

### July–September 2012

- Itella Group's net sales decreased slightly and totaled EUR 445.6 (EUR 449.4) million in the third quarter. Net sales increased in Itella Mail Communications and Itella Logistics, but decreased in Itella Information due to the disposal of the German printing business. Itella Information's comparable net sales increased.
- Operating result before non-recurring items improved to EUR 11.9 (10.7) million, or 2.7 percent (2.4 percent) of net sales. Performance in Itella Mail Communications improved to EUR 12.5 (7.4) million and in Itella Information to EUR 5.9 (0.1) million, respectively, while Itella Logistics saw its performance decline to EUR -2.8 (3.7) million. Since non-recurring items (EUR 32.3 million in 2011) were not recorded for the period, the third-quarter operating result clearly improved from the year before, totaling EUR 11.9 (-21.5) million, or 2.7 percent (-4.8 percent) of net sales.
- On July 31, Itella Logistics Oy and VR Group signed a business purchase agreement to their previous letter of intent with which Itella Logistics acquires VR Transpoint's groupage logistics business in Finland and the related entire share capital of PT Logistiikka Oy. The Finnish Competition Authority approved the transaction on August 23 and the deal was finalized on October 1.

### January–September 2012

- Itella Group's net sales for January–September grew by 1.6 percent to EUR 1,404.1 (1,382.0) million. Net sales increased in Itella Mail Communications and Itella Logistics, while remaining unchanged in Itella Information.
- Performance improved: operating result before non-recurring items totaled EUR 40.4 (7.0) million, or 2.9 percent (0.5 percent). Operating result amounted to EUR 29.9 (-25.6) million, 2.1 percent (-1.9 percent) of net sales. The operating result includes non-recurring items totaling EUR 10.5 (32.6) million. Operating result before non-recurring items grew to EUR 48.5 (17.7) million in Itella Mail Communications and to EUR 11.5 (4.0) million in Itella Information. Operating result before non-recurring items declined moderately in Itella Logistics to EUR -6.4 (-5.1) million.
- Cash flow from the Group's business clearly increased in January–September and amounted to EUR 55.8 (0.2) before capital expenditure. Return on investment (rolling 12 months) was 6 percent.

<b>Key figures of Itella Group</b>	<b>7-9/2012</b>	<b>7-9/2011</b>	<b>1-9/2012</b>	<b>1-9/2011</b>	<b>2011</b>
Net sales, MEUR	445.6	449.4	1,404.1	1,382.0	1,900.1
Operating result (non-IFRS), MEUR *)	11.9	10.7	40.4	7.0	30.5
Operating result (non-IFRS), % *)	2.7	2.4	2.9	0.5	1.6
Operating result (EBIT), MEUR	11.9	-21.5	29.9	-25.6	-5.9
Operating result (EBIT), %	2.7	-4.8	2.1	-1.9	-0.3
Result before taxes, MEUR	10.3	-24.3	23.8	-33.1	-16.4
Result for the period, MEUR	4.9	-22.9	9.1	-37.1	-30.7
Return on equity, %, 12 months			2.3	-4.4	-4.5
Return on investment, %, 12 months			6.0	-0.6	-0.2
Equity ratio, %			48.1	47.3	46.1
Gearing, %			22.3	31.0	22.1
Gross capital expenditure, MEUR	19.6	43.1	64.8	66.9	102.9
Employees on average	27,310	28,806	27,391	28,711	28,493

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

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

*"Itella's business development during the current year has been mainly positive. The areas experiencing the most significant downturns comprise the traditional letter and publication businesses. Although the company's profitability is yet to achieve targeted levels, the improvement in comparison to last year is significant. It is notable that Itella's solvency has remained on a good, stable level also during times of economic uncertainty.*

*The profitability of the Information business is in the process of restoring itself, even though the non-recurring items of the German printing business disposed of during the first half of the year will be evident in year-end results.*

*The impact of earlier measures aiming to improve profitability is clearly evident in the Mail Communications' business as well as in the company's activities on the whole. This has allowed us to compensate for the volume decline in traditional postal traffic, at least in the short-term. The volumes of e-commerce have continued their positive growth and Itella's competitiveness is faring increasingly better.*

*Itella Logistics' net sales are growing, despite the uncertainty in economic trends. At the end of the year, this will furthermore be impacted by the business acquired from VR. Volumes and warehouse fill rates in Russia have also developed positively – a fact that is evident in the solid increase of net sales. The year-round performance of Logistics will nevertheless lag clearly behind targets due to both the change process underway in Scandinavia and a loss occurrence in St. Petersburg.*

*All in all, Itella's business has shown positive development trends throughout the year. Because of this, I want to express my gratitude to Itella's entire personnel, who has worked very hard to achieve this success."*

### APPENDICES

Itella's full Interim Report

### FURTHER INFORMATION

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### DISTRIBUTION

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[www.itella.com/financials](http://www.itella.com/financials)

## FINANCIAL CALENDER 2013

The financial statements for 2012 will be published on February 15, 2013.

## PHOTOGRAPS AND LOGOS

[www.itella.com/media](http://www.itella.com/media)

*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–September 2012

### Market situation and business environment

After a promising first quarter, the Finnish economy took a downward turn during late spring and early summer. In line with this general trend, Itella's net sales also developed positively during the first half of the year, only to slow down during the second quarter and crawl to a complete stop during the third.

In light of the general economic uncertainty, Itella's performance in January–September can be considered reasonably good. Although Statistics Finland reported consumers' expectations regarding their own finances and the Finnish economy to have improved when comparing August with September, forecasts concerning the Finnish economy during the rest of the year are bleak. This presents challenges to Itella's business as well.

In terms of Itella's operating environment, the integration of VR Transpoint's groupage logistics business into Itella Logistics constituted one of the most important changes that took place during the reporting period. Among other things, this transaction between two strong industry operators means that Itella's customers now have at their disposal the widest network of terminals and the most comprehensive transportation capacity in Finland.

The digitization of invoicing and financial management has an impact on Itella's operations. Itella launched the operations of Itella Bank at the beginning of the year. The primary purpose of this was to ensure that Itella is able to retain its share in the rapidly digitizing invoicing market and develop new payment solutions. Operations were initiated with products aimed principally at business customers. The development phase will last well into 2013.

### Net sales and financial performance in July–September 2012

Itella Group's third-quarter net sales declined by 0.8 percent, totaling EUR 445.6 (449.4) million. Itella Mail Communications and Itella Logistics saw their net sales increase. While Itella Information's sales decreased, its comparable net sales increased. Operating result before non-recurring items increased to EUR 11.9 (10.7) million, or 2.7 percent (2.4 percent) of net sales.

The reporting period did not include recordings of non-recurring items (EUR 32.3 million).

Operating result improved from the year before and amounted to EUR 11.9 (-21.5) million, representing 2.7 percent (-4.8 percent) of net sales. The operating result before taxes was EUR 10.3 (-24.3) million.

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

Itella Group's net sales in January–September amounted to EUR 1,404.1 (1,382.0) million, representing a growth of 1.6 percent. In local currencies, the increase in net sales was 1.1 percent. Acquisitions did not have a

significant impact on net sales performance. The Group's net sales increased by 2.2 percent in Finland and by 0.2 percent in other countries. International operations accounted for 33 percent (33 percent) of net sales.

The Group's operating result excluding non-recurring items amounted to EUR 40.4 (7.0 million), or 2.9 percent (0.5 percent) of net sales. Compared to last year, operating result before non-recurring items improved in Itella Mail Communications and Itella Information and declined in Itella Logistics.

Performance declined due to non-recurring items totaling EUR 10.5 (32.6) million. The non-recurring items include a total of EUR 3.2 (16.0) million of reorganization costs, the majority of which were allocated for personnel and the rest, or EUR 7.3 (16.6) million, for other cost items. At the end of May, Itella Information sold its German subsidiary to its operative management. This transaction generated a non-recurring item of EUR 14.3 million. The additional purchase price of the Russian logistics corporation acquired by Itella Logistics in 2008 was confirmed, resulting in a non-recurring positive performance impact of EUR 7.0 million. The Group recorded an operating result of EUR 29.9 (-25.6) million, representing 2.1 percent (-1.9 percent) of net sales. Operating result improved in Itella Mail Communications and Itella Logistics, but declined in Itella Information. The Group's net financing amounted to EUR -6.0 (-7.5) million.

The cost-cutting program aiming to increase profitability – initiated by Itella in August 2011 – is being carried out according to its objectives in all of our individual business groups as well as in the Group's centralized operations.

The Group's operating result after financing items amounted to EUR 23.8 (-33.1) million. Income tax totaled EUR 14.8 (4.0) million.

The Group's operating profit for the period was EUR 9.1 million (net loss of EUR 37.1 million).

The return on equity (rolling 12 months) was 2.3 percent (-4.4 percent).

## **Itella Mail Communications**

### July–September

Itella Mail Communications' net sales grew by 0.8 percent, to EUR 264.4 (262.3) million in the third quarter. The business group's operating result improved markedly and amounted to EUR 12.5 (-6.4) million, or 4.7 percent of net sales. Profitability also received a boost thanks to the measures aiming to increase efficiency, initiated last year. Improvement was brought about by reduced personnel expenses as well as by stronger net sales and increased volumes.

Third-quarter operating result before non-recurring items totaled EUR 12.5 (7.4) million. The business group did not record non-recurring items for the reporting period.

Operations falling under the scope of the universal service obligation accounted for 11.1 percent of Itella Mail Communications' net sales in July–September. The price increase concerning letter postages was implemented at the beginning of August.

New SmartPOST automatic parcel terminals were opened across the country in September. Twenty-five new terminals were introduced in addition to the 75 existing terminals. The new terminals form a part of Posti's comprehensive expansion plan concerning the outlet network. The plan is to supplement the current number of 1,000 service outlets catering to customers' modern needs with some 500 new outlets by 2016, thereby bringing the number of Posti's outlets to 1,500.

The number of Netposti users surpassed 400,000 in August. Seeing as the number of users last year was approximately 300,000, the growth in user figures has been robust throughout the current year.

## January–September

Itella Mail Communications' net sales in January–September increased, totaling EUR 843.8 (828.6 million). Thus the operating result improved, amounting to EUR 48.5 (3.9) million, or 5.8 percent (0.5 percent) of net sales. Operating result before non-recurring items amounted to EUR 48.5 (17.7) million. The business group did not record non-recurring items for the reporting period.

In January–September, delivery volumes of mail items developed as follows compared with the corresponding period last year:

- Total volume of addressed letters -4 percent
- Unaddressed direct marketing +20 percent
- Newspapers -8 percent
- Magazines -6 percent
- Parcel services +6 percent
- Electronic letters +39 percent

The growth in unaddressed direct marketing continued to gather strength during the third quarter, and Itella managed to increase its relevant market share despite serious competition. The growth in parcel services has retained its strength throughout the year.

The volumes of addressed letters continued to decline, increasingly steeply during the third quarter. This is also partly evident in the growing volumes of electronic letters. Newspaper and magazine volumes also continued to fall. This decline is largely driven by the recent 9 percent value added tax levied on newspapers and magazines.

The investments of Itella Mail Communications totaled EUR 18.5 (9.4) million in January–September, the most significant investments involving the new point-of-sale system employed in Posti shops and production maintenance.

## **Itella Logistics**

### July–September

Itella Logistics' net sales in January–September increased by 1.9 percent, totaling EUR 188.1 (184.6) million. The increase was particularly strong in all Russian operations as well as in contract logistics and road freight in Finland. In September, the overall market situation resulted in a fall in demand for services in the Nordic countries, particularly for road freight. All in all, growth was strongest in contract logistics. Air and sea freight remained on the same level as last year.

The business group did not record non-recurring items for the reporting period. Operating result improved, but the business group recorded a loss of EUR 2.8 (-12.8) million. Performance continued to show the effects of weak Scandinavian operations. In Russia, a loss occurrence decreased the operating result of an otherwise good quarter.

A large part of the shelf system at the Itella Logistics warehouse in Shushary, St. Petersburg, collapsed in July. The accident damaged a significant portion of customer products, in addition to resulting in a need to carry out environmental protection and cleaning measures. Freight operations, the office, and customers' logistics services were transferred to a temporary office in Utkina Zavod. Restoring operations to normal in the Shushary warehouse will take several months. Itella has insurance policies that cover its business liabilities. An assessment concerning the damage and liability is pending, and the final outcome is as yet unclear. Logistics' third-quarter performance decreased due to a EUR 5.3 million expense reservation attributable to the event, which resulted in an operating loss.

On July 31, Itella Logistics Oy and VR Group signed a business purchase agreement to their previous letter of intent with which Itella Logistics acquires VR Transpoint's groupage logistics business in Finland and the related

entire share capital of PT Logistiikka Oy. The Finnish Competition Authority approved the transaction on August 23 and the deal was finalized on October 1. In terms of net sales, the logistics business covered by the acquisition is worth more than EUR 130 million. The staff numbers a little over 800.

#### January–September

Itella Logistics' net sales grew by 3.1 percent in January–September, totaling EUR 558.7 (541.7) million. Operating loss before non-recurring items amounted to EUR 6.4 (5.1) million. This represents -1.1 percent (-0.9 percent) of net sales.

The operating result of January–September clearly improved but remained slightly – EUR 0.2 (-21.5) million – in the red. The additional purchase price of the Russian logistics corporation acquired by Itella Logistics in 2008 was confirmed, resulting in a non-recurring positive performance impact of EUR 7.0 million. In addition, the operative result in Russia has clearly improved. Operations in Sweden have also developed positively.

Itella Logistics' investments in the logistics center and IT updates during the period amounted to EUR 33.9 (19.0) million. The most significant investment was the new logistics center under construction in Pennala, Orimattila. The construction work commenced in 2011. The total investment in the center – set to be completed in 2013 – amounts to more than EUR 60 million.

### **Itella Information**

#### July–September

While Itella Information's third-quarter sales decreased, its comparable net sales increased by 3.1 percent. Net sales developed positively in all services, with the exception of those offered by OpusCapita. Overall, however, net sales decreased by 9.3 percent, to EUR 60.3 (66.4) million, due to the disposal of the printing business in Germany.

The business group's operating result increased to EUR 5.9 (-1.3) million. The business group did not record non-recurring items for the reporting period. The improvement in performance was largely attributable to both the sale of the German printing business and the efforts to increase efficiency, carried out at the end of last year.

Significant market trends affecting customers' operations identified during the third quarter included the importance of managing working capital, trade imbalance, and the aging of the population. All of these present Itella Information with opportunities for growth.

#### January–September

Itella Information's net sales in January–September remained unchanged and totaled EUR 202.5 (202.4) million. Net sales developed positively in all services, with the exception of those offered by OpusCapita. The most favorable development trends were seen in Finland.

Operating result before non-recurring items improved to EUR 11.5 (4.0) million. This represents 5.7 percent (2.0 percent) of net sales. The reorganization measures carried out at the end of last year and the disposal of the printing business in Germany had a positive impact on performance. The business group recorded a loss of EUR 5.2 (an operating profit of EUR 2.3) million. The sale of the German subsidiary to its operative management carried out at the end of May – which resulted in a non-recurring item of EUR 14.3 million – had a negative impact on the operating result of January–September.

The business group's investments in January–September amounted to EUR 3.0 (3.1) million.

<b>Key Figures of Business Groups, MEUR</b>	<b>7-9/2012</b>	<b>7-9/2011</b>	<b>Change</b>	<b>1-9/2012</b>	<b>1-9/2011</b>	<b>Change</b>
<b>Net sales</b>						
Itella Mail Communications	<b>264.4</b>	262.3	0.8 %	<b>843.8</b>	828.6	1.8 %
Itella Logistics	<b>188.1</b>	184.6	1.9 %	<b>558.7</b>	541.7	3.1 %
Itella Information	<b>60.3</b>	66.4	-9.3 %	<b>202.5</b>	202.4	0.0 %
Other activities	<b>15.5</b>	14.4	7.2 %	<b>47.0</b>	44.3	6.1 %
Intra-Group sales	<b>-82.7</b>	-78.4	5.5 %	<b>-247.9</b>	-235.0	5.5 %
<b>Itella Group</b>	<b>445.6</b>	449.4	-0.8%	<b>1,404.1</b>	1,382.0	1.6 %
<b>Operating result (Non-IFRS) *)</b>						
Itella Mail Communications	<b>12.5</b>	7.4	69.1 %	<b>48.5</b>	17.7	173.6 %
Itella Logistics	<b>-2.8</b>	3.7	..	<b>-6.4</b>	-5.1	neg
Itella Information	<b>5.9</b>	0.1	..	<b>11.5</b>	4.0	184.7 %
Other activities	<b>-3.6</b>	-0.5	neg	<b>-13.2</b>	-9.8	neg
<b>Itella Group</b>	<b>11.9</b>	10.7	11.2 %	<b>40.4</b>	7.0	481.2 %
<b>Operating result (EBIT)</b>						
Itella Mail Communications	<b>12.5</b>	-6.4	..	<b>48.5</b>	3.9	..
Itella Logistics	<b>-2.8</b>	-12.8	77.8 %	<b>-0.2</b>	-21.5	98.8 %
Itella Information	<b>5.9</b>	-1.3	..	<b>-5.2</b>	2.3	..
Other activities	<b>-3.6</b>	-1.1	neg	<b>-13.2</b>	-10.3	neg
<b>Itella Group</b>	<b>11.9</b>	-21.5	..	<b>29.9</b>	-25.6	..
<b>Operating result (Non-IFRS), % *)</b>						
Itella Mail Communications	<b>4.7 %</b>	2.8 %		<b>5.8 %</b>	2.1 %	
Itella Logistics	<b>-1.5 %</b>	2.0 %		<b>-1.1 %</b>	-0.9 %	
Itella Information	<b>9.7 %</b>	0.2 %		<b>5.7 %</b>	2.0 %	
<b>Itella Group</b>	<b>2.7 %</b>	2.4 %		<b>2.9 %</b>	0.5 %	
<b>Operating result (EBIT), %</b>						
Itella Mail Communications	<b>4.7 %</b>	-2.5 %		<b>5.8 %</b>	0.5 %	
Itella Logistics	<b>-1.5 %</b>	-6.9 %		<b>0.0 %</b>	-4.0 %	
Itella Information	<b>9.8 %</b>	-1.9 %		<b>-2.5 %</b>	1.1 %	
<b>Itella Group</b>	<b>2.7 %</b>	-4.8 %		<b>2.1 %</b>	-1.9 %	

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

## Financial position and investments

The consolidated cash flow from operating activities before capital expenditure in January–September was EUR 55.8 million (EUR 0.2 million).

Capital expenditure amounted to EUR 52.0 (33.9) million. The expenditure in corporate acquisitions and sales during the reporting period was EUR 11.3 (23.7) million.

At the end of September, liquid assets amounted to EUR 161.7 (109.1) million, and undrawn committed credit facilities totaled EUR 120.0 (120.0) million. The Group's interest-bearing liabilities totaled EUR 314.7 (310.1) million. The equity ratio stood at 48.1 percent (47.3 percent) and gearing at 22.3 percent (31.0 percent).

## Human Resources

In January–September, Itella Group employed an average of 27,391 (28,771) people. At the end of the reporting period, the number of personnel was 26,497 (27,902), with 20,575 (21,220) 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 17,408 (17,880)
- Itella Logistics 6,557 (7,289)
- Itella Information 2,126 (2,365)
- Other Group activities 406 (368)

The Group's personnel expenses during the period decreased by EUR 24.5 million (an increase of EUR 22.0 million), or by -3.7 percent in comparison to last year.

## Changes in corporate structure

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

On September 24, 2012, Itella sold its shareholding (49.14 percent) in the Estonian AS Eesti Elektron Posti.

## Short-term business risks and uncertainties

The business risks are described in the Group's 2011 Financial Statements. The financial consequences of the accident that occurred at the Shushary warehouse in St. Petersburg in July have subsequently been identified as a risk. Itella has insurance policies that cover its business liabilities. An assessment concerning the damage and liability is pending, and the final outcome is as yet unclear. No other risk-related changes with an impact on near-term outlooks were identified during January–September.

## 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. The integration of VR Transpoint's groupage logistics business into Itella as of October 1 will increase the net sales of the final quarter in 2012.

## Events after the reporting period

The business acquisition between Itella Logistics Oy and VR Group was carried out on October 1. The transaction transferred VR Transpoint's groupage logistics business in Finland and the related entire share capital of PT Logistiikka Oy to the ownership of Itella Logistics.

As a result of the VR Transpoint groupage logistics business transaction, Itella Logistics Oy's domestic transport unit instituted cooperation negotiations on October 8. The purpose of the negotiations is to increase the efficiency of administrative work and support functions. The negotiations concern 386 people working in managerial, expert, and customer service positions. The maximum need for personnel reductions is 20 people.

Itella Information instituted cooperation negotiations on October 29. The negotiations concern 79 people. The purpose of the negotiations is to secure operational preconditions and competitive position. The maximum need for personnel reductions is 22 people.



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

Net sales developed positively during the first half of the year, but this trend reversed in the autumn. The entire year's net sales are expected to increase, and the integration of the groupage logistics business acquired from VR Transpoint will have a positive impact on fourth-quarter sales. Any deepening of the economic recession, acceleration in the spread of digital services, and increase of already significant competition may, however, have an adverse effect on growth.

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 last 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, October 29, 2012

Itella Corporation  
Board of Directors

## **ATTACHMENTS**

Key figures of Itella Group  
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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-September 2012

#### Key figures of Itella Group

	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
Net sales, MEUR	445.6	449.4	1,404.1	1,382.0	1,900.1
Operating result (non-IFRS), MEUR *)	11.9	10.7	40.4	7.0	30.5
Operating result (non-IFRS), % *)	2.7	2.4	2.9	0.5	1.6
Operating result (EBIT), MEUR	11.9	-21.5	29.9	-25.6	-5.9
Operating result (EBIT), %	2.7	-4.8	2.1	-1.9	-0.3
Result before taxes, MEUR	10.3	-24.3	23.8	-33.1	-16.4
Result for the period, MEUR	4.9	-22.9	9.1	-37.1	-30.7
Return on equity, %, 12 months			2.3	-4.4	-4.5
Return on investment, %, 12 months			6.0	-0.6	-0.2
Equity ratio, %			48.1	47.3	46.1
Gearing, %			22.3	31.0	22.1
Gross capital expenditure, MEUR	19.6	43.1	64.8	66.9	102.9
Employees on average	27,310	28,806	27,391	28,711	28,493

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

## Comprehensive Consolidated Income Statement

EUR million	7-9 2012	7-9 2011	1-9 2012	1-9 2011	1-12 2011
<b>Net sales</b>	<b>445.6</b>	<b>449.4</b>	<b>1,404.1</b>	<b>1,382.0</b>	<b>1,900.1</b>
Other operating income	3.0	3.3	18.2	11.3	25.5
Share of associated companies' results	0.0	0.0	0.0	0.1	0.1
Materials and services	129.0	138.7	392.2	404.6	549.2
Employee benefits	195.5	215.9	644.3	668.8	910.7
Depreciation and amortisation	21.3	22.2	64.9	64.7	88.7
Impairment losses		16.7		17.3	18.3
Other operating expenses	90.9	80.8	291.0	263.6	364.7
<b>Operating result (EBIT)</b>	<b>11.9</b>	<b>-21.5</b>	<b>29.9</b>	<b>-25.6</b>	<b>-5.9</b>
% of net sales	2.7 %	-4.8 %	2.1 %	-1.9 %	-0.3 %
Financial income and expenses	-1.7	-2.8	-6.0	-7.5	-10.6
<b>Result before income tax</b>	<b>10.3</b>	<b>-24.3</b>	<b>23.8</b>	<b>-33.1</b>	<b>-16.4</b>
% of net sales	2.3 %	-5.4 %	1.7 %	-2.4 %	-0.9 %
Income tax	-5.3	1.4	-14.8	-4.0	-14.2
<b>Result for the financial period</b>	<b>4.9</b>	<b>-22.9</b>	<b>9.1</b>	<b>-37.1</b>	<b>-30.7</b>
% of net sales	1.1 %	-5.1 %	0.6 %	-2.7 %	-1.6 %
<b>Result for the financial period attributable to</b>					
Parent company shareholders	4.9	-22.9	9.1	-37.1	-30.7
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
	<b>4.9</b>	<b>-22.9</b>	<b>9.1</b>	<b>-37.1</b>	<b>-30.7</b>
<b>Comprehensive Consolidated Income Statement</b>					
<b>Result for the financial period</b>	<b>4.9</b>	<b>-22.9</b>	<b>9.1</b>	<b>-37.1</b>	<b>-30.7</b>
<b>Other items of comprehensive income</b>					
Available-for-sale financial assets	0.0	-0.3	-0.2	-0.4	0.1
Translation differences	7.5	-14.8	13.6	-14.8	-3.4
<b>Comprehensive income for the financial period</b>	<b>12.4</b>	<b>-38.1</b>	<b>22.5</b>	<b>-52.3</b>	<b>-34.0</b>
<b>Comprehensive income attributable to</b>					
Parent company shareholders	12.4	-38.1	22.5	-52.3	-34.0
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
	<b>12.4</b>	<b>-38.1</b>	<b>22.5</b>	<b>-52.3</b>	<b>-34.0</b>

**Consolidated Balance Sheet**

<b>EUR million</b>	<b>30 Sept 2012</b>	<b>30 Sept 2011</b>	<b>31 Dec 2011</b>
<b>Non-current assets</b>			
Goodwill	172.9	171.2	171.7
Other intangible assets	83.3	79.4	77.5
Investment property	3.6	3.9	3.8
Property, plant and equipment	664.4	644.4	664.1
Investments in associated companies	0.6	0.8	0.8
Other non-current investments	6.4	6.8	6.4
Non-current receivables	12.4	11.2	12.1
Deferred tax assets	15.4	16.3	12.0
<b>Total non-current assets</b>	<b>959.0</b>	<b>934.0</b>	<b>948.5</b>
<b>Current assets</b>			
Inventories	5.2	6.6	5.8
Trade and other receivables	301.9	312.8	299.1
Current tax assets	18.6	20.3	7.3
Financial assets available-for-sale	1.2	1.8	1.5
Financial assets at fair value through profit or loss	59.1	52.8	58.7
Cash and cash equivalents	103.0	56.3	132.0
<b>Total current assets</b>	<b>489.0</b>	<b>450.7</b>	<b>504.4</b>
<b>Non-current assets classified as held for sale</b>	<b>11.4</b>	<b>13.5</b>	<b>12.4</b>
<b>Total assets</b>	<b>1,459.4</b>	<b>1,398.2</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	0.1	0.1
Translation differences	9.4	-15.6	-4.2
Retained earnings	465.4	449.6	456.3
<b>Equity attributable to equity holders of the parent company</b>	<b>687.5</b>	<b>646.8</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>687.4</b>	<b>646.8</b>	<b>664.9</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	51.9	52.9	53.1
Non-current interest-bearing loans	285.3	192.9	304.9
Other non-current liabilities	10.5	17.5	4.0
Non-current provisions	22.0	19.0	20.3
Defined benefit pension plan obligations	5.1	7.7	7.5
<b>Total non-current liabilities</b>	<b>374.8</b>	<b>290.0</b>	<b>389.8</b>
<b>Current liabilities</b>			
Current interest-bearing loans	29.5	117.3	30.5
Trade payables and other liabilities	346.7	331.3	372.1
Current tax liabilities	19.0	8.2	3.0
Current provisions	1.4	4.1	4.5
<b>Total current liabilities</b>	<b>396.6</b>	<b>460.8</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>772.0</b>	<b>751.4</b>	<b>800.4</b>
<b>Total equity and liabilities</b>	<b>1,459.4</b>	<b>1,398.2</b>	<b>1,465.3</b>

## Consolidated Cash Flow Statement

	1-9 2012	1-9 2011	1-12 2011
<b>EUR million</b>			
<b>Profit or loss for the financial period</b>	<b>9.1</b>	<b>-37.1</b>	<b>-30.7</b>
Total adjustments	91.8	94.4	123.6
Change in net working capital	-27.2	-37.1	14.6
<b>Cash flow before financial items and income tax</b>	<b>73.7</b>	<b>20.2</b>	<b>107.5</b>
Financial items (net)	-2.7	-7.3	-10.1
Tax paid	-15.2	-12.7	-11.7
<b>Cash flow from operating activities (net)</b>	<b>55.8</b>	<b>0.2</b>	<b>85.7</b>
Purchase of intangible assets and property, plant and equipment	-52.0	-33.9	-52.6
Proceeds from sale of intangible and tangible assets	3.4	-0.8	6.5
Acquisition of subsidiaries less cash and cash equivalents	-0.6	-23.7	-23.7
Proceeds from sale of subsidiaries less cash and cash equivalents	-10.7	-	-
Change in financial assets at fair value through profit or loss	-0.5	5.4	1.9
Cash flow from other investments	2.1	-2.7	1.1
<b>Cash flow from investing activities (net)</b>	<b>-58.2</b>	<b>-55.8</b>	<b>-66.8</b>
Change in loans (net)	-24.1	45.4	53.1
Finance lease principal payments	-4.6	-4.8	-7.1
Dividends paid	-	-4.4	-4.4
<b>Cash flow from financing activities (net)</b>	<b>-28.6</b>	<b>36.2</b>	<b>41.6</b>
<b>Change in cash and cash equivalents</b>	<b>-31.0</b>	<b>-19.4</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	2.0	0.0	-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>103.0</b>	<b>56.3</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>
<b>Comprehensive income</b>								
Result for the financial period					-37.1	-37.1		-37.1
Other items for the Comprehensive income:								
Change in fair value reserve			0.1			0.1		0.1
Change in translation differences				-14.8		-14.8		-14.8
Other changes					-1.1	-1.1		-1.1
<b>Comprehensive income for the financial period</b>	<b>70.0</b>	<b>142.7</b>	<b>0.1</b>	<b>-15.6</b>	<b>454.0</b>	<b>651.1</b>	<b>0.0</b>	<b>651.2</b>
<b>Transactions with equity holders</b>								
Dividends paid					-4.4	-4.4		-4.4
<b>Transactions with equity holders, total</b>					<b>-4.4</b>	<b>-4.4</b>		<b>-4.4</b>
<b>Equity 30 Sept 2011</b>	<b>70.0</b>	<b>142.7</b>	<b>0.1</b>	<b>-15.6</b>	<b>449.6</b>	<b>646.8</b>	<b>0.0</b>	<b>646.8</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>
<b>Comprehensive income</b>								
Result for the financial period					9.1	9.1		9.1
Other items for the Comprehensive income:								
Change in fair value reserve			-0.2			-0.2		-0.2
Change in translation differences				13.6		13.6		13.6
<b>Comprehensive income for the financial period</b>	<b>70.0</b>	<b>142.7</b>	<b>0.0</b>	<b>9.4</b>	<b>465.4</b>	<b>687.5</b>	<b>0.0</b>	<b>687.5</b>
<b>Transactions with equity holders</b>								
Non-controlling interest							0.0	0.0
<b>Transactions with equity holders, total</b>					<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Equity 30 Sept 2012</b>	<b>70.0</b>	<b>142.7</b>	<b>0.0</b>	<b>9.4</b>	<b>465.4</b>	<b>687.5</b>	<b>0.0</b>	<b>687.4</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	7-9 2012	7-9 2011	1-9 2012	1-9 2011	1-12 2011
<b>Net sales by business segment</b>					
Itella Mail Communications	264.4	262.3	843.8	828.6	1,151.7
inter-segment sales	-13.7	-11.4	-39.8	-32.0	-44.2
Itella Logistics	188.1	184.6	558.7	541.7	731.6
inter-segment sales	-50.5	-49.5	-152.6	-149.4	-200.8
Itella Information	60.3	66.4	202.5	202.4	273.7
inter-segment sales	-3.0	-3.0	-8.7	-9.5	-12.1
Other operations	15.5	14.4	47.0	44.3	55.8
inter-segment sales	-15.5	-14.4	-46.8	-44.1	-55.5
Total eliminations (Interim sales)	-82.7	-78.4	-247.9	-235.0	-312.7
<b>Total</b>	<b>445.6</b>	<b>449.4</b>	<b>1,404.1</b>	<b>1,382.0</b>	<b>1,900.1</b>

EUR million	7-9 2012	7-9 2011	1-9 2012	1-9 2011	1-12 2011
<b>Operating result by business segment (Non-IFRS) *)</b>					
Itella Mail Communications	12.5	7.4	48.5	17.7	49.8
Itella Logistics	-2.8	3.7	-6.4	-5.1	-6.4
Itella Information	5.9	0.1	11.5	4.0	3.2
Other operations	-3.6	-0.5	-13.2	-9.8	-16.1
<b>Total</b>	<b>11.9</b>	<b>10.7</b>	<b>40.4</b>	<b>7.0</b>	<b>30.5</b>
<b>Non-recurring items by business segment</b>					
Itella Mail Communications	0.0	13.8	0.0	13.8	18.4
Itella Logistics	0.0	16.5	-6.2	16.5	9.3
Itella Information	0.0	1.4	16.7	1.7	7.3
Other operations	0.0	0.5	0.0	0.5	1.4
<b>Total</b>	<b>0.0</b>	<b>32.3</b>	<b>10.5</b>	<b>32.6</b>	<b>36.4</b>
<b>Operating result (EBIT) by business segment</b>					
Itella Mail Communications	12.5	-6.4	48.5	3.9	31.4
Itella Logistics	-2.8	-12.8	-0.2	-21.5	-15.7
Itella Information	5.9	-1.3	-5.2	2.3	-4.1
Other operations	-3.6	-1.1	-13.2	-10.3	-17.5
<b>Total</b>	<b>11.9</b>	<b>-21.5</b>	<b>29.9</b>	<b>-25.6</b>	<b>-5.9</b>
<b>Financial income and expenses</b>	<b>-1.7</b>	<b>-2.8</b>	<b>-6.0</b>	<b>-7.5</b>	<b>-10.6</b>
<b>Result for the financial period</b>	<b>4.9</b>	<b>-22.9</b>	<b>9.1</b>	<b>-37.1</b>	<b>-30.7</b>
<b>EUR million</b>					
			<b>30 Sept 2012</b>	<b>30 Sept 2011</b>	<b>31 Dec 2011</b>
<b>Assets</b>					
Itella Mail Communications			479.3	483.6	491.8
Itella Logistics			617.3	574.2	598.3
Itella Information			178.8	192.2	188.3
Other operations and unallocated			221.9	166.5	225.3
Eliminations			-38.0	-18.3	-38.5
<b>Total</b>			<b>1,459.4</b>	<b>1,398.2</b>	<b>1,465.3</b>
<b>Liabilities</b>					
Itella Mail Communications			249.5	214.2	276.7
Itella Logistics			110.3	120.4	107.5
Itella Information			44.4	49.2	49.6
Other operations and unallocated			405.7	385.9	405.0
Eliminations			-38.0	-18.3	-38.4
<b>Total</b>			<b>772.0</b>	<b>751.4</b>	<b>800.4</b>
<b>Personnel at period-end</b>					
Itella Mail Communications			17,408	17,880	17,883
Itella Logistics			6,557	7,289	7,088
Itella Information			2,126	2,365	2,259
Other operations			406	368	355
<b>Total</b>			<b>26,497</b>	<b>27,902</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. At the end of September Itella sold its association company AS Eesti Elektron Post in Estonia, operating in printing and mailing business. Gain of disposal was EUR 0.1 million.

#### Analysis of net assets business divestments

EUR million	30 Sept 2012
Intangible assets	0.1
Property, plant and equipment	3.6
Inventories	0.2
Trade and other non-interest bearing receivables	17.4
Cash and cash equivalents	4.0
Trade payables and other non-interest bearing liabilities	-10.9
<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	7-9 2012	7-9 2011	1-9 2012	1-9 2011	1-12 2011
Finland	295.0	296.0	945.7	925.3	1,275.3
Scandinavia	64.9	67.6	198.6	202.8	276.7
Baltic countries and Russia	62.3	57.0	176.2	159.6	221.0
Other countries	23.3	28.9	83.6	94.3	127.2
<b>Total</b>	<b>445.6</b>	<b>449.4</b>	<b>1,404.1</b>	<b>1,382.0</b>	<b>1,900.1</b>

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

EUR million	30 Sept 2012	30 Sept 2011	31 Dec 2011
Carrying amount on 1 Jan	664.1	684.6	684.6
Additions	44.8	27.6	63.7
Disposals and transfers between items	-4.9	-4.5	-9.8
Depreciation and Impairment	-50.1	-49.2	-69.1
Translation differences	10.5	-14.1	-5.3
<b>Carrying amount at period-end</b>	<b>664.4</b>	<b>664.4</b>	<b>664.1</b>

## 6. Consolidated Contingent Liabilities

<b>EUR million</b>	<b>30 Sept 2012</b>	<b>30 Sept 2011</b>	<b>31 Dec 2011</b>
Pledges for own behalf	49.9	24.1	19.4
Lease commitments	349.5	343.5	328.3

Itella contract customers have put in a claim to refund value added taxes about 94 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 has started.

### Derivative Contracts

<b>EUR million</b>	<b>30 Sept 2012</b>	<b>30 Sept 2011</b>	<b>31 Dec 2011</b>
<b>Currency derivatives</b>			
Currency forward contracts, non-hedge accounting			
Fair value	-2.3	3.5	1.3
Nominal value	117.5	120.5	126.8

### Interest rate derivatives

Interest rate swaps, hedge accounting			
Fair value	6.8	4.0	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.