

12 March 2010

REVIEW OF THE FINANCIAL YEAR 1.1. – 31.12.2009**KEY FIGURES**

	2009	2008
New orders, EUR million	624.4	863.0
Order stock, EUR million	1 315.6	1 192.1
Net sales, EUR million	539.5	534.6
Operating profit, EUR million	20.0	8.9
Income before taxes, EUR million	17.0	2.3
Equity ratio, %	43.5	40.0
Net gearing, %	40.8	55.1
Return on equity, %	5.8	0.4
Return on capital employed, %	6.4	3.1

BOARD OF DIRECTORS' REPORT**New orders and order stock**

The value of new orders received during the financial period was EUR 624.4 million (EUR 863.0 million in 2008). Defence material and maintenance accounted for 89% (93%) and civilian products for 11% (7%) of the new orders. At the end of the financial period, the volume of the Group's order stock was EUR 1 315.6 million (EUR 1 192.1 million).

Net sales and profitability

The Group's net sales for January–December totalled EUR 539.5 million (EUR 534.6 million in 2008 and EUR 541.2 million in 2007). Defence material and maintenance accounted for 88% (86%) and civilian products for 12% (14%) of the net sales. Sales outside Finland accounted for 62% (55%) of the net sales.

The Group's operating profit for January–December was EUR 20.0 million (2008: EUR 8.9 million; 2007 EUR 37.3 million), 3.7% of net sales (2008: 1.7%; 2007: 6.9%). The consolidated income before taxes amounted to EUR 17.0 million (2008: EUR 2.3 million; 2007: EUR 33.5 million). The Group's return on equity was 5.8% (2008: 0.4%; 2007: 11.8%).

The profitability of the Group improved compared to the previous year. This was, however, mainly due to the fact that the recognised impairment losses on capitalised development expenses related to the Airbus A380 and A400M programs were EUR 5.8 million in 2009 compared to EUR 20.6 million in 2008. Millog Oy improved its profitability significantly as a result of its successful first operational year, but Land & Armament Business Unit's

12 March 2010

profitability in 2009 in turn was clearly lower than in 2008.

Financing and ownership

The Group's equity ratio was 43.5% (2008: 40.0%; 2007: 48.1%) and net gearing 40.8% (2008: 55.1%; 2007: 19.6%).

Consolidated liquid funds at the end of the financial period amounted to EUR 29.5 million (EUR 27.1 million). The Group's interest-bearing liabilities totalled EUR 113.4 million (EUR 130.4 million) at the end of the review period. The interest-bearing liabilities included finance lease liabilities of EUR 25.1 million (EUR 27.0 million).

The company has a total of 38 024 848 shares and one series of shares. 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

No material changes in the Group structure took place during the review period.

Capital expenditures

The Group's gross investments totalled EUR 29.7 million (EUR 28.3 million).

Research and development

The Group's expenditure on research and development during the financial period amounted to EUR 18.5 million (EUR 27.6 million), representing 3% (5%) 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 financial period the Group employed an average of 3.414 (2.810) persons. At the end of the financial period the personnel totalled 3.383 (2.824).

The salaries and wages of Patria Group's employees are determined on the basis of local collective and individual agreements as well as employee performance and job evaluations. Basic salaries and wages are complemented by performance-based compensation systems. In 2009, the total amount of salaries and wages paid was EUR 148.4 million (2008: EUR 124.4 million; 2007: EUR 115.4 million).

Key events during the financial period

Millog Oy started the overhaul and maintenance of the Finnish Army's material and the operations have run well and according to the plan. Close to 500 persons were transferred from the Finnish Army to Millog Oy in the beginning of the year 2009.

12 March 2010

Patria and Duro Dakovic Special Vehicles (Croatia) as Consortium partners and the Croatian Ministry of Defence signed in 2007 an agreement covering 84 Patria AMV 8x8 vehicles including an option for additional vehicles. In January 2009 the Croatian Ministry of Defence informed that it will exercise its option and order additional 42 Patria AMV vehicles for the Croatian Army.

The United Arab Emirates confirmed the decision to equip some of their patrol boats with Patria Nemo mortar systems.

In June Patria AMV vehicles were chosen by the Swedish Defence Materiel Administration (FMV) to Sweden but the Stockholm County Administrative Court decided in October that the FMV's decision to award the AWV 2014 contract to Patria must be cancelled and the public procurement proceedings be recommenced due to inadequacies in the procurement process.

The first serial production Hawk aircraft that was upgraded to glass-cockpit level was delivered to the Finnish Air Force in June.

The deliveries of Patria AMV vehicles to the Slovenian Ministry of Defence (MoD) started in June and 13 vehicles were delivered to MoD during year 2009.

In June Patria and Kongsberg Defence & Aerospace AS signed an agreement related to the Finnish Defence Force's medium range air defence missile system project. Patria will be responsible for manufacturing and assembling of the launchers. Patria will also participate in the system integration.

In July Patria and ThalesRaytheonSystems signed an agreement on Patria's part in the Finnish Defence Forces' medium and long range radar systems programs following the decision by the Finnish Ministry of Defence to award the supply of medium range radars and the modernisation of long range radars to ThalesRaytheonSystems. Patria, together with its subcontractors, will contribute a significant part of the program including the software design, equipment shelter rearmament and modifications.

Patria and the St. Petersburg University of Civil Aviation deployed a joint project which aims at integrating the elementary training programmes of Russian civil aviation pilots into the international training system. In mid June 2009 a first student group from the St. Petersburg University of Civil Aviation arrived to Finland to participate in this project.

In September Patria introduced a twin-seat D-model F-18 Hornet, which was repaired and modified for the Finnish Air Force from a single-seat C-model F-18 Hornet badly damaged in a mid-air collision. The aircraft was lost on 21 January 2010 during Finnish Air Force's test flight and the Investigation Commission nominated by the Finnish Military Aviation Authority is investigating the cause of the accident.

In December Patria received an order from the Finnish Air Force for a cockpit and avionics upgrade of 18 BAES Hawk Mk66 jet trainers. Actions to maintain and return the stored

12 March 2010

aircraft fleet to flight condition are included. The upgraded trainers will be delivered during 2010 -2013.

Administration

The Annual General Meeting of Patria Oyj was held on 8 April 2009.

At the Annual General Meeting Risto Virrankoski, B.Sc. (Econ.), was elected Chairman of the Board of Directors, Anneli Tuominen, former Chief Financial Officer, Paloheimo Companies was elected Vice Chairman and as members of the Board of Directors were elected Hervé Guillou, Chief Executive Officer, EADS Defence and Communications Systems, Ilkka Hollo, Lieutenant General (r.), Arto Honkaniemi, Senior Financial Counsellor, Prime Minister's Office, Ownership Steering Department (new) and Jussi Itävuori, Executive Vice President, Human Resources and Member of the EADS Executive Committee, EADS.

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 Juha Hakola, M.P., Jussi Karimäki, Equipment Assembler, Patria, Markku Koli, Lieutenant General, Chief of the Defence Command, Markku Korpela, Work Planner, Patria, Tuija Nurmi, M.P., Eero Reijonen, M.P., Kari Ruokolahti, Composite Fitter, Patria, Ari Viiala, Real Estate Manager, Patria and Eeva-Liisa Virkkunen, Industrial Counsellor, Ministry of Employment and the Economy. Karimäki, Koli, Korpela, Ruokolahti and Viiala 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 2008. 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 2008.

Furthermore, the Annual General Meeting decided according to the Board of Directors' proposal not to pay any dividend from the distributable funds at the disposal of the Annual General Meeting, but to place the distributable funds 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.

Mr. Heikki Allonen, M.Sc (Eng), acted as President and CEO of Patria Oyj throughout the financial period.

Risks and uncertainties

Patria has a risk management policy approved by the Board of Directors that defines, in addition to the objectives and general practices, the tasks and responsibilities related to risk management. Accordingly, the risk management is an integral part of the day-to-day operations and decision-making within the Group. Risk management activities cover strategic, operational and financial risks as well as safety and security risks

12 March 2010

Patria develops, offers and delivers technically advanced products, solutions and services to its customers. Main part of the Group's sales is to defence forces, ministries, state-owned companies and major privately owned companies. The volume of the Group's international business has grown and may grow further in the future. The crisis in the financial markets and the grown uncertainty in the global economy have, however, made the operating environment much more challenging. This may result in some customers reducing, postponing or abandoning their planned procurements or requesting changes to existing contracts.

Owing to the nature of Patria's business, individual sales contracts may be large in relation to the annual net sales of the Group. They may entail product development, require extensive subcontracting and partnering and result in deliveries taking place during several years. In addition, the delivery content and the industrial set-up with the partners involved may be complex. Risks and uncertainties related to such contracts and projects, throughout their lifetime, are typically versatile and material, which requires careful assessment and management. Methods and resources to identify, assess, follow-up and manage risks and uncertainties related to ongoing and new projects have been and are being further developed.

In May 2008 the National Bureau of Investigation of Finland announced its pre-trial investigations concerning former Patria Vehicles Oy's vehicle deal in Slovenia (2006) and former Patria Vammats Oy's (later Patria Weapon Systems Oy) howitzer deal in Egypt (1999) due to suspected bribery and other malpractices. During the financial period, the pre-investigation report in the Egyptian case was submitted to the relevant parties for final comments and transferred further to the state prosecutor. The pre-trial investigation related to Slovenia still continues.

Environmental policy

Patria has an environmental policy, according to which environmental aspects, impacts and risks are observed in business planning, operations and management. The majority of operational systems within Patria's Business Units currently fulfil the requirements of the ISO 14001:2004 standard for environmental issues.

Events after the financial period

No significant events have occurred after the balance sheet date.

Outlook

The net sales and the operating profit excluding non-recurring items are estimated to be on the same level in 2010 as in 2009. There are, however, risks in certain delivery projects, especially the Slovenian vehicle project, which, if materialising, may have a material adverse impact on the Group's net sales and profitability.

In general, the demand for the Group's products and services is expected to remain at a

12 March 2010

fair level in 2010. The uncertainty in the global economy has, however, made the Group's operating environment much more challenging. Customers may reduce, postpone or abandon planned procurements or request changes to existing contracts.

Board of Directors' proposal for profit distribution

The Parent Company's distributable funds totalled EUR 41 682 495.14 on 31 December 2009.

The Board of Directors proposes that from the distributable funds at the disposal of the Annual General Meeting, no dividend will be paid and that distributable funds will be placed in the retained earnings.

Annual General Meeting 2010

The Annual General Meeting of Patria Oyj will be held on 14 April 2010 in Helsinki, Finland.

Helsinki, 12 March 2010
Patria Oyj
Board of Directors

12 March 2010

CONSOLIDATED INCOME STATEMENT

EUR million	1-12/2009	%	1-12/2008	%
Net sales	539.5		534.6	
Costs and expenses	-492.9		-485.9	
Depreciation and impairments	-26.6		-39.9	
Operating profit	20.0	3.7	8.9	1.7
Financing income and expenses	-3.0		-6.5	
Income before taxes	17.0	3.2	2.3	0.4
Taxes	-5.9		-1.6	
Net income	11.1	2.1	0.7	0.1

CONSOLIDATED BALANCE SHEET

Assets	31.12.2009	31.12.2008
Non-current assets		
Intangible assets	70.3	76.1
Tangible assets	102.9	94.6
Investments and other non-current assets	19.2	17.5
Total	192.4	188.2
Current assets		
Inventories	117.7	121.5
Accounts receivable and other current assets	184.9	166.4
Cash and cash equivalents	29.5	27.1
Total	332.1	315.0
Total assets	524.5	503.1
Shareholders' equity and liabilities		
EUR million	31.12.2009	31.12.2008
Equity	200.7	184.8
Minority interest	5.2	2.6
Non-current liabilities		
Interest-bearing liabilities	81.3	89.5
Provisions	36.4	20.8
Deferred tax liabilities	3.7	3.5
Total	121.4	113.8
Current liabilities		
Interest-bearing liabilities	32.1	40.9
Advance payments received	50.9	34.3
Accounts payable and other current liabilities	114.1	126.8
Total	197.2	201.9
Total shareholders' equity and liabilities	524.5	503.1

12 March 2010

CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-12/2009	1-12/2008
Net income for the period	11.1	0.7
Depreciation and impairments	26.6	39.9
Other adjustments	-6.5	-15.0
Financing items	3.0	6.5
Taxes	5.9	1.6
Change in receivables	-17.5	20.6
Change in payables	19.7	-53.2
Change in inventories	2.8	-5.1
Cash flow from operations	45.0	-4.0
Interest received	0.7	1.4
Interest paid	-2.4	-4.5
Dividends received	0.1	0.1
Other financial items	0.5	-0.6
Income taxes paid	-3.7	-10.8
Cash flow from operating activities	40.2	-18.5
Other capital expenditures	-29.7	-28.3
Divested business operations	0.0	3.5
Sale of other shares	0.0	0.4
Sale of other fixed assets and other changes	0.1	3.1
Cash flow from investing activities	-29.6	-21.3
Borrowings of long-term loans	7.0	22.8
Repayments of long-term loans	-0.6	0.0
Transfers from long-term to short-term loans	-12.6	0.0
Repayments of short-term loans	-21.6	34.2
Transfers from long-term to short-term loans	12.6	0.0
Change in long-term receivables	-0.4	0.2
Dividends paid	0.0	-11.4
Other changes	7.5	-8.7
Cash flow from financing activities	-8.1	37.1
Change in liquid funds	2.4	-2.8
Change	2.4	-2.8
Liquid funds at the beginning	27.1	29.9
Liquid funds at the end of the period*	29.5	27.1

* Liquid funds at the end include EUR 17.6 million (EUR 17.5 million) Nammo Group's liquid funds which are not available for the Parent company.

12 March 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share issue premium fund	Revaluation fund	Translation differences	Retained earnings	Minority interest	Total
1 Jan 2009	38.0	114.4	0.6	-9.7	41.4	2.6	187.4
Dividends paid							0.0
Other comprehensive income			4.4	-2.2	4.8		7.0
Other changes					-2.2	2.6	0.5
Net income for the period					11.1		11.1
31 Dec 2009	38.0	114.4	5.0	-11.9	55.1	5.2	205.9

EUR million	Share capital	Share issue premium fund	Revaluation fund	Translation differences	Retained earnings	Minority interest	Total
1 Jan 2008	38.0	114.4	6.5	-3.0	50.1	0.7	206.7
Dividends paid					-11.4		-11.4
Other comprehensive income			-5.9	-6.7	2.5		-10.2
Other changes					-0.4	1.9	1.5
Net income for the period					0.7		0.7
31 Dec 2008	38.0	114.4	0.6	-9.7	41.4	2.6	187.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Commitments and contingent liabilities**

EUR million	31.12.2009	31.12.2008
Guarantees given by joint venture companies	12.7	8.8
Guarantees given on behalf of associated companies	3.0	3.0
Other own liabilities		
Guarantees given on behalf of third parties	29.5	30.7
Repurchase obligations	0.2	0.2
Leasing commitments		
Payments due next year	7.2	3.7
1-5 years	20.8	11.7
Payments due thereafter	6.1	3.5
Derivative instruments		
Forward foreign exchange contracts	156.8	134.1
of which covered contracts	7.9	2.2
Current value	2.2	-2.5
Currency option contracts	3.4	4.4
Current value	0.1	-0.4
Expiry of foreign currency derivatives		
Foreign currency derivatives due next year	127.8	116.2
Foreign currency derivatives due in 1 to 5 years	32.3	21.4
Foreign currency derivatives due thereafter	0.0	0.9

12 March 2010

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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