

## Press Release

24 April 2008

### INTERIM REPORT FOR JANUARY – MARCH 2008

- Net sales totalled EUR 136.1 million (EUR 121.8 million).
- Operating profit was EUR 7.4 million (EUR 5.7 million).
- Millog Oy signed a letter of intent concerning the strategic partnership for the maintenance of the Finnish Army's material.
- The outlook for the full year is unchanged and mainly positive.

#### Key figures

	1-3/2008	1-3/2007	1-12/2007
New orders, EUR million	<b>138.8</b>	133.6	568.0
Order stock, EUR million	<b>907.5</b>	888.0	907.1
Net sales, EUR million	<b>136.1</b>	121.8	541.2
Operating profit, EUR million	<b>7.4</b>	5.7	37.3
Income before taxes, EUR million	<b>6.1</b>	5.6	33.5
Equity ratio, %	<b>50.7</b>	58.7	48.1
Gearing, %	<b>26.1</b>	-6.0	19.7
Return on equity, %	<b>11.9</b>	10.7	11.8
Return on capital employed, %	<b>14.8</b>	13.7	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 first quarter financial performance of the Group as a whole was mainly as expected. The consolidated net sales and operating profit increased compared to the corresponding period last year.

The ramp up of the major new delivery projects within the Land Solutions Business Segment proceeded satisfactorily. The Systems Business Unit improved its operating profit, but the challenges in the NH90 helicopter project as well as in the Aerostructures Business Unit continued.

In March Millog Oy signed a letter of intent with the Ministry of Defence of Finland concerning the strategic partnership for the maintenance of the Army's material. I expect that the final agreements will be signed during the coming summer.

The outlook for the full year is unchanged and mainly positive. The net sales in 2008 are expected to be on the same level as in 2007. Achievement of the 2007 operating profit level in 2008 is, however, estimated to be challenging.”

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### **REVIEW FOR JANUARY – MARCH 2008**

#### **New orders and order stock**

The value of new orders received by the Group during the review period was EUR 138.8 million (EUR 133.6 million). Defence material and maintenance accounted for 86% (83%) and civilian products for 14% (17%) of the new orders. At the end of the review period, the volume of the Group's order stock was EUR 907.5 million (EUR 888.0 million).

#### **Net sales and profitability**

The Group's net sales for January – March totalled EUR 136.1 million (EUR 121.8 million). Defence material and maintenance accounted for 87% (88%) and civilian products for 13% (12%) of the net sales. Sales outside Finland accounted for 57% (43%) of the net sales.

The Group's operating profit for January – March was EUR 7.4 million (EUR 5.7 million), representing 5.4% (4.6%) of the net sales. The consolidated income before taxes amounted to EUR 6.1 million (EUR 5.6 million).

#### **Financing and ownership**

The Group's equity ratio was 50.7% (58.7%) and net gearing 26.1% (-6.0%).

Consolidated liquid funds at the end of the review period amounted to EUR 14.6 million (EUR 48.5 million). The Group's interest-bearing liabilities totalled EUR 69.1 million (EUR 35.7 million) at the end of the review period. The interest-bearing liabilities included finance lease liabilities of EUR 23.4 million (EUR 25.3 million).

The change in the balance sheet structure was mainly due to the increase in net working capital of the Land Solutions Business Segment and the acquisition by Nammo of Talley Defence Systems Inc.

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.

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### Capital expenditures

The Group's gross capital expenditures, excluding acquisitions, totalled EUR 3.3 million (EUR 2.9 million).

### Research and development

The Group's expenditure on research and development during the review period amounted to EUR 13.5 million (EUR 9.7 million), representing 9.9% (8.0%) 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 2 759 (2 490) persons. At the end of the review period the personnel totalled 2 763 (2 499).

### 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 – March amounted to EUR 102.5 million (EUR 92.8 million). The operating profit was EUR 8.3 million (EUR 5.7 million), representing 8.1% (6.2%) of the net sales.

Both the Land and Armament Business Unit and Nammo increased their net sales and operating profit. The ramp up of the major new delivery projects proceeded satisfactorily.

**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 and control, and situational awareness as well as systems integration and life-cycle support.

The Business Segment's net sales for January – March amounted to EUR 26.5 million (EUR 22.1 million). The operating profit was EUR 1.4 million (EUR 1.1 million), representing 5.3% (5.0%) of the net sales.

The Systems Business Unit improved its operating profit, but the challenges in the NH90 helicopter project had a negative impact on the Business Segment's operating profit.

**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 the Business Segment.

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In March Millog Oy signed a letter of intent with the Ministry of Defence of Finland concerning the strategic partnership for Army material maintenance and Patria Vammas Oy sold the product rights of the airport snow removal equipment.

The Business Segment's net sales for January – March amounted to EUR 10.8 million (EUR 11.8 million). The operating profit was EUR -2.3 million (EUR -1.2 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.

### **Events after the review period**

The Annual General Meeting of Patria Oyj was held on 7 April 2008.

At the Annual General Meeting Risto Virrankoski, B.Sc. (Econ.), was elected Chairman of the Board of Directors, Anne Viitala, Group General Counsel, Pöyry Plc, was elected Vice Chairman and as members of the Board of Directors were elected Eeva Ahdekivi, Senior Financial Specialist, Prime Minister's Office, Ownership Steering Department, Heikki Allonen, Master of Science (Eng.), Hervé Garnier, Senior Vice President, Northern Europe and Canada, EADS, Hervé Guillou, Chief Executive Officer, EADS Defence and Communications Systems, Ilkka Hollo, Lieutenant General (r.), Jussi Itävuori, Executive Vice President, Human Resources and Member of the EADS Executive Committee, EADS and Anneli Tuominen, former Chief Financial Officer, Paloheimo Companies. Ahdekivi and Allonen are new members.

Furthermore, at the Annual General Meeting Mikaela Nylander, M.P., was elected Chairman of the Consultative Committee, Reijo Laitinen, M.P., was elected Vice Chairman and as members were elected Ahti Airikka, Equipment Assembler, Timo Grön, Workshop Manager, Juha Hakola, M.P., Minna Innala, Configuration Manager, Tuija Nurmi, M.P., Ari Puheloinen, Lieutenant General, Defence Staff, Eero Reijonen, M.P., Jan Vidfelt, ILS Engineer and Eeva-Liisa Virkkunen, Industrial Counsellor, Ministry of Employment and the Economy. Laitinen, Hakola, Reijonen and Vidfelt are new members.

The Annual General Meeting adopted the Financial Statements and the Consolidated Financial Statements for the financial period 1 January to 31 December 2007. It was also decided to discharge the members of the Board of Directors and the President from liability for the financial period 1 January to 31 December 2007.

Furthermore, the Annual General Meeting decided according to the Board of Directors' proposal that from the profit funds at the disposal of the Annual General Meeting, a dividend of EUR 0.30 per share be paid for a total of 38 024 848 shares, totalling EUR 11 407 454.40 and that the remaining distributable funds will be placed in the retained earnings.

Ernst & Young Oy, Authorised Public Accountants, will continue as Auditors. Mr Harri Pärssinen, APA, will be the partner in charge of the audit.

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**Outlook**

The outlook for the full year is unchanged and mainly positive. The net sales in 2008 are expected to be on the same level as in 2007. Achievement of the 2007 operating profit level in 2008 is, however, estimated to be challenging.

Helsinki, 24 April 2008

Patria Oyj  
Board of Directors

This review has not been audited.

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## CONSOLIDATED INCOME STATEMENT

EUR million	1-3/2008	%	1-3/2007	%	1-12/2007	%
<b>Net sales</b>	136.1		121.8		541.2	
Costs and expenses	-124.4		-112.8		-485.4	
Depreciation	-4.3		-3.4		-18.5	
<b>Operating profit</b>	7.4	5.4	5.7	4.6	37.3	6.9
Financing income and expenses	-1.3		0.0		-3.8	
<b>Income before taxes</b>	6.1	4.5	5.6	4.6	33.5	6.2
Taxes	-1.5		-1.5		-9.5	
<b>Net income</b>	4.6	3.4	4.1	3.4	24.1	4.4

## CONSOLIDATED BALANCE SHEET

Assets	31.3.2008	31.3.2007	31.12.2007
<b>Non-current assets</b>			
Intangible assets	80.6	55.7	83.3
Tangible assets	88.3	84.2	88.6
Investments and other non-current assets	8.6	7.3	9.9
<b>Total</b>	177.5	147.2	181.9
<b>Current assets</b>			
Inventories	126.0	115.5	129.3
Accounts receivable and other current assets	150.6	152.2	174.0
Cash and cash equivalents	14.6	48.5	29.9
<b>Total</b>	291.2	316.2	333.2
<b>Total assets</b>	468.8	463.3	515.1
<b>Shareholders' equity and liabilities</b>			
EUR million	31.3.2008	31.3.2007	31.12.2007
<b>Equity</b>	208.3	206.0	206.1
<b>Minority interest</b>	1.6	0.6	0.7
<b>Non-current liabilities</b>			
Interest-bearing liabilities	52.0	34.0	63.7
Provisions	22.3	16.8	22.1
Deferred tax liabilities	3.1	2.7	2.9
<b>Total</b>	77.5	53.5	88.7
<b>Current liabilities</b>			
Interest-bearing liabilities	17.1	1.6	6.7
Advance payments received	57.6	112.5	85.3
Accounts payable and other current liabilities	106.7	89.1	127.6
<b>Total</b>	181.4	203.3	219.7
<b>Total shareholders' equity and liabilities</b>	468.8	463.3	515.1

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**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							0.0
Cash flow hedge			0.0				0.0
Change of translation difference				1.6	-3.9		-2.3
Other changes					-0.3	1.0	0.7
Net income for the period					4.8		4.8
31.3.2008	38.0	114.4	6.5	-1.3	50.7	1.6	210.0

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							0.0
Cash flow hedge			-0.3				-0.3
Change of translation difference				-0.6			-0.6
Other changes					1.0	0.4	1.5
Net income for the period					4.1		4.1
31.3.2007	38.0	114.4	6.6	-1.4	48.4	0.6	206.6

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

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**CONSOLIDATED CASH FLOW**

EUR million	1-3/2008	1-3/2007	1-12/2007
Net income for the period	4.8	4.1	24.1
Depreciation	4.3	3.4	18.5
Other adjustments	-0.8	-3.0	-3.9
Financing items	1.3	0.0	3.8
Taxes	1.5	1.5	9.5
Change in receivables	25.2	10.5	-3.0
Change in payables	-48.3	-25.0	-9.7
Change in inventories	1.5	-14.4	-37.3
<b>Cash flow from operations</b>	<b>-10.6</b>	<b>-23.0</b>	<b>1.9</b>
Net financial items paid	-0.4	0.2	-5.6
Income taxes paid	-0.8	-1.0	-5.5
<b>Cash flow from operating activities</b>	<b>-11.8</b>	<b>-23.7</b>	<b>-9.1</b>
Acquisitions	0.0	0.0	-42.4
Other capital expenditures	-3.3	-2.9	-14.9
Sale of other fixed assets	2.2	1.1	2.5
<b>Investments total</b>	<b>-1.0</b>	<b>-1.8</b>	<b>-52.5</b>
Change in long-term interest-bearing liabilities	-11.0	1.8	32.9
Change in long-term receivables	0.0	0.0	-0.4
Change in short-term interest-bearing liabilities	10.2	0.0	5.4
Dividends paid	0.0	0.0	-15.2
Other items	-1.6	-0.2	-3.6
<b>Financial total</b>	<b>-2.3</b>	<b>1.6</b>	<b>19.1</b>
<b>Change in liquid funds</b>	<b>-15.2</b>	<b>-23.9</b>	<b>-42.5</b>
Liquid funds at the beginning	29.9	72.4	72.4
Liquid funds at the end*	14.6	48.5	29.9
<b>Change in liquid funds</b>	<b>-15.2</b>	<b>-23.9</b>	<b>-42.5</b>

**KEY FIGURES**

	31.03.2008	31.03.2007	31.12.2007
Interest-bearing liabilities, EUR million	69.1	35.7	69.8
Equity ratio, %	50.7	58.7	48.1
Gearing, %	26	-6	20

\* Liquid funds at the end of the period include EUR 8.4 million (EUR 26.4 million) Nammo Group's liquid funds.

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## SEGMENT REPORTING

## 1. BUSINESS SEGMENTS

## Net sales

EUR million	1-3/2008	1-3/2007	1-12/2007
Land Solutions	102.5	92.8	398.0
Systems and Services	26.5	22.1	102.6
Other operations	10.8	11.8	58.6
Internal sales	-3.7	-4.9	-18.1
<b>Total</b>	<b>136.1</b>	<b>121.8</b>	<b>541.2</b>

## Operating profit

EUR million	1-3/2008	%	1-3/2007	%	1-12/2007	%
Land Solutions	8.3	8.1	5.7	6.2	43.1	10.8
Systems and Services	1.4	5.3	1.1	5.0	1.8	1.8
Other operations	-2.3		-1.2		-7.6	
<b>Total</b>	<b>7.4</b>	<b>5.4</b>	<b>5.7</b>	<b>4.6</b>	<b>37.3</b>	<b>6.9</b>

## Average number of employees

	1-3/2008	1-3/2007	1-12/2007
Patria Group	2 759	2 490	2 662

## Number of employees

	31.03.2008	31.03.2007	31.12.2007
Land Solutions	1 427	1 208	1 414
Systems and Services	989	949	987
Other operations	347	342	356
<b>Total</b>	<b>2 763</b>	<b>2 499</b>	<b>2 757</b>

## 2. GEOGRAPHICAL SEGMENTS

## NET SALES

## By destination

EUR million	1-3/2008	%	1-3/2007	%	1-12/2007	%
Finland	59.0	43.4	69.4	57.0	278.8	51.5
Other Nordic countries	14.0	10.3	14.9	12.3	60.0	11.1
Other countries	63.1	46.4	37.5	30.8	202.4	37.4
<b>Total</b>	<b>136.1</b>		<b>121.8</b>		<b>541.2</b>	

## By country of origin

EUR million	1-3/2008	%	1-3/2007	%	1-12/2007	%
Finland	87.4	64.2	83.2	68.3	347.0	64.1
Other Nordic countries*	48.7	35.8	38.6	31.7	193.4	35.7
Other countries	0.0	0.0	0.1	0.0	0.8	0.2
<b>Total</b>	<b>136.1</b>		<b>121.8</b>		<b>541.2</b>	

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

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## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Commitments and contingent liabilities EUR million	31.3.2008	31.3.2007	31.12.2007
<b>Guarantees of joint venture companies</b>	11.6	13.8	10.5
<b>Guarantees given on behalf of associated companies</b>	2.5	11.2	3.8
<b>Other own liabilities</b>			
Guarantees given on behalf of third parties	28.8	28.3	28.7
Repurchase obligations	0.2	0.3	0.2
<b>Leasing commitments</b>			
Payments due next year	3.7	3.6	3.6
1-5 years	13.7	14.8	14.1
Payments due in thereafter	4.5	4.0	4.5
<b>Derivative instruments</b>			
Forward foreign exchange contracts	129.9	129.8	132.6
of which covered contracts	7.3	7.2	5.5
Current value	3.6	1.7	2.8
Currency option contracts	2.9	0.0	2.9
Current value	-0.2	0.0	-0.1
<b>Expiry of foreign currency derivatives</b>			
Foreign currency derivatives due next year	81.5	96.6	99.2
Foreign currency derivatives due 1-5 years	51.3	33.2	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](http://www.patria.fi)