

PONSSE OYJ STOCK EXCHANGE RELEASE 17 JULY 2007, 09:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY - 30 JUNE 2007

- Turnover: EUR 149.9 million (EUR 108.6 million in H1/2006)
- Q2 turnover: EUR 71.5 million (EUR 56.3 million in Q2/2006)
- Operating profit: EUR 17.6 million (EUR 13.3 million in H1/2006)
- Operating profit accounted for 11.7 per cent of turnover (12.3 per cent in H1/2006)
- Q2 operating profit: EUR 8.1 million (EUR 6.6 million in Q2/2006)
- Earnings per share: EUR 0.46 (EUR 0.32 in H1/2006)

Arto Tiitinen, President and CEO:

- Our turnover grew by 38 per cent. Progress was particularly strong in the Rest of Europe segment. The cut-to-length method is gaining market share in Russia.
- Efficiency measures resulted in a positive development for the company's cash flow: the change compared to the previous year amounted to EUR 23.3 million. Our order book improved by 49 per cent.
- During the period, new service centres were opened at Pitkäranta in Russia, Riga in Latvia, Stemmen in Germany and Hyvinkää in Finland. Our market share strengthened in the Rest of Europe segment. The difficult market situation continued in North America. Within South America, we established a sales and maintenance company in Uruguay during the period.
- We are continuing to develop our supplier network, which is supported by a business park for partner companies that has emerged in Vieremä. During the period, Ponsse made a new partnership agreement with SKS Group Oy.

TURNOVER

Consolidated turnover for the period amounted to EUR 149.9 (108.6) million, which is 38 per cent more than in the comparison period. Turnover was distributed between reporting segments as follows: Nordic countries EUR 92.4 (72.4) million, the Rest of Europe EUR 63.8 (42.7) million, and North and South America EUR 12.2 (14.3) million. Sales development during the first half of the year was particularly strong in Central and Eastern Europe, which are included in the Rest of Europe segment. Turnover in the region increased by 49.2 per cent compared to the previous year. Development was also favourable during the first half of the year within the Nordic countries segment, in which turnover increased by 27.5 per cent thanks to a boost in wood trade compared to the previous year. Turnover in the North and South America segment declined compared to the previous year particularly due to the difficult market situation prevailing in North America.

PROFIT PERFORMANCE

Consolidated operating profit increased by 32.1 per cent compared to the previous year to EUR 17.6 (13.3) million. The operating profit distribution across segments was as follows: Nordic countries EUR 8.3 (6.8) million, the Rest of Europe EUR 10.9 (6.6) million, North and South America EUR -1.3 (-0.2) million and items not allocated to segments EUR -0.3 (0.1) million.

Operating profit accounted for 11.7 (12.3) per cent of turnover. Return on capital employed (ROCE) stood at 40.2 (32.7) per cent.

Staff costs for the period under review totalled EUR 21.0 (19.5) million, and other operating expenses were EUR 14.4 (10.8) million. Net financial expenses were EUR -0.7 (-0.8) million. Income and expenses resulting from currency risk hedging were included in the financial items. Profit for the period totalled EUR 12.9 (8.9) million. Earnings per share (EPS) were EUR 0.46 (0.32).

BALANCE SHEET AND FINANCIAL POSITION

At the end of the period under review, the consolidated balance sheet total amounted to EUR 136.7 (119.8) million. The balance sheet total was particularly increased by the higher amount of stocks, ordinary trade receivables and liquid assets compared to the previous year. The amount of current assets was EUR 63.2 (57.8) million. Trade receivables totalled EUR 20.4 (19.8) million, and liquid assets stood at EUR 10.8 (4.6) million. The consolidated capital and reserves also stood at a higher level year on year at the end of the period under review. Interest-bearing liabilities totalled EUR 29.8 (37.7) million. The parent company's net receivables from other Group companies stood at EUR 33.8 (34.3) million. Net liabilities amounted to EUR 17.4 (32.9) million. Equity ratio stood at 46.5 (41.0) per cent at the end of the period under review.

The improvement in operational results and the measures taken to reduce working capital improved the cash flow from business operations, which totalled EUR 17.8 (-5.5) million while that from investing activities was EUR -3.3 (-4.1) million.

ORDER INTAKE AND ORDER BOOKS

The order intake for the period totalled EUR 154.0 (96.1) million, while period-end order books were valued at EUR 63.0 (42.4) million. The order books included dealers' minimum purchase commitments, based on previous practice.

SUBSIDIARIES

Ponsse Latin America Ltda's subsidiary in Uruguay, Poverly S.A., started its operations during the review period. The company's CEO is Claudio Costa.

During the review period, Gary Glendinning was appointed CEO of Ponsse UK Ltd, and Marko Mattila was appointed CEO of Ponsse North America, Inc. Mikko Laurila was appointed Vice President responsible for the New Markets business area as part of our global strategy.

CAPITAL EXPENDITURE AND R&D

Capital expenditure totalled EUR 3.3 (4.1) million.

R&D expenses totalled EUR 2.8 (1.8) million.

PERSONNEL

The Group had an average staff of 845 (793) during the period and employed 891 (828) people at the period-end. The number of personnel was particularly increased by the expansion of the business operations of the new foreign subsidiaries and Epec Oy. During the review period, Juhani Mäkynen was appointed Ponsse's Vice President responsible for maintenance services and a member of the management team.

SHARE PERFORMANCE

The trading volume of Ponsse Oyj shares for 1 January - 30 June 2007 totalled 2,331,678, accounting for 8.3 per cent of the total number of shares. Share turnover came to EUR 33.3 million, with the period's lowest and highest share price amounting to EUR 11.27 and EUR 17.80, respectively.

At the end of the period, the shares closed at EUR 17.25 and the market capitalisation totalled EUR 483.0 million.

The company's board of directors is authorised to decide on the acquisition and assignment of at most 250,000 treasury shares. The authorisations are valid until 30 June 2008.

Neither the company nor its subsidiaries own treasury shares.

BUSINESS UNCERTAINTIES

The company's strategic and business risks are associated with cyclical fluctuations in the global economy, the availability and price development of raw materials and components, as well as the operations of dealers and subcontractors. The company has prepared for risks by identifying them and addressing them proactively, entering into long-term contracts and surveying alternative suppliers.

During the review period, the company continued to develop its supplier network by signing a partnership agreement with SKS Group Oy.

Strategic risks and other risks related to the company's business are described in more detail on pages 54-55 and 78 of the Annual Report.

OUTLOOK FOR THE FUTURE

According to the company's view, demand for wood will remain very strong in all other market areas except North America. This will create preconditions for increased machine deliveries during the rest of the year.

The effect of the Russian wood export duties is estimated to increase annual logging volumes in Finland by approximately 10 million cubic metres.

The company has good preconditions to outperform last year's sales growth and earnings in 2007.

PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS	IFRS	IFRS	IFRS
	4-6/07	4-6/06	1-6/07	1-6/06
TURNOVER	71,527	56,261	149,942	108,556
Increase (+)/decrease (-) in stocks of finished goods and work in progress	3,565	2,242	5,236	6,932
Other operating income	254	261	531	803
Raw materials and services	-47,784	-35,025	-100,661	-70,514
Expenditure on employment related benefits	-10,892	-10,333	-21,015	-19,510
Depreciation	-1,069	-1,152	-2,104	-2,203
Other operating expenses	-7,479	-5,640	-14,364	-10,764
OPERATING PROFIT	8,122	6,614	17,564	13,300
Share of results of associated companies	625	96	916	197
Financial income and expenses	-228	-350	-666	-782
PROFIT BEFORE TAXES	8,519	6,359	17,814	12,715
Income taxes	-2,093	-2,060	-4,870	-3,810
Minority interest	0	0	0	0
PROFIT FOR THE PERIOD	6,427	4,299	12,945	8,905
Earnings per share	0.23	0.15	0.46	0.32

CONSOLIDATED BALANCE SHEET (EUR 1,000)

	IFRS 30.6.07	IFRS 31.12.06
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	3,998	3,605
Goodwill	3,764	3,791
Property, plant and equipment	25,124	24,308
Financial assets	39	39
Holdings in associated companies	2,070	1,328
Non-current receivables	160	165
Deferred tax assets	1,232	972
TOTAL NON-CURRENT ASSETS	36,386	34,206
CURRENT ASSETS		
Stocks	63,214	58,615
Trade receivables	20,421	20,715
Income tax receivable	317	349
Other current receivables	5,604	2,568
Liquid assets	10,805	8,564
TOTAL CURRENT ASSETS	100,360	90,811
TOTAL ASSETS	136,746	125,017
CAPITAL AND RESERVES, AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	7,000	7,000
Other reserves	20	20
Translation differences	-814	-750
Retained earnings	56,614	54,888
CAPITAL AND RESERVES OWNED BY PARENT COMPANY SHAREHOLDERS	62,819	61,157
Minority interest	0	0
TOTAL CAPITAL AND RESERVES	62,819	61,157
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	22,219	22,408
Deferred tax liabilities	807	869
Other non-current liabilities	60	74
TOTAL NON-CURRENT LIABILITIES	23,086	23,351
CURRENT LIABILITIES		
Interest-bearing liabilities	7,617	8,487
Provisions	4,139	3,517
Tax liabilities for the period	1,305	230
Trade creditors and other current liabilities	37,779	28,275
TOTAL CURRENT LIABILITIES	50,840	40,509
TOTAL CAPITAL AND RESERVES, AND LIABILITIES	136,746	125,017

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-6/07	IFRS 1-6/06
BUSINESS OPERATIONS:		
Profit for the period	12,945	8,905
Adjustments:		
Financial income and expenses	666	787
Share of the result of associated companies	-916	-197
Depreciation and amortisation	2,104	2,203
Income taxes	5,134	3,810
Other adjustments	-183	135
Cash flow before change in working capital	19,750	15,643
Change in working capital:		
Change in current		
non-interest-bearing receivables	-2,750	-4,027
Change in stocks	-4,599	-12,600
Change in current		
non-interest-bearing creditors	9,430	1,359
Change in provisions for		
liabilities and charges	622	-1,034
Interest received	73	82
Interest paid	-657	-446
Other financial items	-32	-326
Income taxes paid	-4,027	-4,174
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	17,810	-5,523
INVESTMENTS		
Investments in tangible and intangible assets		
	-3 312	-4,142
Investments in other assets	0	0
Dividends received	2	0
CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	-3,310	-4,142
FINANCING		
Withdrawal/Repayment of non-current loans		
	-515	12,964
Change in current interest-bearing liabilities		
	9	-4
Withdrawal/Repayment of non-current loans		
	-203	184
Payment of finance lease liabilities	-355	-9
Change in non-current receivables	4	-27
Dividends paid	-11,200	-11,200
NET CASH OUTFLOW FROM FINANCING (C)	-12,260	1,908
Change in liquid assets (A+B+C)		
	2,240	-7,757
Liquid assets on 1 January	8,562	12,339
Liquid assets on 30 June	10,802	4,582

RECONCILIATION OF CAPITAL AND RESERVES (EUR 1,000)

A = Share Capital
 B = Share premium and other reserves
 C = Translation differences
 D = Retained earnings
 E = Minority interest
 F = Total capital and reserves

	CAPITAL AND RESERVES OWNED BY PARENT COMPANY SHAREHOLDERS					
	A	B	C	D	E	F
CAPITAL AND RESERVES 1 JAN 2007	7,000	20	-750	54,887	0	61,157
Translation differences	0	0	-65	-18	0	-83
NET INCOME RECOGNISED DIRECTLY IN CAPITAL AND RESERVES	0	0	-65	-18	0	-83
Net profit for the period	0	0	0	12,945	0	12,945
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-65	12,927	0	12,862
Dividend distribution	0	0	0	-11,200	0	-11,200
Change in minority interest	0	0	0	0	0	0
CAPITAL AND RESERVES 30 JUN 2007	7,000	20	-815	56,614	0	62,819
CAPITAL AND RESERVES 1 JAN 2006	7,000	20	-442	44,811	0	51,389
Translation differences	0	0	-216	174	0	-42
NET INCOME RECOGNISED DIRECTLY IN CAPITAL AND RESERVES	0	0	-216	174	0	-42
Net profit for the period	0	0	0	8,905	0	8,905
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-216	9,079	0	8,863
Dividend distribution	0	0	0	-11,200	0	-11,200
Change in minority interest	0	0	0	0	0	0
CAPITAL AND RESERVES 30 JUN 2006	7,000	20	-658	42,690	0	49,052

SEGMENT INFORMATION (EUR 1,000)

GEOGRAPHIC SEGMENTS

1-6/07

	Nordic countries	Rest of Europe	North and South America	Elimin- ation	TOTAL
External sales	73,123	63,438	11,579		148,140
Internal sales	19,256	316	671	-20,243	0
Unallocated sales					1,803
TURNOVER	92,379	63,754	12,249	-20,243	149,942
Operating profit of the segment	8,321	10,856	-1,275		17,902
Unallocated items					-337
OPERATING PROFIT	8,321	10,856	-1,275		17,564
Share of the result of associated companies		916			916
Unallocated items					-5,536
NET PROFIT FOR THE PERIOD					12,945

GEOGRAPHIC SEGMENTS

1-6/06

	Nordic countries	Rest of Europe	North and South America	Elimin- ation	TOTAL
External sales	51,220	42,175	14,168		107,563
Internal sales	21,225	542	148	-21,914	0
Unallocated sales					994
TURNOVER	72,445	42,717	14,315	-21,914	108,556
Operating profit of the segment	6,796	6,590	-226		13,160
Unallocated items					140
OPERATING PROFIT	6,796	6,590	-226		13,300
Share of the result of associated companies		197			197
Unallocated items					-4,592
NET PROFIT FOR THE PERIOD					8,905

		30.6.07	30.6.06	31.12.06
1. LEASING COMMITMENTS (EUR 1,000)		2,203	2,206	2,442
2. CONTINGENT LIABILITIES (EUR 1,000)		30.6.07	30.6.06	31.12.06
Guarantees given on behalf of others		190	479	537
Repurchase commitments		3,445	3,837	3,275
Other commitments		5,609	0	0
TOTAL		9,244	4,316	3,812
3. PROVISIONS (EUR 1,000)		Guarantee provision		
1 JAN 2007		3,517		
Increase		755		
Used provisions		-133		
30 JUN 2007		4,139		
4. DIVIDENDS PAID (EUR 1,000)		30.6.07	30.6.06	
Dividend per share 2006:EUR 0.40 (2005:EUR 0.40)		11,200	11,200	

5. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)	1-6/07	1-6/06
Increase	3,242	3,966
Decrease	-28	-622
TOTAL	3,214	3,344

6. RELATED PARTY TRANSACTIONS	1-6/07	1-6/06
Management's employment related benefits (EUR 1,000)		
Wages and other short-term employment related benefits	1,010	1,107
Board of Directors' emoluments	114	111

KEY FIGURES AND RATIOS	30.6.07	30.6.06	31.12.06
R&D expenditure, MEUR	2.8	1.8	4.0
Capital expenditure, MEUR	3.3	4.1	5.3
as % of turnover	2.2	3.8	2.2
Average number of employees	845	793	795
Order books, MEUR	63.0	42.4	59.2
Equity ratio, %	46.5	41.0	49.1
Earnings per share, EUR	0.46	0.32	0.75
Equity per share, EUR	2.24	1.75	2.18

FORMULAE FOR FINANCIAL INDICATORS

Average number of employees:

Average of the numbers of personnel at the end of each month. The calculation has been adjusted for part-time employees.

Equity ratio, %:

$$\frac{\text{Capital and reserves} + \text{minority interest}}{\text{Balance sheet total} - \text{advance payments received}} * 100$$

Earnings per share:

$$\frac{\text{Profit before taxes} - \text{taxes (incl. change in deferred taxes)} -/+ \text{minority interest}}{\text{Avg number of shares during the accounting period, adjusted for share issues}}$$

Equity per share:

$$\frac{\text{Capital and reserves}}{\text{Number of shares on the balance sheet date, adjusted for share issues}}$$

ORDER INTAKE, MEUR	1-6/07	1-6/06	1-12/06
Ponsse Group	154.0	96.1	242.9

The interim report has been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting.

The accounting policies for the interim report are compatible with those for the financial statements prepared on 31 December 2006, except for the following new changes in IFRS standards and IFRIC interpretations adopted on 1 January 2007, which have no effect on the consolidated financial statements:

- IFRS 7
- IAS 1
- IFRIC 9
- IFRIC 10.

The above figures have not been audited.

The above figures have been rounded and may therefore differ from those given in the official financial statements.

Vieremä, 17 July 2007

Arto Tiitinen
President and CEO

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