

ITELLA CORPORATION STOCK EXCHANGE RELEASE JULY 25, 2012, AT 12:00 NOON (EET)

## **Itella Corporation Interim Report Q2/2012**

### **January–June 2012**

- Itella Group's net sales in January–June amounted to EUR 958.5 (932.6) million. Net sales grew by 2.8%, with growth evident in all business groups.
- Performance improved clearly: operating result before non-recurring items amounted to EUR 28.7 (-3.8) million, or 3.0% (-0.4%) of net sales.
- Operating result before non-recurring items grew to EUR 36.0 (10.3) million in Itella Mail Communications, EUR -3.5 (-8.8) million in Itella Logistics, and EUR 5.8 (3.9) million in Itella Information.
- Operating result in the first half grew from the year before and came to EUR 18.0 (-4.1) million, representing 1.9% (-0.4%) of net sales. The period's performance was weighed down by non-recurring items to the amount of EUR 10.7 (0.3) million.

### **April–June 2012**

- Itella Group's net sales in April–June amounted to EUR 473.2 (469.7) million. Net sales (+0.7%) in Itella Mail Communications remained on the same level as a year ago, while increasing in Itella Logistics and Itella Information.
- Operating result before non-recurring items grew to EUR 5.9 (-4.4) million, or 1.2% (-0.9%) of net sales.
- Operating result before non-recurring items grew to EUR 10.7 (4.8) million in Itella Mail Communications, EUR -1.8 (-3.7) million in Itella Logistics, and EUR 2.5 (-0.8) million in Itella Information.
- Operating result in the second quarter improved from the previous year and came to EUR -3.1 (-4.7) million, representing -0.7% (-1.0%) of net sales. The period's performance was weighed down by non-recurring items to the amount of EUR 9.0 (0.3) million.
- At the end of May, Itella Corporation and VR-Yhtymä Oy signed a letter of intent where Itella Logistics will acquire VR Transpoint's groupage logistics business in Finland.

<b>Key figures of Itella Group</b>	<b>4-6/2012</b>	<b>4-6/2011</b>	<b>1-6/2012</b>	<b>1-6/2011</b>	<b>2011</b>
Net sales, MEUR	473.2	469.7	958.5	932.6	1,900.1
Operating result (non-IFRS), MEUR *)	5.9	-4.4	28.7	-3.8	30.5
Operating result (non-IFRS), % *)	1.2	-0.9	3.0	-0.4	1.6
Operating result, MEUR	-3.1	-4.7	18.0	-4.1	-5.9
Operating result, %	-0.7	-1.0	1.9	-0.4	-0.3
Result before taxes, MEUR	-5.7	-6.4	13.6	-8.8	-16.4
Result for the period, MEUR	-7.5	-8.5	4.2	-14.2	-30.7
Return on equity, %, 12 months			-1.8	-0.6	-4.5
Return on investment, %, 12 months			2.0	2.4	-0.2
Equity ratio, %			47.0	49.6	46.1
Gearing, %			22.0	21.7	22.1
Gross capital expenditure, MEUR	23.2	12.7	45.2	23.8	102.9
Employees on average	27,660	29,216	27,431	28,753	28,493

\*) Non-IFRS = excluding non-recurring items

#### **Jukka Alho, President and CEO:**

*"Itella's January–June net sales clearly increased and performance improved in comparison to the corresponding period in 2011. Net sales increased in all business groups. Following a strong first quarter, the growth during the second quarter was slightly less robust, in line with normal seasonal fluctuation.*

*Given that the overall economic situation became increasingly uncertain in the second quarter, the result of the first half of the year can be considered satisfactory at the very least.*

*In Itella Mail Communications, we increased volumes in both unaddressed deliveries and the parcel business, despite a tough competitive environment. In contrast, the volumes of addressed letters and newspapers and magazines continued to decline. In this respect, the forceful efforts to increase efficiency have been absolutely necessary.*

*At the end of May, Itella Corporation and VR-Yhtymä Oy signed a letter of intent on the acquisition of VR Transpoint's domestic groupage logistics business. After the final contract, the approval from the competition authorities is required.*

*As mentioned in our interim report for the first quarter, we had identified a need for change in our German printing services. The ensuing separation from the printing services has now been concluded and our German operations are focused on the expansion of financial management services."*

#### APPENDICES

Itella's full Interim Report

#### FURTHER INFORMATION

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***Itella Group** provides solutions for managing information and product flows. Itella operates in mail communication, logistics and financial processes in Europe and Russia. In 2011, the Group reported net sales of EUR 1 900 million and employed 27,500 professionals. [www.itella.com/aboutus](http://www.itella.com/aboutus).*

## **Interim Report for January–June 2012**

### **Market situation and business environment**

The market situation remained challenging. After an auspicious first quarter, the overall economic situation took yet another downward turn during the second quarter. Despite this, Itella's net sales and performance developed positively during the first part of the year, although the rate of growth slowed down in the second quarter.

In March, the working group of the Finnish Ministry of Transport and Communications published a report on the funding issues concerning universal postal services. At the request of the ministry, Itella submitted an opinion on May 30. According to Itella's viewpoint, the report does not provide a basis upon which to plan the future maintenance of a universal service. This is because the report's fundamental approach to the issue is for Itella to manage the financing itself, with a profit [margin] to be included in letter products falling under the scope of licensed operations. The funding of the universal service represents a big question mark should letter volumes decline steeply due to the influence of the Internet.

### **Net sales and financial performance in April–June 2012**

Itella Group's net sales in April–June grew by 0.7% and amounted to EUR 473.2 (469.7) million. Net sales remained on the same level as a year ago in Itella Mail Communications, while increasing in Itella Logistics and Itella Information. Operating result before non-recurring items clearly improved and stood at EUR 5.9 (-4.4) million, representing an increase of 1.2% (-0.9%) of net sales.

The period's performance was weighed down by non-recurring items, primarily attributable to corporate transactions, to the amount of EUR 9.0 (0.3) million. The additional purchase price of the Russian logistics corporation acquired by Itella Logistics in 2008 was confirmed, resulting in a non-recurring positive profit impact of EUR 7.0 million. Itella Information sold its German subsidiary, Itella Information GmbH, to the company's operating management. The transaction resulted in a non-recurring cost item of EUR 14.3 million.

Operating result in the second quarter improved from the year before and came to EUR -3.1 (-4.7) million, representing -0.7% (-1.0%) of net sales. The operating result before taxes was EUR -5.7 (-6.4) million.

## Net sales and financial performance in January–June 2012

Itella Group's net sales in January–June amounted to EUR 958.5 (932.6) million, representing a growth of 2.8%. In local currencies, the increase in net sales was 1.7%. Acquisitions did not have a significant impact on net sales performance. The Group's net sales increased in all business groups. The increase was 3.4% in Finland and 1.5% in other countries. International operations accounted for 32% (33%) of net sales.

The Group's operating result before non-recurring items amounted to EUR 28.7 (-3.8) million, or 3.0% (-0.4%) of net sales. Operating result before non-recurring items increased in Itella Mail Communications and Itella Information. The operating loss of Itella Logistics decreased from the year before.

Performance was weighed down by non-recurring items to the amount of EUR 10.7 (0.3) million. The additional purchase price of the Russian logistics corporation acquired by Itella Logistics in 2008 was confirmed, resulting in a non-recurring positive profit impact of EUR 7.0 million. Itella Information sold its German subsidiary, Itella Information GmbH, to the company's operating management. The transaction resulted in a cost item of EUR 14.3 million. In addition, the non-recurring items include EUR 3.5 (0.3) million of restructuring costs, of which EUR 3.3 million is related to personnel and EUR 0.2 million to other items. The Group recorded an operating result of EUR 18.0 (-4.1) million, representing 1.9% (-0.4%) of net sales. Net sales increased in Itella Logistics and Itella Mail Communications, while Itella Information saw its net sales decline. The Group's net financing costs came to EUR 4.4 (4.6) million.

The cost cutting and efficiency enhancement program announced by Itella in August 2011 continues to be implemented in a systematic way in line with its objectives. Various measures aiming to improve operational efficiency and profitability are under way in both the business groups and the Group's support functions.

The Group's performance after financing costs showed a profit of EUR 13.6 (operating loss of EUR 8.8) million. Income tax totaled EUR 9.4 (5.4) million.

The Group's operating profit for the period was EUR 4.2 (net loss of EUR 14.2) million.

The return on equity (rolling 12 months) was -1.8% (-0.6%).

### Itella Mail Communications

Itella Mail Communications' net sales grew in the first quarter, but the growth stalled during the second quarter. The business group's net sales grew by 2.3%, to EUR 579.4 (566.3) million. Operating result for the first half improved significantly, to EUR 36.0 (10.3) million, which represents 6.2% (1.8%) of net sales. The operating result for the second quarter was EUR 10.7 (4.8) million, or 3.8% of net sales. Operational efficiency increased, thanks to the measures initiated last year. The result of the review period does not include non-recurring items.

Operations falling under the scope of the universal service obligation accounted for 10.6% of Itella Mail Communications' net sales.

Delivery volumes of mail items developed as follows compared with the corresponding period in 2011:

- Total volume of addressed letters -3%
- Unaddressed direct marketing +18%

- Newspapers -9%
- Magazines -4%
- Parcel services +6%
- Electronic letters +43%

Despite the tough competitive environment in unaddressed deliveries and the parcel business, Itella Mail Communications increased its market share in these sectors. The growth in unaddressed direct marketing continued to gather momentum during the second quarter. The decline in addressed letter volumes was steepest in 1st and 2nd class letters (-4%). This shows also partly in the growth of electronic letters' volumes. The delivery volumes for bulk letters, on the other hand, grew slightly (+1%). The growth in parcel services continued throughout January–June, but showed signs of levelling off during the second quarter.

The volumes of addressed letters and newspapers and magazines continued to decline. The decline was particularly visible in the delivery volumes of newspapers, and merely accelerated during the second quarter. The decline in volumes reflects the impact of the 9 percent value-added tax recently imposed on newspapers and magazines. In June, Itella Mail Communications and I-Mediat Oy extended their contract for another three-year term. This means that Posti will continue to deliver the provincial papers Ilkka and Pohjalainen as well as five local papers.

In June, Posti also added 25 new automatic parcel terminals to its network. Nearly all of the most recent additions constitute a part of the cooperation agreement which Itella Posti entered into with Kesko at the end of March – the agreement brings automatic parcel terminals to K-citymarkets.

The investments of Itella Mail Communications totaled EUR 12.2 (6.2) million, with the most significant share involving the new point-of-sale system employed in Posti shops.

## **Itella Logistics**

Itella Logistics' net sales grew by 3.8% in the first half of the year, to EUR 370.6 (357.1) million. The growth slowed down slightly during the second quarter. Operating loss before non-recurring items decreased from the year before and stood at EUR -3.5 (-8.8) million, representing -0.9% (-2.5%) of net sales.

The development of net sales was particularly positive in contract logistics and road freight's operations in Finland. Growth was also strong in Russia, where it was driven by contract logistics. The increase in the net sales of road freight corresponded with general market trends everywhere else except Denmark and Sweden, where growth lagged behind. The most convincing improvement in performance was seen in Russia.

Operating result improved clearly and the business group recorded a profit of EUR 2.6 (operating loss of EUR 8.8) million. The additional purchase price of the Russian logistics corporation acquired by Itella Logistics in 2008 was confirmed, resulting in a non-recurring positive profit impact of EUR 7.0 million. The employee negotiations related to the restructuring of operations in Denmark and Sweden announced in February were brought to a conclusion in June and concerned 49 permanent members of staff. Owing to the efforts aiming to increase efficiency, operating result was weighed down by a non-recurring item of EUR 0.9 million, of which EUR 0.7 million concerned personnel restructuring costs and EUR 0.2 million other items.

At the end of May, Itella Corporation and VR-Yhtymä Oy signed a letter of intent where Itella Logistics will acquire VR Transport's groupage logistics business in Finland. In terms of net sales, the logistics

business covered by the letter of intent is worth more than EUR 130 million. The number of staff is a little over 800. The transaction is expected to be carried to completion in approximately three months.

Itella Logistics' investments amounted to EUR 23.1 (10.4) million. The most significant investment was the new service warehouse under construction in Pennala, Orimattila. The construction work commenced the year before. The total investment in the warehouse – set to be completed by June 2013 – amounts to more than EUR 60 million.

## **Itella Information**

Itella Information's net sales in the first half grew by 4.5%, to EUR 142.2 (136.0) million. The increase in net sales was stronger in the first quarter than in the second, when its rate slowed down a little. Operating result before non-recurring items improved to EUR 5.8 (3.9) million. The OpusCapita integration phase is still evident in the financial performance.

Net sales increased in the outbound services, financial management outsourcing services and as a result of last summer's corporate acquisition (OpusCapita). The review period saw strong progress in the sale of new invoicing solutions, financial management outsourcing projects, and the solution sales of liquidity management. The outbound services business has made steady progress in the markets, with the volumes of domestic comprehensive sales invoicing solutions (iBilling), in particular, experiencing growth, thanks to new customer accounts. Sales were also boosted by the two major financial management contracts made in Sweden and Norway last year, which are expected to spur growth even further during the second half.

Itella Information sold its German subsidiary, Itella Information GmbH, to the company's operating management. As a result of the subsidiary sale, which was carried out as a management buyout, some 100 people transferred from Itella to the service of the new company, docsellent GmbH. The transaction is shown in the second quarter result as a non-recurring loss of EUR 14.3 million. In addition, German operations recorded restructuring costs of EUR 2.1 million in April–June. The sale of the printing business in Germany will improve future performance.

The business group recorded an operating loss of EUR 11.0 (operating profit of EUR 3.6) million, representing -7.8% (2.6%) of net sales.

In June, Itella Information signed a service contract worth EUR 8 million with the State Treasury. The contract covers the invoice transmission services for the Finnish State for a term of 7 years, from the beginning of December 2012 to the end of November 2019.

The business group's investments amounted to EUR 1.7 (5.7) million.

<b>Key Figures of Business Groups, MEUR</b>	4-6/2012	4-6/2011	Change	1-6/2012	1-6/2011	Change
<b>Net sales</b>						
Itella Mail Communications	283.2	283.8	-0.2 %	579.4	566.3	2.3 %
Itella Logistics	188.9	182.9	3.3 %	370.6	357.1	3.8 %
Itella Information	67.8	65.4	3.7 %	142.2	136.0	4.5 %
Other activities	16.0	14.9	7.4 %	31.5	29.8	5.6 %
Intra-Group sales	-82.7	-77.1	7.3 %	-165.2	-156.6	5.5 %
<b>Itella Group</b>	<b>473.2</b>	<b>469.7</b>	<b>0.7 %</b>	<b>958.5</b>	<b>932.6</b>	<b>2.8 %</b>
<b>Operating result (Non-IFRS) *)</b>						
Itella Mail Communications	10.7	4.8	121.4 %	36.0	10.3	248.6 %
Itella Logistics	-1.8	-3.7	50.8 %	-3.5	-8.8	60.4 %
Itella Information	2.5	-0.8	..	5.8	3.9	46.1 %
Other activities	-5.5	-4.7	-17.0 %	-9.6	-9.3	-3.4 %
<b>Itella Group</b>	<b>5.9</b>	<b>-4.4</b>	<b>..</b>	<b>28.7</b>	<b>-3.8</b>	<b>..</b>
<b>Operating result</b>						
Itella Mail Communications	10.7	4.8	121.4 %	36.0	10.3	248.6 %
Itella Logistics	5.5	-3.7	..	2.6	-8.8	..
Itella Information	-13.8	-1.2	neg	-11.0	3.6	..
Other activities	-5.5	-4.7	-17.0 %	-9.6	-9.3	-3.7 %
<b>Itella Group</b>	<b>-3.1</b>	<b>-4.7</b>	<b>34.8 %</b>	<b>18.0</b>	<b>-4.1</b>	<b>..</b>
<b>Operating result (Non-IFRS), % *)</b>						
Itella Mail Communications	3.8 %	1.7 %		6.2 %	1.8 %	
Itella Logistics	-1.0 %	-2.0 %		-0.9 %	-2.5 %	
Itella Information	3.7 %	-1.2 %		4.1 %	2.9 %	
<b>Itella Group</b>	<b>1.2 %</b>	<b>-0.9 %</b>		<b>3.0 %</b>	<b>-0.4 %</b>	
<b>Operating result, %</b>						
Itella Mail Communications	3.8 %	1.7 %		6.2 %	1.8 %	
Itella Logistics	2.9 %	-2.0 %		0.7 %	-2.5 %	
Itella Information	-20.4 %	-1.8 %		-7.8 %	2.6 %	
<b>Itella Group</b>	<b>-0.7 %</b>	<b>-1.0 %</b>		<b>1.9 %</b>	<b>-0.4 %</b>	

\*) Non-IFRS = excluding non-recurring items

## Financial position and investments

The consolidated cash flow from operating activities before capital expenditure was EUR 43.1 (7.4) million.

Capital expenditure totaled EUR 35.9 (21.2) million. The expenditure in corporate acquisitions and sales during the review period was EUR 10.8 (2.6) million.

At the end of June, liquid assets totaled EUR 175.8 (133.8) million, and undrawn committed credit facilities totaled EUR 120.0 (120.0) million. The Group's interest-bearing liabilities were EUR 324.4 (282.5) million. Equity ratio stood at 47.0% (49.6%) and gearing at 22.0% (21.7%).

## **Human Resources**

In January–June, Itella Group employed an average of 27,431 (28,753) people. At the end of the period, the number of personnel was 28,803 (30,293) with 22,839 (23,756) employees based in Finland.

At the end of the period, the number of staff employed in each of Itella Corporation's business groups was as follows:

- Itella Mail Communications 19,373 (20,266)
- Itella Logistics 6,849 (7,530)
- Itella Information 2,172 (2,125)
- Other Group activities 409 (372)

The Group's personnel expenses during the period decreased EUR 4.1 (an increase of EUR 5.2) million, or by 0.9% in comparison to the year before.

## **Changes in corporate structure**

On May 30, 2012, Itella sold the entire share capital of Itella Information GmbH to the subsidiary's operating management.

## **Short-term business risks and uncertainties**

The business risks are described in the Group's 2011 Financial Statements. They did not undergo changes with an impact on short-term outlooks during the first half of the year.

## **Seasonal fluctuation**

The Group's business is characterized by seasonal fluctuation. Net sales and operating profit in the business groups are not accrued evenly over the year. The first and fourth quarters, in particular, are typically strong, while the second and third quarters are weaker in comparison.

## **Outlook for the rest of the year**

Net sales developed positively during the first half of the year. The conditions for modest growth throughout the year exist, although any exacerbation in economic trends, acceleration in the spread of digital services, and increased competition may have a negative impact on development. The completion of the acquisition of VR Transpoint's groupage logistics business during the financial period will have a positive effect on net sales.

Profitability has improved in line with objectives, although continuous efforts are still required to retain the positive momentum. The entire year's performance is expected to improve in comparison to the previous year. To secure profitability in the long-term, the Group will continue to implement measures which may have non-recurring effects on its financial performance.

Investments are expected to increase from the year before.



Helsinki, July 25, 2012

Itella Corporation  
Board of Directors

## **ATTACHMENTS**

Key figures of Itella Group  
Comprehensive consolidated income statement  
Consolidated balance sheet  
Consolidated cash flow statement  
Statement of changes in shareholders' equity  
Accounting principles  
Segment information  
Consolidated contingent liabilities

## Itella Corporation

### Interim Report for January-June 2012

#### Key figures of Itella Group

	<b>4-6</b>	<b>4-6</b>	<b>1-6</b>	<b>1-6</b>	<b>1-12</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
Net sales, MEUR	473.2	469.7	958.5	932.6	1,900.1
Operating result (non-IFRS), MEUR *)	5.9	-4.4	28.7	-3.8	30.5
Operating result (non-IFRS), % *)	1.2	-0.9	3.0	-0.4	1.6
Operating result, MEUR	-3.1	-4.7	18.0	-4.1	-5.9
Operating result, %	-0.7	-1.0	1.9	-0.4	-0.3
Result before taxes, MEUR	-5.7	-6.4	13.6	8.8	-16.4
Result for the period, MEUR	-7.5	-8.5	4.2	-14.2	-30.7
Return on equity, %, 12 months			-1.8	-0.6	-4.5
Return on investment, %, 12 months			2.0	2.4	-0.2
Equity ratio, %			47.0	49.6	46.1
Gearing, %			22.0	21.7	22.1
Gross capital expenditure, MEUR	23.2	12.7	45.2	23.8	102.9
Employees on average	27,660	29,216	27,431	28,753	28,493

\*) Non-IFRS = excluding non-recurring items, see notes 2.

**Comprehensive Consolidated Income Statement**

<b>EUR million</b>	<b>4-6 2012</b>	<b>4-6 2011</b>	<b>1-6 2012</b>	<b>1-6 2011</b>	<b>1-12 2011</b>
<b>Net sales</b>	<b>473.2</b>	<b>469.7</b>	<b>958.5</b>	<b>932.6</b>	<b>1,900.1</b>
Other operating income	10.9	4.2	15.2	8.0	25.5
Share of associated companies' results	0.0	0.0	0.0	0.1	0.1
Materials and services	132.6	139.1	263.2	265.9	549.2
Employee benefits	228.4	227.9	448.8	452.9	910.7
Depreciation and amortisation	21.8	21.2	43.6	42.4	88.7
Impairment losses		0.0		0.7	18.3
Other operating expenses	104.4	90.5	200.2	182.9	364.7
<b>Operating result (EBIT)</b>	<b>-3.1</b>	<b>-4.7</b>	<b>18.0</b>	<b>-4.1</b>	<b>-5.9</b>
% of net sales	-0.7 %	-1.0 %	1.9 %	-0.4 %	-0.3 %
Financial income and expenses	-2.7	-1.7	-4.4	-4.6	-10.6
<b>Result before income tax</b>	<b>-5.7</b>	<b>-6.4</b>	<b>13.6</b>	<b>-8.8</b>	<b>-16.4</b>
% of net sales	-1.2 %	-1.4 %	1.4 %	-0.9 %	-0.9 %
Income tax	-1.8	-2.2	-9.4	-5.4	-14.2
<b>Result for the financial period</b>	<b>-7.5</b>	<b>-8.5</b>	<b>4.2</b>	<b>-14.2</b>	<b>-30.7</b>
% of net sales	-1.6 %	-1.8 %	0.4 %	-1.5 %	-1.6 %
<b>Result for the financial period attributable to</b>					
Parent company shareholders	-7.5	-8.5	4.2	-14.2	-30.7
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
	<b>-7.5</b>	<b>-8.5</b>	<b>4.2</b>	<b>-14.2</b>	<b>-30.7</b>
<b>Comprehensive Consolidated Income Statement</b>					
<b>Result for the financial period</b>	<b>-7.5</b>	<b>-8.5</b>	<b>4.2</b>	<b>-14.2</b>	<b>-30.7</b>
<b>Other items of comprehensive income</b>					
Available-for-sale financial assets	-0.1	0.0	-0.1	-0.1	0.1
Translation differences	-9.0	-1.8	6.1	0.0	-3.4
<b>Comprehensive income for the financial period</b>	<b>-16.6</b>	<b>-10.3</b>	<b>10.1</b>	<b>-14.2</b>	<b>-34.0</b>
<b>Comprehensive income attributable to</b>					
Parent company shareholders	-16.6	-10.3	10.1	-14.2	-34.0
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
	<b>-16.6</b>	<b>-10.3</b>	<b>10.1</b>	<b>-14.2</b>	<b>-34.0</b>

**Consolidated Balance Sheet**

<b>EUR million</b>	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 Dec 2011</b>
<b>Non-current assets</b>			
Goodwill	172.0	170.4	171.7
Other intangible assets	83.7	69.5	77.5
Investment property	3.7	4.0	3.8
Property, plant and equipment	658.8	669.0	664.1
Investments in associated companies	0.8	0.8	0.8
Other non-current investments	6.4	1.4	6.4
Non-current receivables	13.0	11.2	12.1
Deferred tax assets	15.3	15.0	12.0
<b>Total non-current assets</b>	<b>953.8</b>	<b>941.3</b>	<b>948.5</b>
<b>Current assets</b>			
Inventories	5.2	6.6	5.8
Trade and other receivables	295.3	286.5	299.1
Current tax assets	14.5	13.7	7.3
Financial assets available-for-sale	1.3	2.1	1.5
Financial assets at fair value through profit or loss	91.0	56.7	58.7
Cash and cash equivalents	85.5	77.8	132.0
<b>Total current assets</b>	<b>492.8</b>	<b>443.5</b>	<b>504.4</b>
<b>Non-current assets classified as held for sale</b>	<b>11.5</b>	<b>13.9</b>	<b>12.4</b>
<b>Total assets</b>	<b>1,458.1</b>	<b>1,398.7</b>	<b>1,465.3</b>
<b>Equity</b>			
Share capital	70.0	70.0	70.0
Contingency reserve	142.7	142.7	142.7
Fair value reserve	0.0	0.0	0.1
Translation differences	1.9	-0.8	-4.2
Retained earnings	460.5	472.4	456.3
<b>Equity attributable to equity holders of the parent company</b>	<b>675.1</b>	<b>684.4</b>	<b>664.9</b>
Equity attributable to equity holders of the non-controlling interest	0.0	0.0	0.0
<b>Total equity</b>	<b>675.0</b>	<b>684.4</b>	<b>664.9</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	51.6	51.5	53.1
Non-current interest-bearing liabilities	294.7	200.0	304.9
Other non-current liabilities	10.2	17.6	4.0
Non-current provisions	19.1	15.7	20.3
Defined benefit pension plan obligations	5.1	7.5	7.5
<b>Total non-current liabilities</b>	<b>380.7</b>	<b>292.4</b>	<b>389.8</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	29.6	82.5	30.5
Trade payables and other liabilities	356.8	332.0	372.1
Current tax liabilities	13.8	5.8	3.0
Current provisions	1.7	1.0	4.5
<b>Total current liabilities</b>	<b>401.9</b>	<b>421.4</b>	<b>410.1</b>
<b>Liabilities associated with non-current assets classified as held for sale</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Total liabilities</b>	<b>783.1</b>	<b>714.3</b>	<b>800.4</b>
<b>Total equity and liabilities</b>	<b>1,458.1</b>	<b>1,398.7</b>	<b>1,465.3</b>

**Consolidated Cash Flow Statement**

<b>EUR million</b>	<b>1-6 2012</b>	<b>1-6 2011</b>	<b>1-12 2011</b>
<b>Profit or loss for the financial period</b>	<b>4.2</b>	<b>-14.2</b>	<b>-30.7</b>
Total adjustments	63.3	53.8	123.6
Change in net working capital	-12.7	-19.2	14.6
<b>Cash flow before financial items and income tax</b>	<b>54.8</b>	<b>20.4</b>	<b>107.5</b>
Financial items (net)	-1.4	-5.0	-10.1
Tax paid	-10.4	-8.1	-11.7
<b>Cash flow from operating activities (net)</b>	<b>43.1</b>	<b>7.4</b>	<b>85.7</b>
Purchase of intangible assets and property, plant and equipment	-35.9	-21.2	-52.6
Proceeds from sale of intangible and tangible assets	2.6	0.1	6.5
Acquisition of subsidiaries less cash and cash equivalents	-0.4	-2.6	-23.7
Proceeds from sale of subsidiaries less cash and cash equivalent	-10.4	-	-
Change in financial assets at fair value through profit or loss	-32.9	2.7	1.9
Cash flow from other investments	2.1	1.2	1.1
<b>Cash flow from investing activities (net)</b>	<b>-74.8</b>	<b>-19.8</b>	<b>-66.8</b>
Change in loans (net)	-11.5	22.2	53.1
Finance lease principal payments	-3.0	-3.3	-7.1
Dividends paid	-	-4.4	-4.4
<b>Cash flow from financing activities (net)</b>	<b>-14.5</b>	<b>14.5</b>	<b>41.6</b>
<b>Change in cash and cash equivalents</b>	<b>-46.2</b>	<b>2.2</b>	<b>60.4</b>
<b>Cash and cash equivalents at period-start</b>	<b>132.0</b>	<b>75.6</b>	<b>75.6</b>
Effect of changes in exchange rates	-0.2	0.1	-4.1
Change in fair value of cash and cash equivalents	0.0	0.0	0.0
<b>Cash and cash equivalents at period-end</b>	<b>85.5</b>	<b>77.8</b>	<b>132.0</b>

## Statement of Changes in Shareholders' Equity

EUR million	Equity attributable to equity holders of the parent company						Non-controlling interest	Total equity
	Share capital	Contingency reserve	Fair value reserve	Translation differences	Retained earnings	Total		
<b>Equity 1 Jan 2011</b>	<b>70.0</b>	<b>142.7</b>	<b>0.0</b>	<b>-0.8</b>	<b>492.2</b>	<b>704.1</b>	<b>0.0</b>	<b>704.2</b>
Dividends paid					-4.4	-4.4		-4.4
Result for the financial period					-14.2	-14.2		-14.2
Other changes					-1.1	-1.1		-1.1
<b>Other items for the Comprehensive income</b>								
Change in translation differences				0.0		0.0		0.0
<b>Equity 30 June 2011</b>	<b>70.0</b>	<b>142.7</b>	<b>0.0</b>	<b>-0.8</b>	<b>472.4</b>	<b>684.4</b>	<b>0.0</b>	<b>684.4</b>
<b>Equity 1 Jan 2012</b>	<b>70.0</b>	<b>142.7</b>	<b>0.1</b>	<b>-4.2</b>	<b>456.3</b>	<b>664.9</b>	<b>0.0</b>	<b>664.9</b>
Non-controlling interest						0.0	0.0	0.0
Result for the financial period					4.2	4.2		4.2
<b>Other items for the Comprehensive income</b>								
Change in fair value reserve			-0.1			-0.1		-0.1
Change in translation differences				6.1		6.1		6.1
<b>Equity 30 June 2012</b>	<b>70.0</b>	<b>142.7</b>	<b>0.0</b>	<b>1.9</b>	<b>460.5</b>	<b>675.1</b>	<b>0.0</b>	<b>675.0</b>

## Notes

### 1. Accounting Principles

The Financial statements review was prepared in accordance with IAS 34 'Interim Financial Reporting' and in line with the same accounting principles as those used in Itella's financial statements for 2011. Itella has applied the currently valid IFRS standards and interpretations in the preparation of this interim report. The figures shown have been rounded, which is why the sum total of individual figures may differ from that shown here.

#### New and revised IFRS standards

As of January 1, 2012 the Group applies the following new and revised standards:

- IFRS 1 (Amendment)
- IFRS 7 (Amendment)
- IAS 12 (Amendment)

These new and revised standards have no material impact on financial statement bulletin.

The information presented in this report is unadited.

### 2. Segment Information

EUR million	4-6 2012	4-6 2011	1-6 2012	1-6 2011	1-12 2011
<b>Net sales by business segment</b>					
Itella Mail Communications	283.2	283.8	579.4	566.3	1,151.7
inter-segment sales	-12.7	-9.9	-26.1	-20.6	-44.2
Itella Logistics	188.9	182.9	370.6	357.1	731.6
inter-segment sales	-51.6	-49.1	-102.1	-99.8	-200.8
Itella Information	67.8	65.4	142.2	136.0	273.7
inter-segment sales	-2.5	-3.4	-5.7	-6.5	-12.1
Other operations	16.0	14.9	31.5	29.8	55.8
inter-segment sales	-15.9	-14.7	-31.3	-29.6	-55.5
Total eliminations (Interim sales)	-82.7	-77.1	-165.2	-156.6	-312.7
<b>Total</b>	<b>473.2</b>	<b>469.7</b>	<b>958.5</b>	<b>932.6</b>	<b>1,900.1</b>

<b>EUR million</b>	<b>4-6 2012</b>	<b>4-6 2011</b>	<b>1-6 2012</b>	<b>1-6 2011</b>	<b>1-12 2011</b>
<b>Operating result (EBIT) by business segment (Non-IFRS) *)</b>					
Itella Mail Communications	10.7	4.8	36.0	10.3	49.8
Itella Logistics	-1.8	-3.7	-3.5	-8.8	-6.4
Itella Information	2.5	-0.8	5.8	3.9	3.2
Other operations	-5.5	-4.7	-9.6	-9.3	-16.1
<b>Total</b>	<b>5.9</b>	<b>-4.4</b>	<b>28.7</b>	<b>-3.8</b>	<b>30.5</b>
<b>Non-recurring items by business segment</b>					
Itella Mail Communications	-	-	-	-	18.4
Itella Logistics	-7.4	-	-6.1	-	9.3
Itella Information	16.3	0.3	16.8	0.3	7.3
Other operations	-	-	-	-	1.4
<b>Total</b>	<b>9.0</b>	<b>0.3</b>	<b>10.7</b>	<b>0.3</b>	<b>36.4</b>
<b>Operating result (EBIT) by business segment</b>					
Itella Mail Communications	10.7	4.8	36.0	10.3	31.4
Itella Logistics	5.5	-3.7	2.6	-8.8	-15.7
Itella Information	-13.8	-1.2	-11.0	3.6	-4.1
Other operations	-5.5	-4.7	-9.6	-9.3	-17.5
<b>Total</b>	<b>-3.1</b>	<b>-4.7</b>	<b>18.0</b>	<b>-4.1</b>	<b>-5.9</b>
<b>Financial income and expenses</b>	<b>-2.7</b>	<b>-1.7</b>	<b>-4.4</b>	<b>-4.6</b>	<b>-10.6</b>
<b>Result for the financial period</b>	<b>-7.5</b>	<b>-8.5</b>	<b>4.2</b>	<b>-14.2</b>	<b>-30.7</b>
<b>EUR million</b>			<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 Dec 2011</b>
<b>Assets</b>					
Itella Mail Communications			476.3	480.7	491.8
Itella Logistics			607.8	617.9	598.3
Itella Information			180.1	163.1	188.3
Other operations and unallocated			230.2	173.6	225.3
Eliminations			-36.2	-36.8	-38.5
<b>Total</b>			<b>1,458.1</b>	<b>1,398.7</b>	<b>1,465.3</b>
<b>Liabilities</b>					
Itella Mail Communications			247.4	248.1	276.7
Itella Logistics			103.1	108.5	107.5
Itella Information			51.3	40.9	49.6
Other operations and unallocated			412.5	353.6	405.0
Eliminations			-31.1	-36.8	-38.4
<b>Total</b>			<b>783.1</b>	<b>714.3</b>	<b>800.4</b>
<b>Personnel at period-end</b>					
Itella Mail Communications			19,373	20,266	17,883
Itella Logistics			6,849	7,530	7,088
Itella Information			2,172	2,125	2,259
Other operations			409	372	355
<b>Total</b>			<b>28,803</b>	<b>30,293</b>	<b>27,585</b>



### 3. Acquired business activities and business divestments

During the June, Itella abandoned the printing business in Germany. Subsidiary operating in printing business has been divested through management buyout arrangement and approximately 100 employees have transferred from Itella to new company called docsellent GmbH. Loss on disposal EUR 14,3 million is recognized through income statement in other operating expenses. In order to ensure the future operational condition of the company, Itella capitalized it before the disposal.

#### Analysis of net assets business divestments

EUR million	30 June 2012
<b>Net assets</b>	<b>14.3</b>
Consideration for the divestment	0.0
<b>Loss on disposal</b>	<b>-14.3</b>
<b>Effect on cash flow</b>	
<b>EUR million</b>	
Consideration paid in cash	-8.2
Cash and cash equivalents for divestments company	-4.0
Debt of the purchase price	1.6
<b>Effect on cash flow</b>	<b>-10.6</b>

### 4. Net Sales by Geographical Location

EUR million	4-6 2012	4-6 2011	1-6 2012	1-6 2011	1-12 2011
Finland	321.3	317.4	650.6	629.3	1,275.3
Scandinavia	65.0	67.9	133.7	135.3	276.7
Baltic countries and Russia	59.0	52.8	113.9	102.7	221.0
Other countries	27.9	31.6	60.3	65.3	127.2
<b>Total</b>	<b>473.2</b>	<b>469.7</b>	<b>958.5</b>	<b>932.6</b>	<b>1,900.1</b>

### 5. Changes in Property, Plant and Equipment

EUR million	30 June 2012	30 June 2011	31 Dec 2011
Carrying amount on 1 Jan	664.1	684.6	684.6
Additions	29.2	17.6	63.7
Disposals and transfers between items	-3.8	-1.7	-9.8
Depreciation and Impairment	-33.5	-33.3	-69.1
Translation differences	2.8	2.0	-5.3
<b>Carrying amount at period-end</b>	<b>658.8</b>	<b>669.0</b>	<b>664.1</b>

## 6. Consolidated Contingent Liabilities

<b>EUR million</b>	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 Dec 2011</b>
Pledges for own behalf	49.7	18.8	19.4
Lease commitments	345.1	343.1	328.3

Itella contract customers have put in a claim to refund value added taxes about 91 million euro in the District Court of Helsinki. The decision made by the court in summer 2011 was positive for Itella. Court of Appeal of Helsinki however overturned this decision and returned the claim to the district court. The decision made by the Court of Appeal is now non-appealable judgment and the process in district court will restart during the summer.

### Derivative Contracts

<b>EUR million</b>	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 Dec 2011</b>
<b>Currency derivatives</b>			
Currency forward contracts, non-hedge accounting			
Fair value	0.0	-0.3	1.3
Nominal value	110.4	113.5	126.8
<b>Interest rate derivatives</b>			
Interest rate swaps, hedge accounting			
Fair value	5.8	1.1	4.8
Nominal value	70.0	70.0	70.0

Derivative contracts were used to hedge against currency and interest rate risks. Currency forward contracts were measured at fair value by using the market prices on the closing day, and the fair values of interest rate swaps are the present values of forecast future cash flows.