789.6	925.6	907.1
Net sales, EUR million	288.4	258.1	541.2
Operating profit, EUR million	19.3	19.5	37.3
Income before taxes, EUR million	16.3	19.2	33.5
Equity ratio, %	43.9	48.3	48.1
Gearing, %	45.3	30.6	19.7
Return on equity, %	10.6	14.4	11.8
Return on capital employed, %	12.4	16.7	14.6

Return on equity and Return on capital employed for the interim periods have been calculated for 12 month periods preceding the end of the respective interim periods.

President and CEO, Jorma Wiitakorpi, in conjunction with the review:

“The financial performance of the Group as a whole for the first half year was mainly as expected. The consolidated net sales increased, but the profitability decreased compared to the corresponding period last year

In June Millog Oy signed a partnership agreement with the Ministry of Defence of Finland concerning the transfer of the army material maintenance to Millog Oy at the beginning of 2009. I am confident that the partnership will be fruitful for all related parties.

In May the National Bureau of Investigation of Finland (NBI) started pre-trial investigations concerning former Patria Vehicles Oy’s vehicle deal in Slovenia (2006) and former Patria Vammass Oy’s (later Patria Weapon Systems Oy) howitzer deal in Egypt (1999) due to suspected bribery and other malfeasances.

The Group management and personnel openly and actively cooperates with the NBI and other relevant authorities in order for the investigations to be completed as soon as possible. In addition, Patria is conducting an internal review of the aforementioned deals

Press Release

28 July 2008

with the help of external resources. Patria will carefully evaluate the results of the investigations and the internal review in order to assess and, if needed, to develop and improve the Group's internal directives, processes and control.

The outlook for the full year is still mainly unchanged. The net sales in 2008 are expected to be on the same level as last year, but the operating profit is estimated to be lower than in 2007. Risks related to certain delivery projects of the Land & Armament and Aerostructures Business Units have increased and, if materialising, will have a negative impact on the Group's operating profit."

Press Release

28 July 2008

REVIEW FOR JANUARY – JUNE 2008**New orders and order stock**

The value of new orders received by the Group during the review period was EUR 171.6 million (EUR 302.4 million). Defence material and maintenance accounted for 79% (84%) and civilian products for 21% (16%) of the new orders. At the end of the review period, the volume of the Group's order stock was EUR 789.6 million (EUR 925.6 million).

Net sales and profitability

The Group's net sales for January – June totalled EUR 288.4 million (EUR 258.1 million). Defence material and maintenance accounted for 87% (87%) and civilian products for 13% (13%) of the net sales. Sales outside Finland accounted for 54% (46%) of the net sales.

The Group's operating profit for January – June was EUR 19.3 million (EUR 19.5 million), representing 6.7% (7.6%) of the net sales. The consolidated income before taxes amounted to EUR 16.3 million (EUR 19.2 million).

Financing and ownership

The Group's equity ratio was 43.9% (48.3%) and net gearing 45.3% (30.6%).

Consolidated liquid funds at the end of the review period amounted to EUR 11.2 million (EUR 14.4 million). The Group's interest-bearing liabilities totalled EUR 103.7 million (EUR 75.4 million) at the end of the review period. The interest-bearing liabilities included finance lease liabilities of EUR 23.4 million (EUR 24.9 million).

The change in the Group's balance sheet structure was mainly due to the increase in net working capital of the Land Solutions Business Segment.

The shareholders of Patria Oyj are the State of Finland with a 73.2% stake and the European Aeronautic Defence and Space Company EADS N.V. (EADS) with a 26.8% stake.

Changes in the Group's structure

Patria Vammas Oy sold its Vammas airport snow removal equipment product rights to Hagie Manufacturing Company (USA) on 10 March.

Patria Weapon Systems Oy was merged with Patria Vehicles Oy, and accordingly Patria Weapon Systems Oy was dissolved on 31 March. Patria Vehicles Oy's company name was changed to Patria Land & Armament Oy on the same date.

Press Release

28 July 2008

Capital expenditures

The Group's gross capital expenditures, excluding acquisitions, totalled EUR 8.3 million (EUR 6.1 million).

Research and development

The Group's expenditure on research and development during the review period amounted to EUR 17.7 million (EUR 26.9 million), representing 6.1% (10.4%) of the net sales. The most significant research and development areas included development of new generation mortar systems, armoured wheeled vehicles and ammunition.

Personnel

During the review period the Group employed an average of 2 791 (2 570) persons. At the end of the review period the personnel totalled 2 874 (2 757).

Business Segment Review

Land Solutions Business Segment develops and delivers the technologically most advanced armoured wheeled vehicles, 120 mm mortar systems and ammunition products as well as their life-cycle support services.

The Business Segment's net sales for January – June amounted to EUR 214.8 million (EUR 192.3 million). The operating profit was EUR 17.9 million (EUR 19.2 million), representing 8.4% (10.0%) of the net sales.

The net sales of both the Land & Armament Business Unit and Nammo increased. Nammo improved its operating profit, but the Land & Armament Business Unit's operating profit decreased compared to the previous year.

In May the National Bureau of Investigation of Finland (NBI) started pre-trial investigations concerning former Patria Vehicles Oy's vehicle deal in Slovenia (2006) and former Patria Vammass Oy's (later Patria Weapon Systems Oy) howitzer deal in Egypt (1999) due to suspected bribery and other malfeasances. Due to these investigations, an internal review of the aforementioned deals, with the help of external resources, is being conducted. The results of the investigations and the internal review will be carefully evaluated in order to assess and, if needed, to develop and improve the Group's internal directives, processes and control.

Systems and Services Business Segment provides life-cycle support services for aircraft and helicopters mainly for military and governmental customers in the Northern European region. The Business Segment also supplies pilot training and provides systems for command & control and situational awareness as well as systems integration.

Press Release

28 July 2008

The Business Segment's net sales for January – June amounted to EUR 57.9 million (EUR 49.6 million). The operating profit was EUR 5.3 million (EUR 2.9 million), representing 9.2% (5.9%) of the net sales.

Both the Aviation and Systems Business Units contributed to the increase in net sales, but the higher operating profit resulted from the Systems Business Unit's improved performance compared to last year.

Other Operations Business Segment designs and manufactures advanced composite aerospace structures and airport cargo ground handling equipment. In addition, Millog Oy and the Group support functions are included in this Business Segment.

The Business Segment's net sales for January – June amounted to EUR 22.1 million (EUR 25.3 million). The operating profit was EUR -4.0 million (EUR -2.6 million). The decrease in operating profit was due to weaker profitability in the Aerostructures Business Unit as well as increased expenses in Millog Oy and the Group support functions.

In June Millog Oy signed a partnership agreement with the Ministry of Defence of Finland concerning the transfer of the army material maintenance to Millog Oy at the beginning of 2009.

Outlook

The outlook for the full year is still mainly unchanged. The net sales in 2008 are expected to be on the same level as last year, but the operating profit is estimated to be lower than in 2007. Risks related to certain delivery projects of the Land & Armament and Aerostructures Business Units have increased and, if materialising, will have a negative impact on the Group's operating profit.

Helsinki, 25 July 2008

Patria Oyj
Board of Directors

This review has not been audited.

Press Release

28 July 2008

CONSOLIDATED INCOME STATEMENT

EUR million	1-6/2008	%	1-6/2007	%	1-12/2007	%
Net sales	288.4		258.1		541.2	
Costs and expenses	-260.5		-231.0		-485.4	
Depreciation	-8.5		-7.6		-18.5	
Operating profit	19.3	6.7	19.5	7.6	37.3	6.9
Financing income and expenses	-3.0		-0.4		-3.8	
Income before taxes	16.3	5.7	19.2	7.4	33.5	6.2
Taxes	-5.1		-5.2		-9.5	
Net income	11.3	3.9	14.0	5.4	24.1	4.4

CONSOLIDATED BALANCE SHEET

Assets	30.6.2008	30.6.2007	31.12.2007
EUR million			
Non-current assets			
Intangible assets	81.9	88.4	83.3
Tangible assets	88.7	86.6	88.6
Investments and other non-current assets	9.2	6.2	9.9
Total	179.8	181.2	181.9
Current assets			
Inventories	120.4	129.6	129.3
Accounts receivable and other current assets	205.6	187.6	174.0
Cash and cash equivalents	11.2	14.4	29.9
Total	337.2	331.7	333.2
Total assets	517.1	512.9	515.1
Shareholders' equity and liabilities			
EUR million	30.6.2008	30.6.2007	31.12.2007
Equity	204.2	199.6	206.1
Minority interest	1.5	0.6	0.7
Non-current liabilities			
Interest-bearing liabilities	51.9	64.4	63.7
Provisions	20.5	16.9	22.1
Deferred tax liabilities	3.9	2.8	2.9
Total	76.3	84.1	88.7
Current liabilities			
Interest-bearing liabilities	51.8	11.0	6.7
Advance payments received	51.9	99.4	85.3
Accounts payable and other current liabilities	131.4	118.1	127.6
Total	235.1	228.5	219.7
Total shareholders' equity and liabilities	517.1	512.9	515.1

Press Release

28 July 2008

RECONCILIATION OF EQUITY

EUR million

	Share capital	Share issue premium fund	Revaluation fund	Translation differences	Retained earnings	Minority interest	Total
1.1.2008	38.0	114.4	6.5	-3.0	50.1	0.7	206.7
Dividends paid					-11.4		-11.4
Cash flow hedge			0.0				0.0
Change of translation difference				2.8	-3.9		-1.1
Other changes					-0.7	0.9	0.2
Net income for the period					11.3		11.3
30.6.2008	38.0	114.4	6.5	-0.1	45.3	1.5	205.7

EUR million

	Share capital	Share issue premium fund	Revaluation fund	Translation differences	Retained earnings	Minority interest	Total
1.1.2007	38.0	114.4	6.8	-0.9	43.3	0.2	201.9
Dividends paid					-15.2		-15.2
Cash flow hedge			-0.3				-0.3
Change of translation difference				-1.6			-1.6
Other changes					1.1	0.5	1.5
Net income for the period					14.0		14.0
30.6.2007	38.0	114.4	6.6	-2.5	43.1	0.6	200.3

EUR million

	Share capital	Share issue premium fund	Revaluation fund	Translation differences	Retained earnings	Minority interest	Total
1.1.2007	38.0	114.4	6.8	-0.9	43.3	0.2	201.9
Dividends paid					-15.2		-15.2
Cash flow hedge			-0.3				-0.3
Change of translation difference				-2.1	1.7		-0.4
Other changes					-3.8	0.5	-3.3
Net income for the period					24.1		24.1
31.12.2007	38.0	114.4	6.5	-3.0	50.1	0.7	206.7

Press Release
28 July 2008

CONSOLIDATED CASH FLOW

EUR million	1-6/2008	1-6/2007	1-12/2007
Net income for the period	11.3	14.0	24.1
Depreciation	8.5	7.6	18.5
Other adjustments	-4.0	-1.7	-3.9
Financing items	3.0	0.4	3.8
Taxes	5.1	5.2	9.5
Change in receivables	-24.5	-22.0	-3.0
Change in payables	-31.2	-10.3	-9.7
Change in inventories	1.7	-31.5	-37.3
Cash flow from operations	-30.2	-38.4	1.9
Net financial items paid	-2.1	0.9	-5.6
Income taxes paid	-1.9	-1.4	-5.5
Cash flow from operating activities	-34.2	-38.9	-9.1
Acquisitions	0.0	-40.5	-42.4
Other capital expenditures	-8.3	-6.1	-14.9
Sale of fixed assets and other changes	2.4	1.6	2.5
Investments total	-5.8	-45.1	-52.5
Change in long-term interest-bearing liabilities	-11.0	32.6	32.9
Change in long-term receivables	-0.1	-0.4	-0.4
Change in short-term interest-bearing liabilities	44.9	9.5	5.4
Dividends paid	-11.4	-15.2	-15.2
Other items	-1.0	-0.4	-3.6
Financial total	21.4	26.0	19.1
Change in liquid funds	-18.7	-57.9	-42.5
Liquid funds at the beginning	29.9	72.4	72.4
Liquid funds at the end*	11.2	14.4	29.9
Change in liquid funds	-18.7	-57.9	-42.5

KEY FIGURES

	30.06.2008	30.06.2007	31.12.2007
Interest-bearing liabilities, EUR million	103.7	75.4	69.8
Equity ratio, %	43.9	48.3	48.1
Gearing, %	45.3	30.6	19.7

* Liquid funds at the end of the period include EUR 5.3 million (EUR 8.3 million) Nammo Group's liquid funds.

Press Release

28 July 2008

SEGMENT REPORTING

1. BUSINESS SEGMENTS

Net sales

EUR million	1-6/2008	1-6/2007	1-12/2007
Land Solutions	214.8	192.3	398.0
Systems and Services	57.9	49.6	102.6
Other operations	22.1	25.3	58.6
Internal sales	-6.5	-9.1	-18.1
Total	288.4	258.1	541.2

Operating profit

EUR million	1-6/2008	%	1-6/2007	%	1-12/2007	%
Land Solutions	17.9	8.4	19.2	10.0	43.1	10.8
Systems and Services	5.3	9.2	2.9	5.9	1.8	1.8
Other operations	-4.0		-2.6		-7.6	
Total	19.3	6.7	19.5	7.5	37.3	6.9

Average number of employees

	1-6/2008	1-6/2007	1-12/2007
Patria Group	2 791	2 570	2 662

Number of employees

	30.06.2008	30.06.2007	31.12.2007
Land Solutions	1 474	1 369	1 414
Systems and Services	1 022	1 021	987
Other operations	378	367	356
Total	2 874	2 757	2 757

2. GEOGRAPHICAL SEGMENTS

NET SALES

By destination

EUR million	1-6/2008	%	1-6/2007	%	1-12/2007	%
Finland	131.5	45.6	139.4	54.0	278.8	51.5
Other Nordic countries	30.2	10.5	33.0	12.8	60.0	11.1
Other countries	126.6	43.9	85.7	33.2	202.4	37.4
Total	288.4		258.1		541.2	

By country of origin

EUR million	1-6/2008	%	1-6/2007	%	1-12/2007	%
Finland	185.5	64.3	173.0	67.0	347.0	64.1
Other Nordic countries*	102.6	35.6	85.0	32.9	193.4	35.7
Other countries	0.3	0.1	0.1	0.0	0.8	0.2
Total	288.4		258.1		541.2	

* Includes Nammo Group's net sales which have not been divided by country of origin.

Press Release

28 July 2008

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Commitments and contingent liabilities EUR million	30.6.2008	30.6.2007	31.12.2007
Guarantees of joint venture companies	11.6	15.5	10.5
Guarantees given on behalf of associated companies	0.0	0.0	0.0
Other own liabilities			
Guarantees given on behalf of third parties	28.9	28.3	28.7
Repurchase obligations	0.2	0.3	0.2
Leasing commitments			
Payments due next year	3.8	3.8	3.6
1-5 years	13.7	15.0	14.1
Payments due in thereafter	4.5	4.0	4.5
Derivative instruments			
Forward foreign exchange contracts	138.3	138.5	132.6
of which covered contracts	12.9	12.6	5.5
Current value	2.9	2.2	2.8
Currency option contracts	2.9	4.3	2.9
Current value	-0.2	0.0	-0.1
Expiry of foreign currency derivatives			
Foreign currency derivatives due next year	81.2	112.7	99.2
Foreign currency derivatives due 1-5 years	59.9	30.2	36.3

The presented financial information is construed according to the recognition and measurement rules of International Financial Reporting Standards (IFRS).

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Patria is a defence and aerospace group with international operations delivering its customers competitive solutions based on own specialist know-how and partnerships. Patria is owned by the State of Finland and the European Aeronautic Defence and Space Company EADS N.V.

Further information: www.patria.fi