

**Itella Corporation**  
**Interim Report Q2/2008**

**Itella Group**  
**Key Figures**

	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</b>	<b>HY</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
Net sales, MEUR	470.6	413.0	923.5	850.9	1,710.6
Operating profit (EBIT), MEUR	10.6	19.7	43.9	65.6	101.8
Profit before income tax, MEUR	8.7	21.4	44.0	69.6	109.5
EBIT margin, %	2.3	4.8	4.8	7.7	6.0
Return on equity, %			8.2	11.8	11.1
Equity ratio, %			64.5	66.1	65.9
Gearing, %			-20.9	-26.6	-36.4
Gross capital expenditure, MEUR	30.5	22.1	61.2	38.2	94.2
Personnel on average	26,610	26,232	25,920	25,509	25,623

This interim report is in compliance with IFRS-based recognition and measurement principles. The same accounting policies and calculation methods have been applied as in the previous annual financial statements.

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**Key Figures of Business Groups, EUR million**

	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</b>	<b>HY</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
<b>Itella Mail Communication</b>					
Net sales	222.0	214.8	454.7	447.5	893.8
Operating profit (EBIT)	13.7	17.5	41.5	53.5	88.9
EBIT margin,%	6.2 %	8.1 %	9.1 %	12.0 %	9.9 %
<b>Itella Information *)</b>					
Net sales	60.6	52.9	122.7	110.3	223.4
Operating profit (EBIT)	1.3	-0.1	6.6	4.2	5.4
EBIT margin,%	2.1 %	-0.2 %	5.4 %	3.8 %	2.4 %
<b>Itella Logistics</b>					
Net sales	194.9	155.7	360.7	307.3	619.8
Operating profit (EBIT)	2.3	5.2	5.3	15.8	22.2
EBIT margin,%	1.2 %	3.3 %	1.5 %	5.1 %	3.6 %
<b>Other operations</b>					
Net sales	4.4	2.5	8.7	6.5	16.8
Operating profit (EBIT)	-6.7	-2.9	-9.5	-7.9	-14.7
EBIT margin,%	-152.3 %	-116.0 %	-109.2 %	-121.5 %	-87.5 %
<b>Intra-Group sales</b>	<b>-11.3</b>	<b>-12.9</b>	<b>-23.3</b>	<b>-20.7</b>	<b>-43.2</b>
<b>Itella Group</b>					
Net sales	470.6	413.0	923.5	850.9	1,710.6
Operating profit (EBIT)	10.6	19.7	43.9	65.6	101.8
EBIT margin,%	2.3 %	4.8 %	4.8 %	7.7 %	6.0 %

\*) The calculation principles for net sales were changed in Q2 to the previous year.

The net sales figures have been converted into comparable figures in the above table.

The effect of change increased net sales by 22,3 MEUR in 2007 but had no effect into profit.

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**Consolidated Income Statement**  
**EUR million**

	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</b>	<b>HY</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
<b>Net sales</b>	<b>470.6</b>	<b>413.0</b>	<b>923.5</b>	<b>850.9</b>	<b>1,710.6</b>
Other operating income	1.8	2.3	3.0	3.9	10.4
Share of associated companies' results	0.0	0.2	0.1	0.2	0.3
Materials and services	153.6	119.3	282.5	243.8	492.9
Employee benefits	213.3	197.7	424.5	390.3	794.2
Depreciation, amortis.and impairm.loss	15.2	14.6	29.6	29.5	61.5
Other operating expenses	79.7	64.2	146.1	125.8	270.9
<b>Operating profit (EBIT)</b>	<b>10.6</b>	<b>19.7</b>	<b>43.9</b>	<b>65.6</b>	<b>101.8</b>
% of net sales	2.3 %	4.8 %	4.8 %	7.7 %	6.0 %
Financial income and expenses	-1.9	1.7	0.1	4.0	7.7
<b>Profit before income tax</b>	<b>8.7</b>	<b>21.4</b>	<b>44.0</b>	<b>69.6</b>	<b>109.5</b>
% of net sales	1.8 %	5.2 %	4.8 %	8.2 %	6.4 %
Income tax	-3.0	-5.8	-13.0	-18.8	-31.0
<b>Profit for the financial period</b>	<b>5.7</b>	<b>15.6</b>	<b>31.0</b>	<b>50.8</b>	<b>78.5</b>
% of net sales	1.2 %	3.8 %	3.4 %	6.0 %	4.6 %
<b>Profit attributable to</b>					
Parent company shareholders	5.6	15.6	30.8	50.6	78.2
Minority interest	0.1	0.0	0.2	0.2	0.3

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**Itella Group**  
**Consolidated Balance sheet, EUR million**

	<b>30 June</b>	<b>30 June</b>	<b>31 Dec</b>
<b>Assets</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
Goodwill	161.0	147.0	150.7
Other intangible assets	46.8	47.5	43.4
Investment property	2.1	3.8	2.1
Property, plant and equipment	379.1	347.8	361.7
Investments in associated companies	2.0	1.5	1.9
Other non-current investments	0.2	0.5	0.1
Non-current receivables	4.6	3.3	3.7
Deferred tax assets	5.2	6.0	6.8
Total non-current assets	601.0	557.4	570.4
Inventories	6.4	6.8	6.3
Current receivables	334.4	288.0	239.5
Financial assets available-for-sale	5.1	6.1	5.3
Cash and cash equivalents	187.7	216.0	297.6
Total current assets	533.6	516.9	548.7
<b>Total assets</b>	<b>1,134.6</b>	<b>1,074.3</b>	<b>1,119.1</b>
Equity attributable to equity holders of the parent company			
Share capital	70.0	70.0	70.0
Other reserves	143.9	143.7	144.0
Retained earnings	509.3	490.0	517.5
Minority interest	3.6	0.7	0.9
<b>Total equity</b>	<b>726.8</b>	<b>704.4</b>	<b>732.4</b>
Deferred tax liabilities	17.5	18.5	17.7
Non-current interest-bearing liabilities	19.4	23.8	22.4
Other non-current liabilities	11.3	13.3	11.8
Total non-current liabilities	48.2	55.6	51.9
Current interest-bearing liabilities	16.2	11.0	8.8
Other current liabilities	342.2	302.1	321.6
Provisions	1.2	1.2	4.4
Total current liabilities	359.6	314.3	334.8
<b>Tota liabilities</b>	<b>407.8</b>	<b>369.9</b>	<b>386.7</b>
<b>Total equity and liabilities</b>	<b>1,134.6</b>	<b>1,074.3</b>	<b>1,119.1</b>
<b>Interest-bearing liabilities</b>	<b>35.6</b>	<b>34.8</b>	<b>31.2</b>

**Itella Corporation**  
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**Itella Group**

<b>Segment Information, EUR million</b>	<b>Q2 2008</b>	<b>Q2 2007</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>HY 2007</b>
<b>Net sales by business segment</b>					
Itella Mail Communication	222.0	214.8	454.7	447.5	893.8
Itella Information	60.6	52.9	122.7	110.3	223.4
Itella Logistics	194.9	155.7	360.7	307.3	619.8
Other operations	4.4	2.5	8.7	6.5	16.8
- eliminations	-11.3	-12.9	-23.3	-20.7	-43.2
<b>Total</b>	<b>470.6</b>	<b>413.0</b>	<b>923.5</b>	<b>850.9</b>	<b>1,710.6</b>
<b>Operating profit by business segment</b>					
Itella Mail Communication	13.7	17.5	41.5	53.5	88.9
Itella Information	1.3	-0.1	6.6	4.2	5.4
Itella Logistics	2.3	5.2	5.3	15.8	22.2
Other operations	-6.7	-2.9	-9.5	-7.9	-14.7
<b>Total</b>	<b>10.6</b>	<b>19.7</b>	<b>43.9</b>	<b>65.6</b>	<b>101.8</b>
<b>Personnel by business segment on average</b>					
Itella Mail Communication	20,102	20,359	19,588	19,805	19,745
Itella Information	1,700	1,611	1,664	1,638	1,658
Itella Logistics	4,779	4,226	4,638	4,030	4,185
Other operations	29	36	30	36	35
<b>Total</b>	<b>26,610</b>	<b>26,232</b>	<b>25,920</b>	<b>25,509</b>	<b>25,623</b>
<b>Net sales by geographical segment</b>					
Finland	322.6	306.2	653.7	630.8	1,264.8
Rest of Scandinavia and the Baltic count	92.6	70.1	179.3	138.7	308.0
Rest of Europe	43.7	33.6	76.6	75.6	122.3
Other countries	11.7	3.1	13.9	5.8	15.5
<b>Total</b>	<b>470.6</b>	<b>413.0</b>	<b>923.5</b>	<b>850.9</b>	<b>1,710.6</b>

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**Itella Group**  
**Changes in Equity, EUR million**

	<b>Equity attributable to equity holders of the parent company</b>							
	<b>Share capital</b>	<b>Other reserves</b>	<b>Fair value reserve</b>	<b>Translation difference</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Minority interest</b>	<b>Total equity</b>
<b>Equity 1 Jan 2007</b>	<b>70.0</b>	<b>142.7</b>	<b>0.6</b>	<b>-0.1</b>	<b>466.3</b>	<b>679.5</b>	<b>0.5</b>	<b>680.0</b>
Changes of translation differences				0.4		0.4		0.4
Changes in fair value			0.2			0.2		0.2
Items recognised directly in equity			0.2	0.4		0.6		0.6
Profit for the period					50.6	50.6	0.2	50.8
Total recognised income and expenses			0.2	0.4	50.6	51.2	0.2	51.4
Dividends paid					-27.0	-27.0		-27.0
<b>Equity 30 June 2007</b>	<b>70.0</b>	<b>142.7</b>	<b>0.8</b>	<b>0.3</b>	<b>489.9</b>	<b>703.7</b>	<b>0.7</b>	<b>704.4</b>
<b>Equity 1 Jan 2008</b>	<b>70.0</b>	<b>142.7</b>	<b>1.3</b>	<b>0.0</b>	<b>517.5</b>	<b>731.5</b>	<b>0.9</b>	<b>732.4</b>
Changes of translation differences						0.0		0.0
Changes in fair value			-0.1			-0.1		-0.1
Items recognised directly in equity			-0.1			-0.1		-0.1
Divestment of subsidiaries							2.5	2.5
Profit for the period					30.8	30.8	0.2	31.0
Total recognised income and expenses			-0.1		30.8	30.7	2.7	33.4
Dividends paid					-39.0			-39.0
<b>Equity 30 June 2008</b>	<b>70.0</b>	<b>142.7</b>	<b>1.2</b>	<b>0,0</b>	<b>509.3</b>	<b>723.2</b>	<b>3.6</b>	<b>726.8</b>

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**Consolidated Cash Flow Statement**

<b>EUR million</b>	<b>Q2 2008</b>	<b>Q2 2007</b>	<b>H1 2008</b>	<b>H1 2007</b>	<b>HY 2007</b>
<b>Profit before tax</b>	<b>8.7</b>	<b>21.4</b>	<b>44.0</b>	<b>69.6</b>	<b>109.5</b>
Total adjustments	17.2	15.3	29.6	27.9	53.5
Change in net working capital	46.5	31.3	-73.7	-59.6	11.6
<b>Cash flow before financial items and income tax</b>	<b>72.4</b>	<b>68.0</b>	<b>-0.1</b>	<b>37.9</b>	<b>174.6</b>
Financial items (net)	2.5	2.8	5.8	4.9	7.7
Tax paid	-10.1	-8.5	-17.7	-17.5	-29.0
<b>Cash flow from operating activities (net)</b>	<b>64.8</b>	<b>62.3</b>	<b>-12.0</b>	<b>25.3</b>	<b>153.3</b>
Purchase of intangible assets and property, plant and Aineettomien ja aineellisten hyödykkeiden myynti	-21.3	-13.9	-36.1	-21.7	-67.1
Acquisition of subsidiaries less cash and cash equivalents	-9.0	-4.4	-24.8	-11.6	-20.8
Divestment of subsidiaries less cash and cash equivalents	0.6	0.0	0.6	0.0	0.0
Proceeds from sale of businesses	0.0	0.0	0.0	0.0	0.8
Proceeds from sale of investments	0.1	0.2	0.2	0.2	1.5
Repayments of available-for-sale financial assets	-0.2	0.2	0.0	0.7	2.2
<b>Cash flow from investing activities (net)</b>	<b>-29.6</b>	<b>-17.6</b>	<b>-59.9</b>	<b>-29.5</b>	<b>-69.4</b>
Minority capital investment	2.4	0.0	2.4	0.0	0.0
Change in current loans	-27.0	-1.9	5.2	0.6	-0.9
Change in non-current loans	1.7	0.0	0.5	0.0	-0.3
Repayment of loan receivables	-0.4	0.0	-0.4	0.0	0.0
Finance lease principal payments	-1.8	-3.3	-4.3	-6.4	-11.9
Dividends paid	0.0	-27.0	-39.0	-27.0	-27.0
<b>Cash flow from financing activities (net)</b>	<b>-25.1</b>	<b>-32.2</b>	<b>-35.6</b>	<b>-32.8</b>	<b>-40.1</b>
<b>Change in cash and cash equivalents</b>	<b>10.1</b>	<b>12.5</b>	<b>-107.5</b>	<b>-37.0</b>	<b>43.8</b>
<b>Cash and cash equivalents at period-start</b>	<b>178.8</b>	<b>205.2</b>	<b>297.6</b>	<b>253.7</b>	<b>253.7</b>
Effect of changes in exchange rates	0.5	0.0	0.1	0.0	-0.6
Change in fair value of cash and cash equivalents	0.0	0.0	0.0	0.0	0.7
Effect of changes in the fair value of investments	-1.7	-0.9	-2.5	0.1	0.0
<b>Cash and cash equivalents at period-end</b>	<b>187.7</b>	<b>216.8</b>	<b>187.7</b>	<b>216.8</b>	<b>297.6</b>

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**Assets pledged, commitments and other liabilities, EUR million**

	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>31 Dec 2007</b>
Pledges for own behalf	2.7	5.8	6.6
Pledges for group companies behalf	11.0	14.1	10.0
Lease commitments	217.0	142.0	199.4

**Derivative contracts, EUR million**

	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>31 Dec 2007</b>
<b>Currency forward exchange contracts</b>			
Fair value	-2.8	0.0	0.2
Nominal value of underlying asset	259.5	68.0	81.2

Derivative instruments are used for hedging foreign exchange rate risk of the Group and they are measured at the market rates available on the balance sheet date.

The figures are not audited.