

PONSSE PLC STOCK EXCHANGE RELEASE 11 AUGUST 2009 AT 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY - 30 JUNE 2009

- Net sales amounted to EUR 70.0 (H1/2008, 161.4) million.
- Q2 net sales were EUR 32.5 (Q2/2008, 85.7) million.
- Operating result was EUR -12.7 (H1/2008, 17.7) million, equalling -18.1 (11.0) per cent of net sales.
- Q2 operating result was EUR -4.0 (Q2/2008, 8.6) million.
- Profit before taxes was EUR -12.7 (H1/2008, 16.8) million.
- Cash flow from business operations was positive, EUR 0.4 (H1/2008, -15.5) million.
- Earnings per share were EUR -0.52 (H1/2008, 0.44).
- Equity ratio was 47.2 (40.2) per cent.
- Order books stood at EUR 25.2 (64.4) million.

PRESIDENT AND CEO JUHO NUMMELA:

The demand for new forest machines continued to be weak during the second quarter. With regard to the Nordic countries, the Finnish market has been soft while the Swedish market has been problematic due to exchange rates. The lack of work for contractors and the challenges related to financing have hindered the sales of new machines globally.

The company's net sales decreased by 62% during the second quarter from the comparison period and by 57% during the first half of the year. The net sales generated by maintenance services picking up during the second quarter was a positive development.

The company made an operating loss during the second quarter, but the result was better compared to the first quarter. The measures taken during the first months of the year have begun to take effect. Operating costs have decreased according to plans. The development of profitability exceeding expectations has influenced the decrease in operating loss in spite of the soft invoicing and manufacturing volumes. Cash flow exceeded that of the comparison period, remaining positive despite the difficult conditions. The company's equity ratio and financial position are solid.

Temporary lay-offs have continued during the most recent quarter, with low utilisation of the plant's capacity. The third round of employer-employee negotiations was completed during the review period. As a result, temporary lay-offs may continue during the second half of the year.

The new products launched at the Elmia Fair in Sweden have been greeted favourably by the market. The eight-wheel harvester models for demanding terrains support our product portfolio and match market needs well.



NET SALES

Consolidated net sales amounted to EUR 70.0 (161.4) million, which is 57 per cent less than in the comparable period. International business operations accounted for 68.4 (68.3) per cent of total net sales.

Net sales were accumulated per region as follows: Nordic countries 51.2 (48.6) per cent, the rest of Europe 26.7 (37.0) per cent, North and South America 19.3 (11.9) per cent, and other countries 2.8 (2.5) per cent.

PROFIT PERFORMANCE

Operating result was EUR -12.7 (17.7) million. Operating result for the second quarter of the period under review was EUR -4.0 million and for the first quarter it was EUR -8.7 million. Operating result equalled -18.1 (11.0) per cent of net sales in the period under review. Return on capital employed (ROCE) stood at -16.7 (29.4) per cent.

Staff costs for the period under review totalled EUR 17.7 (25.6) million, and other operating expenses EUR 10.9 (15.7) million. The staff costs include EUR 1.5 million of non-recurring dismissal expenses. Nearly all the expenses connected with personnel cuts have been recognised during the period under review. The net total of financial income and expenses was EUR 0.1 (-0.9) million. The exchange rate gains and losses due to currency rate fluctuations were recognised under financial items. Ponsse North America Inc's deferred tax assets were written down by EUR 1.4 million during the period. This was recognised under income taxes. The result for the period under review amounted to EUR -14.4 (12.4) million. Diluted and undiluted earnings per share (EPS) were EUR -0.52 (0.44). The company does not have any items that could have a dilutive effect on the earnings per share.

BALANCE SHEET AND FINANCIAL POSITION

At the end of the period under review, the consolidated balance sheet total amounted to EUR 152.0 (186.5) million. Inventories stood at EUR 79.6 (89.9) million. Trade receivables totalled EUR 17.2 (41.6) million and liquid assets stood at EUR 8.8 (5.1) million. Group equity stood at EUR 71.6 (74.9) million and parent company equity at EUR 73.7 (67.7) million. The equity includes a hybrid loan of EUR 19 million issued on 31 March 2009. The amount of interest-bearing liabilities was EUR 55.2 (59.7) million. Of the company's credit limits, 23% are being used. The parent company's net receivables from other Group companies stood at EUR 57.7 (56.4) million. The parent company's receivables from subsidiaries mainly consist of trade receivables that were measured at their respective book values. Consolidated net liabilities totalled EUR 45.9 (54.2) million, and the debt-equity ratio (gearing) was 77.1 (79.7) per cent. The equity ratio stood at 47.2 (40.2) per cent at the end of the period under review.

Cash flow from business operations amounted to EUR 0.4 (-15.5) million. Cash flow from investment activities amounted to EUR -0.8 (-3.9) million. The release of working capital and enhancement of cash flow are among the key elements of the business enhancement programme in progress at Ponsse Group.

ORDER INTAKE AND ORDER BOOKS

The order intake for the period totalled EUR 54.4 (115.7) million, while period-end order books were valued at EUR 25.2 (64.4) million. The order books included the dealers' minimum purchase commitments, based on previous practice.



DISTRIBUTION NETWORK

No changes took place in the Group structure during the period under review.

The subsidiaries included in the Ponsse Group are Epec Oy, Finland; OOO Ponsse, Russia; Ponsse AB, Sweden; Ponsse AS, Norway; Ponsse Asia-Pacific Ltd, Hong Kong; Ponsse China Ltd, China; Ponsse Latin America Ltda, Brazil; Ponsse North America, Inc., United States of America; Ponssé S.A.S., France; Ponsse UK Ltd, Great Britain; and Ponsse Uruguay S.A., Uruguay. Sunit Oy in Kajaani, Finland, is an affiliated company in which Ponsse Plc has a holding of 34 per cent.

R&D AND CAPITAL EXPENDITURE

The Group's R&D expenses totalled EUR 2.6 million (EUR 3.6 million) during the period under review. The amount of R&D expenses capitalised during the period was EUR 642 thousand (EUR 624 thousand). R&D activity has been reorganised, operations have been streamlined and new products have been launched on the market.

Capital expenditure totalled EUR 0.8 million (EUR 3.9 million). It mainly consisted of normal maintenance and replacement investments in plant and machinery.

MANAGEMENT

The company's CFO, Mikko Paananen, left the company during the period under review.

PERSONNEL

The Group had an average staff of 911 (1,031) during the period and employed 863 (1,100) people at period-end.

The third round of Ponsse Plc's employer-employee negotiations ended on 26 June 2009. As a result of the negotiations, it was decided to prepare for adjusting the operations during the second half of the year. The adjustment will be carried out by way of temporary lay-offs of fixed duration across different functions as necessary.

SHARE PERFORMANCE

The trading volume of Ponsse Plc shares for 1 January - 30 June 2009 totalled 3,250,441, accounting for 11.6 per cent of the total number of shares. Share turnover came to EUR 12.0 million, and the period's lowest and highest share prices were EUR 2.99 and EUR 5.24, respectively.

At the end of the period, the share price stood at EUR 3.80 and market capitalisation totalled EUR 106.4 million.

At the end of the reporting period, the company had 47,900 treasury shares in its possession.

ANNUAL GENERAL MEETING

Ponsse Plc's Annual General Meeting took place on 28 April 2009. The parent company statements and the consolidated financial statements were approved and members of the Board of Directors and the President and CEO were discharged from liability for the 2008 financial period.



The Annual General Meeting authorised the Board to decide, at its discretion, on the distribution of dividends for 2008 so that the maximum amount of dividends to be distributed is EUR 0.10 per share (the maximum total dividends are EUR 2,800,000) and that the authorisation is valid until 31 December 2009. The Board of Directors will decide on the record date for the distribution of dividends and the dividend payment date, which may be the fifth banking day following the record date at the earliest. It was resolved that the profit for 2008 will be recognised as retained earnings.

The number of Board members was confirmed as six. Maarit Aarni-Sirviö, Ilkka Kylävainio, Seppo Remes, Ossi Saksman, Juha Vidgrén and Einari Vidgrén were elected Board members until the end of the next Annual General Meeting. At the first Board meeting held after the Annual General Meeting, Einari Vidgrén was elected Chairman of the Board and Juha Vidgrén was elected Vice Chairman.

The Annual General Meeting confirmed the annual remuneration payable to the Chairman of the Board as EUR 43,000, and the remuneration payable to other members as EUR 32,000.

Ernst & Young Oy, Authorised Public Accountants, were appointed as the company's auditors, with Eero Huusko, Authorised Public Accountant, as the principal auditor.

The Annual General Meeting approved the amendment of Article 2 ("Field of business") and Article 9 ("Annual General Meeting") and the deletion of Article 11 ("Redemption obligation") of the company's Articles of Association, as proposed by the Board of Directors.

The Annual General Meeting authorised the Board of Directors to decide on the acquisition of the company's own shares so that a maximum of 250,000 shares can be acquired in one or more batches. The maximum amount corresponds to approximately 0.89 per cent of the company's total shares and votes. The shares will be acquired in public trading organised by NASDAQ OMX Helsinki Ltd ("the Stock Exchange"). Furthermore, they will be acquired and paid for according to the rules of the Stock Exchange and Euroclear Finland Ltd. The Board may, pursuant to the authorisation, only decide upon the acquisition of the company's own shares using the company's unrestricted shareholders' equity. The authorisation is required for supporting the company's growth strategy in the company's potential business arrangements or other arrangements. In addition, the shares can be issued to the company's current shareholders or used for increasing the company's shareholders' ownership value by invalidating shares after their acquisition, or used in personnel incentive systems. The authorisation includes the right of the Board to decide upon all other terms and conditions in the acquisition of own shares. The authorisation is proposed to be valid until the next Annual General Meeting; however, no later than 30 June 2010.

The Annual General Meeting authorised the Board of Directors to decide on the issue of new shares and the assignment of treasury shares held by the company for payment or without payment so that 300,000 shares will be issued on the basis of the authorisation. The maximum amount corresponds to approximately 1.1 per cent of the company's total shares and votes. The authorisation includes the right of the Board to decide upon all other terms and conditions of the share issue. Thus, the authorisation includes a right to organise a directed issue in deviation of the shareholders' subscription rights under the provisions prescribed by law. The authorisation is proposed for use in supporting the company's growth strategy in the company's potential corporate acquisitions or other arrangements. In addition, the shares can be issued to the company's current shareholders, sold through public trading or used in personnel incentive systems. The authorisation is proposed to be valid until the next Annual General Meeting; however, no later than 30 March 2010.

GOVERNANCE

The company's Board of Directors has confirmed that the company will observe a new code of governance that entered into force on 1 January 2009. The code is based on the recommendation approved by the Securities Market Association in October 2008, entitled "Suomen listayhtiöiden hallinnointikoodi (Corporate Governance)".

The new code of governance can be viewed on Ponsse's website in the Investors section.

BUSINESS RISKS AND THEIR MANAGEMENT

The global economic and financial uncertainty continued during the period under review. This uncertainty is strongly reflected in the company's business. The predictability of business is fundamentally lower than in normal circumstances. Estimates regarding improvements in the economic situation are uncertain.

The possible dragging on of the recession will increase the risks associated with the functionality of the subcontractor and supplier network. Ponsse aims to manage these risks through partnership cooperation. The financial standing of suppliers is monitored more intensely than normal. The company has also started the process of screening alternative suppliers. As part of its risk management efforts related to the availability of certain key components, the company has chosen to manufacture these components in-house.

The decreasing production and invoicing volumes increase the risk regarding business profitability in the Group's different business units. A Group-level adjustment programme has been initiated in order to stabilise the situation. It involves adjusting operating expenses for the weaker demand. Should the markets further deteriorate from the current exceptionally poor state, further intensification and extension of the adjustment and efficiency measures will have to be considered. The parent company will monitor the changes in asset values of Group receivables and the associated risk of impairment.

The developments in maintenance services and spare part sales have a causal link with the utilisation rates of machines. The general economic situation may lead to lower harvesting volumes and utilisation rates.

The sales of IT and control systems are closely linked to economic developments and to the global demand for heavy forest machinery. The markets are being intensively monitored with a view to adjusting operating expenses to demand when required.

The economic turbulence has increased currency rate fluctuations and borrowing costs. The key objectives of the company's financing risk management include controlling liquidity, interest and currency risks. Ponsse has ensured its liquidity by means of credit limit agreements with a number of financial institutions. The company has issued covenants as security for its financial liabilities. In order to minimise the impact of any adverse changes in interest rates the company uses interest rate swaps and credits tied to different reference rates. Derivative contracts are used to decrease the negative effect of changes in exchange rates. The financial unrest increases the uncertainties related to trade receivables. The terms and conditions of sales against invoice and receivables monitoring have been reviewed.

Any changes in the tax and customs legislation in countries where Ponsse exports may pose further challenges to its export trade.

OUTLOOK FOR THE FUTURE

The predictability of the second half of the year is weak due to the uncertainty of the general economic situation. The recovery of forest machine markets and customers' willingness to invest will depend on the recovery of wood demand as well as the stabilisation of financial markets. With decreasing wood stocks, contractors' capacity utilisation rates are likely to increase during the second half of the year.

Developing net sales from maintenance service, focusing on sales efforts and rapid advance of product development will be key issues during the second half of the year. Adapting the plant's capacity to the order flow will take place through temporary layoffs. It is likely that the capacity will be underutilised.

The company's product portfolio is extensive and the products are in good shape. The serial production of new products will be launched during the second half of the year. The cost-cutting measures implemented by the company will take effect mainly during the latter half of 2009. The company's qualifications for strengthening its cash flow from operations, profitability and market position are favourable.

Net sales for 2009 will be less than the year before, resulting in an operating loss.

PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS 4-6/09	IFRS 4-6/08	IFRS 1-6/09	IFRS 1-6/08
NET SALES	32,479	85,668	70,018	161,447
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-1,792	3,096	-3,644	9,543
Other operating income	603	528	906	956
Raw materials and services	-19,978	-57,215	-48,696	-110,539
Expenditure on employment-related benefits	-8,772	-14,088	-17,716	-25,602
Depreciation and amortisation	-1,309	-1,225	-2,632	-2,410
Other operating expenses	-5,221	-8,172	-10,898	-15,713
OPERATING RESULT	-3,989	8,591	-12,662	17,682
Share of results of associated companies	-36	19	-84	95
Financial income and expenses	351	110	93	-948
RESULT BEFORE TAXES	-3,674	8,719	-12,653	16,828
Income taxes	-1,385	-2,149	-1,795	-4,452
NET RESULT FOR THE PERIOD	-5,059	6,570	-14,448	12,377
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE INCOME:				
Translation differences associated with a foreign unit	-756	60	-654	600
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-5,815	6,630	-15,102	12,977
Diluted and undiluted earnings per share	-0.18	0.23	-0.52	0.44

CONSOLIDATED BALANCE SHEET (EUR 1,000)

	IFRS 30.6.09	IFRS 31.12.08
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	6,391	6,123
Goodwill	3,441	3,683
Property, plant and equipment	25,718	27,558
Financial assets	110	109
Holdings in associated companies	1,635	1,889
Non-current receivables	2,027	1,820
Deferred tax assets	1,181	3,121
TOTAL NON-CURRENT ASSETS	40,503	44,303
CURRENT ASSETS		
Inventories	79,569	88,308
Trade receivables	17,226	22,155
Income tax receivables	780	5,023
Other current receivables	5,128	6,916
Liquid assets	8,827	8,095
TOTAL CURRENT ASSETS	111,530	130,497
TOTAL ASSETS	152,032	174,800
EQUITY AND LIABILITIES		
EQUITY		
Share capital	7,000	7,000
Other reserves	18,934	-646
Translation differences	-1,007	-1,725
Retained earnings	46,684	62,484
EQUITY OWNED		
BY PARENT COMPANY SHAREHOLDERS	71,611	67,113
Minority interest	0	0
TOTAL EQUITY	71,611	67,113
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	32,373	26,140
Deferred tax liabilities	478	556
Other non-current liabilities	864	861
TOTAL NON-CURRENT LIABILITIES	33,716	27,556
CURRENT LIABILITIES		
Interest-bearing liabilities	22,824	46,769
Provisions	5,662	6,058
Tax liabilities for the period	0	76
Trade creditors and other current liabilities	18,220	27,228
TOTAL CURRENT LIABILITIES	46,706	80,131
TOTAL EQUITY AND LIABILITIES	152,032	174,800

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-6/09	IFRS 1-6/08
BUSINESS OPERATIONS:		
Net result for the period	-14,448	12,377
Adjustments:		
Financial income and expenses	-93	948
Share of the results of associated companies	84	-95
Depreciation and amortisation	2,632	2,410
Income taxes	124	5,136
Other adjustments	2,032	-1,141
Cash flow before change in working capital	-9,669	19,636
Change in working capital:		
Change in current non-interest-bearing receivables	6,664	-14,249
Change in inventories	8,739	-24,230
Change in current non-interest-bearing liabilities	-8,712	7,808
Change in provisions for liabilities and charges	-396	952
Interest received	63	85
Interest paid	-1,369	-851
Other financial items	1,171	-37
Income taxes paid	3,948	-4,575
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	438	-15,461
INVESTMENTS		
Investments in tangible and intangible assets	-845	-3,926
Investments in other assets	0	27
Repayment of loan receivables	0	0
Dividends received	0	0
CASH OUTFLOW FROM INVESTMENT ACTIVITIES (B)	-845	-3,899
FINANCING		
Hybrid loan	19,000	0
Withdrawal/repayment of current loans	-23,651	8,050
Change in current interest-bearing receivables	54	30
Withdrawal/repayment of non-current loans	6,237	17,958
Payment of finance lease liabilities	-294	-273
Change in non-current receivables	-206	25
Dividends paid	0	-14,000
NET CASH OUTFLOW FROM FINANCING (C)	1,139	11,791
Change in liquid assets (A+B+C)	732	-7,569
Liquid assets on 1 Jan	8,095	12,633
Liquid assets on 30 June	8,827	5,064

RECONCILIATION OF CHANGES IN EQUITY (EUR 1,000)

A = Share Capital
 B = Share premium and other re-
 serves
 C = Translation differences
 D = Own shares
 E = Retained earnings
 F = Total capital and reserves

	EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS					
	A	B	C	D	E	F
EQUITY 1 JAN 2009	7,000	20	-72	-665	60,830	67,113
Dividend distribution						
Purchase of the com- pany's own shares						
Other changes		19,600				19,600
Total comprehensive in- come for the period			-654		-14,448	-15,102
EQUITY 30 JUN 2009	7,000	19,620	-726	-665	46,382	71,611
EQUITY 1 JAN 2008	7,000	20	-943	0	70,455	76,532
Dividend distribution					-13,976	-13,976
Purchase of the com- pany's own shares				-665		-665
Other changes						
Total comprehensive in- come for the period			600		12,377	12,977
EQUITY 30 JUN 2008	7,000	20	-343	-665	68,856	74,868

SEGMENT INFORMATION (EUR 1,000)

GEOGRAPHIC SEGMENTS

1-6/09

	Nordic countries	Rest of Europe	North and South America	Elimin- ation	TOTAL
External sales	35,852	18,715	13,521		68,088
Unallocated sales					1,930
NET SALES	35,852	18,715	13,521		70,018
Operating result of the segment	-4,323	2,393	878		-1,053
Unallocated items					-11,609
OPERATING RESULT	-4,323	2,393	878		-12,662
Share of the result of associ- ated companies		-84			-84
Unallocated items					-1,702
NET RESULT FOR THE PERIOD					-14,448

GEOGRAPHIC SEGMENTS

1-6/08

	Nordic countries	Rest of Europe	North and South America	Elimin- ation	TOTAL
External sales	78,350	59,264	19,849		157,463
Unallocated sales					3,984
NET SALES	78,350	59,264	19,849		161,447
Operating result of the segment	7,425	12,343	-19		19,749
Unallocated items					-2,067
OPERATING RESULT	7,425	12,343	-19		17,682
Share of the result of associ- ated companies		95			95
Unallocated items					-5,400
NET RESULT FOR THE PERIOD					12,377

		30.6.09	30.6.08	31.12.08
1. LEASING COMMITMENTS (EUR 1,000)		4,680	2,378	5,903
2. CONTINGENT LIABILITIES (EUR 1,000)		30.6.09	30.6.08	31.12.08
Guarantees given on behalf of others		985	1,357	1,090
Repurchase commitments		4,429	3,545	4,049
Other commitments		1,990	1,510	1,443
TOTAL		7,404	6,412	6,582
3. PROVISIONS (EUR 1,000)			Guarantee provision	
1.1.2009			6,058	
Increase			502	
Used provisions			-898	
30.6.2009			5,662	
4. DIVIDENDS PAID (EUR 1,000)		30.6.09	30.6.08	
Dividend per share EUR 0 (EUR 0.50)		0	14,000	
5. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)		1-6/09	1-6/08	
Increase		1,080	3,033	
Decrease		-280	-135	
TOTAL		800	2,898	
6. RELATED PARTY TRANSACTIONS		1-6/09	1-6/08	
Management's employment related bene- fits (EUR 1,000)				
Salaries and other short-term employment-related benefits		695	1,410	
Board of Directors' remuneration		116	135	
KEY FIGURES AND RATIOS		30.6.09	30.6.08	31.12.08
R&D expenditure, MEUR		2.6	3.6	7.6
Capital expenditure, MEUR		0.8	3.9	8.5
as % of turnover		1.2	2.4	2.9
Average number of employees		911	1,031	1,044



Order books, MEUR	25.2	64.4	41.5
Equity ratio, %	47.2	40.2	38.4
Diluted and undiluted earnings per share, EUR	-0.52	0.44	0.16
Equity per share, EUR	2.56	2.67	2.40

FORMULAE FOR FINANCIAL INDICATORS

Average number of employees:

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

Equity ratio, %:

Equity + minority interest

Balance sheet total - advance payments received * 100

Earnings per share:

Earnings before taxes - taxes (incl. change in deferred taxes) -/+ minority interest

Average number of shares during the accounting period, adjusted for share issues

Equity per share:

Capital and reserves

Number of shares on the balance sheet date, adjusted for share issues

ORDER INTAKE, MEUR	1-6/09	1-6/08	1-12/08
Ponsse Group	54.4	115.7	224.4

The interim report has been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting. From 1.1.2009, the Group has applied the following new and revised standards: IFRS 8, Operating Segments, and IAS 1, Presentation of Financial Statements. The amendment of IFRS 8 will not materially change the information shown in these segments because the Group's earlier segment-based reporting was based on the Group's internal reporting structures. The amendment of IAS 1 will have an impact on the presentation method of the profit and loss account and the changes in equity.

The accounting policies for the interim report are compatible with those for the financial statements prepared on 31 December 2008.

The above figures have not been audited.

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

This communication includes future-oriented statements that are based on the assumptions currently known by the company and its current decisions and plans. Although the company believes that the future expectations are well founded, there is no certainty that said expectations will prove to be correct. This is why the results may significantly deviate from the assumptions included in the future-oriented statements as a



result of, among other things, changes in the economy, markets, competitive conditions, legislation or currency exchange rates.

Vieremä 11 August 2009

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION

Juho Nummela, President and CEO, tel. +358 20 768 8914 or +358 400 495 690

DISTRIBUTION

NASDAQ OMX Helsinki Ltd
Principal media
www.ponsse.com

