

Itella Corporation
Interim Accounts Q1/2008

	1-3	1-3	1-12
	2008	2007	2007
Net sales, MEUR	447.4	431.5	1,688.3
Operating profit (EBIT), MEUR	33.3	45.9	101.8
Profit before income tax, MEUR	35.3	48.2	109.5
EBIT margin, %	7.4	10.6	6.0
Return on equity, %	9.7	10.8	11.1
Equity ratio, %	64.1	63.1	65.9
Gearing, %	-16.5	-24.6	-36.4
Gross capital expenditure, MEUR	30.7	16.1	94.2
Personnel on average	25,228	24,787	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

	1-3 2008	1-3 2007	Change %	1-12 2007
Itella Mail Communication				
Net sales	232.7	232.7	0.0 %	893.8
Operating profit (EBIT)	27.8	36.0	-22.8 %	88.9
EBIT margin,%	11.9 %	15.5 %		9.9 %
Itella Information				
Net sales	56.6	51.0	11.0 %	201.1
Operating profit (EBIT)	5.3	4.3	23.3 %	5.4
EBIT margin,%	9.4 %	8.4 %		2.7 %
Itella Logistics				
Net sales	165.8	151.6	9.4 %	619.8
Operating profit (EBIT)	3.0	10.6	-71.7 %	22.2
EBIT margin,%	1.8 %	7.0 %		3.6 %
Other operations				
Net sales	4.3	4.0	7.5 %	16.8
Operating profit (EBIT)	-2.8	-5.0	..	-14.7
EBIT margin,%	-65.1 %	-125.0 %		-87.5 %
Intra-Group sales				
	-12.0	-7.8	..	-43.2
Itella Group				
Net sales	447.4	431.5	3.7 %	1,688.3
Operating profit (EBIT)	33.3	45.9	-27.5 %	101.8
EBIT margin,%	7.4 %	10.6 %		6.0 %

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Consolidated Income Statement	1-3	1-3	1-12
EUR million	2008	2007	2007
Net sales	447.4	431.5	1,688.3
Other operating income	1.2	1.6	10.4
Share of associated companies' results	0.1	0.0	0.3
Materials and services	123.4	118.1	470.6
Employee benefits	211.2	192.6	794.2
Depreciation, amortisation and impairm.losses	14.4	14.9	61.5
Other operating expenses	66.4	61.6	270.9
Operating profit (EBIT)	33.3	45.9	101.8
% of net sales	7.4 %	10.6 %	6.0 %
Financial income and expenses	2.0	2.3	7.7
Profit before income tax	35.3	48.2	109.5
% of net sales	7.9 %	11.2 %	6.5 %
Income tax	-10.0	-13.0	-31.0
Profit for the financial period	25.3	35.2	78.5
% of net sales	5.7 %	8.2 %	4.6 %
Profit attributable to			
Parent company shareholders	25.2	35.0	78.2
Minority interest	0.1	0.2	0.3

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Consolidated Balance sheet, EUR million

	31 March 2008	31 March 2007	31 Dec 2007
Assets			
Goodwill	150.9	145.9	150.7
Other intangible assets	41.5	51.0	43.4
Investment property	2.1	3.8	2.1
Property, plant and equipment	364.2	342.0	361.7
Investments in associated companies	1.8	1.3	1.9
Other non-current investments	0.1	0.8	0.1
Non-current receivables	6.0	3.4	3.7
Deferred tax assets	5.7	6.2	6.8
Total non-current assets	572.3	554.4	570.4
Inventories	6.2	6.2	6.3
Current receivables	366.1	326.7	239.5
Financial assets available-for-sale	5.2	6.1	5.3
Cash and cash equivalents	178.8	205.1	297.6
Total current assets	556.3	544.1	548.7
Total assets	1,128.6	1,098.5	1,119.1
Equity attributable to equity holders of the parent company			
Share capital	70.0	70.0	70.0
Other reserves	144.0	143.4	144.0
Retained earnings	503.3	474.2	517.5
Minority interest	1.0	0.7	0.9
Total equity	718.3	688.3	732.4
Deferred tax liabilities	18.0	19.3	17.7
Non-current interest-bearing liabilities	18.9	22.8	22.4
Other non-current liabilities	11.7	15.8	11.8
Total non-current liabilities	48.6	57.9	51.9
Current interest-bearing liabilities	41.1	13.0	8.8
Other current liabilities	318.2	336.8	321.6
Provisions	2.4	2.5	4.4
Total current liabilities	361.7	352.3	334.8
Total liabilities	410.3	410.2	386.7
Total equity and liabilities	1,128.6	1,098.5	1,119.1
Interest-bearing liabilities	60.0	35.8	31.2

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Segment Information, EUR million

	1-3 2008	1-3 2007	1-12 2007
Net sales by business segment			
Itella Mail Communication	232.7	232.7	893.8
Itella Information	56.6	51.0	201.1
Itella Logistics	165.8	151.6	619.8
Other operations	4.3	4.0	16.8
- eliminations	-12.0	-7.8	-43.2
Total	447.4	431.5	1,688.3
Operating profit by business segment			
Itella Mail Communication	27.8	36.0	88.9
Itella Information	5.3	4.3	5.4
Itella Logistics	3.0	10.6	22.2
Other operations	-2.8	-5.0	-14.7
Total	33.3	45.9	101.8
Personnel by business segment at period-end			
Itella Mail Communication	19,072	19,251	19,745
Itella Information	1,626	1,665	1,658
Itella Logistics	4,498	3,835	4,185
Other operations	32	36	35
Total	25,228	24,787	25,623
Net sales by geographical segment			
Finland	331.1	324.6	1,264.8
Rest of Scandinavia and the Baltic countries	86.7	63.4	308.0
Rest of Europe	27.4	35.6	100.0
Other countries	2.2	7.9	15.5
Total	447.4	431.5	1,688.3

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Changes in Equity, EUR million

	Equity attributable to equity holders of the parent company							
	Share capital	Other reserves	Fair value reserve	Translation difference	Retained earnings	Total	Minority interest	Total equity
Equity 1 Jan 2007	70.0	142.7	0.6	-0.1	466.3	679.5	0.5	680.0
Changes of translation differences				0.0		0.0		0.0
Changes in fair value			0.1			0.1		0.1
Items recognised directly in equity			0.1	0.0		0.1		0.1
Profit for the period					35.0	35.0	0.2	35.2
Total recognised income and expenses			0.1	-0.1	35.0	35.0	0.2	35.2
Dividends paid					-27.0	-27.0		-27.0
Equity 31 March 2007	70.0	142.7	0.7	-0.1	474.3	687.6	0.7	688.3
Equity 1 Jan 2008	70.0	142.7	1.3	0.0	517.5	731.5	0.9	732.4
Changes of translation differences				-0.4		-0.4		-0.4
Changes in fair value			0.0			0.0		0.0
Items recognised directly in equity			0.0	-0.4		-0.4		-0.4
Profit for the period					25.2	25.2	0.1	25.3
Total recognised income and expenses					25.2	25.2	0.1	25.2
Dividends paid					-39.0	-39.0		-39.0
Equity 31 March 2008	70.0	142.7	1.3	-0.4	503.7	717.3	1.0	718.3

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Consolidated Cash Flow Statement	1-3	1-3	1-12
EUR million	2008	2007	2007
Profit before tax	35.3	48.2	109.5
Total adjustments	12.4	12.6	53.5
Change in net working capital	-120.2	-90.9	11.6
Cash flow before			
financial items and income tax	-72.5	-30.1	174.6
Financial items (net)	3.3	2.1	7.7
Tax paid	-7.6	-9.0	-29.0
Net cash flow from operating activities	-76.8	-37.0	153.3
Acquisition of subsidiaries less cash and cash equivalents at acquisition date	-15.8	-7.2	-20.8
Purchase of intangible assets and property, plant and equipment (PPE)	-14.8	-7.8	-67.1
Proceeds from sale of intangible assets and PPE	0.1	2.6	16.3
Change in non-current loan receivables	0.0	0.0	0.0
Change of non-current available-for-sale investments	0.2	0.5	2.2
Dividends received	0.0	0.0	0.0
Net cash used in investing activities	-30.3	-11.9	-69.4
Change in current loans (net)	29.7	2.5	-12.8
Change in non-current loans (net)	-1.2	-3.1	-0.3
Dividends paid	-39.0	0.0	-27.0
Net cash used in financing activities	-10.5	-0.6	-40.1
Net change in cash and cash equivalents	-117.6	-49.5	43.8
Cash and cash equivalents at period-start	297.6	253.7	253.7
Effect of change in foreign exchange rates	-0.5	0.0	-0.6
Change in fair value of cash and cash equivalents	-0.7	1.0	0.7
Cash and cash equivalents at period-end	178.8	205.2	297.6

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Assets pledged, commitments and other liabilities, EUR million

	31 March 2008	31 March 2007	31 Dec 2007
Pledges for own behalf	6.7	5.6	6.6
Pledges for group companies behalf	7.3	14.0	10.0
Lease commitments	195.3	143.4	199.4

Derivative contracts, EUR million

	31 March 2008	31 March 2007	31 Dec 2007
Currency forward exchange contracts			
Fair value	0.0	0.3	0.2
Nominal value of underlying asset	38.6	65.0	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.