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PONSSE PLC STOCK EXCHANGE RELEASE 28 OCTOBER 2008 AT 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY - 30 SEPTEMBER 2008

- Turnover was EUR 216.2 million (Q1-Q3/2007 EUR 214.0 million).
- Q3 turnover was EUR 54.8 million (Q3/2007 EUR 64.0 million).
- Operating profit was EUR 17.8 (24.0) million and accounted for 8.2 (11.2) per cent of the turnover.
- Q3 operating profit was EUR 0.1 million (Q3/2007 EUR 6.4 million).
- Profit before taxes was EUR 15.8 (24.1) million.
- Earnings per share were EUR 0.38 (0.62).
- Order books were valued at EUR 61.0 (80.7) million.

PRESIDENT AND CEO JUHO NUMMELA:

The demand for forest machines declined during the third quarter in most main market areas except for Finland and Sweden. The global economic situation also delayed machine deliveries to customers in export countries. Turnover remained on par with the comparison period. Operating profit remained below the previous year's level due to machine delivery volumes falling short of targets and an increase in expenses.

Order flow decreased from last year. We initiated group-level measures to adjust production volumes and resources to the prevailing and anticipated demand.

TURNOVER

Consolidated turnover for the period totalled EUR 216.2 (214.0) million.

PROFIT PERFORMANCE

Operating profit was EUR 17.8 (24.0) million. Operating profit accounted for 8.2 (11.2) per cent of turnover in the period under review. Return on capital employed (ROCE) stood at 19.1 (35.2) per cent.

Staff costs for the period under review totalled EUR 35.9 (30.3) million, and other operating expenses EUR 23.8 (21.8) million. Net financial expenses were EUR -2.1 (-0.9) million. Income and expenses resulting from currency risk hedging were included in the financial items. Profit for the period totalled EUR 10.7 (17.3) million. Diluted and basic earnings per share (EPS) were EUR 0.38 (0.62). 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 187.0 (142.5) million. Inventories were clearly higher than last year. The amount of Inventories was EUR 102.1 (67.7) million. Trade receivables totalled EUR 28.9 (24.6) million and liquid assets stood at EUR 4.4 (8.3) million. The amount of



Group capital and reserves was EUR 73.3 (67.2) million. The amount of interest-bearing liabilities was EUR 67.2 (31.5) million. The parent company's net receivables from other Group companies stood at EUR 65.7 (30.3) million. Consolidated net liabilities totalled EUR 61.9 (22.3) million. The equity ratio stood at 39.4 per cent (47.5 per cent) at the end of the period under review.

Cash flow from business operations amounted to EUR -21.1 (14.5) million. Cash flow from investing activities amounted to EUR -6.4 (-4.3) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 167.2 (235.7) million, while period-end order books were valued at EUR 61.0 (80.7) million. The order books included dealers' minimum purchase commitments, based on previous practice.

CAPITAL EXPENDITURE AND R&D

The Group's R&D expenses totalled EUR 5.2 million (EUR 3.9 million) during the period under review. The amount of activated R&D expenses during the period was EUR 906 thousand (EUR 686 thousand).

Capital expenditure totalled EUR 6.4 million (EUR 4.3 million).

PERSONNEL

The Group had an average staff of 1,048 (858) during the period and employed 1,065 (873) people at period-end.

SHARE PERFORMANCE

The trading volume of Ponsse Plc shares for 1 January - 30 September 2008 totalled 1,638,954, accounting for 5.9 per cent of the total number of shares. Share turnover came to EUR 21.0 million, with the period's lowest and highest share prices amounting to EUR 8.23 and EUR 16.29 respectively.

At the end of the period, shares closed at EUR 8.50 and market capitalisation totalled EUR 238.0 million.

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

GOVERNANCE

The company adheres to the insider regulations approved by the Helsinki Stock Exchange Board of Directors and the Corporate Governance Recommendation for Listed Companies issued by NASDAQ OMX Helsinki Oy Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. The governance principles are available on Ponsse's website in the Investors section.

BUSINESS RISKS AND THEIR MANAGEMENT

The uncertain general economic situation and global disturbances in the financial market have weakened both the predictability of the business outlook and the demand for forest machines. The declining economic trend has increased the risks associated with raw material and component availability and with subcontractor and supplier network operation. Ponsse aims to manage and minimise these risks through partnership coopera-

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tion. 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.

A fall in the demand for the company's products could lead to production overcapacity with regard to the market situation and demand. To address the situation, the company will reduce its material flows and adjust production resources to the prevailing market situation.

The key objectives of the company's financing risk management include controlling the liquidity, interest and currency risks. Ponsse has ensured its liquidity by means of credit limit agreements with a number of financial institutions. 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 and currency-denominated credits are used to minimise the adverse effect of changes in exchange rates.

EVENTS AFTER THE PERIOD UNDER REVIEW

On 16.10.2008, Ponsse announced it will start negotiations with personnel under the Act on Co-operation within Undertakings. The purpose is to determine how the company's production capacity and cost structure can be adjusted to the prevailing market situation.

OUTLOOK FOR THE FUTURE

Disturbances in the global economy and the financial market increased and economic predictability weakened during the third quarter. The uncertain economic outlook will also be reflected in the forest machine market during the rest of the year, increasing its challenges compared with the situation a year ago.

The company will continue its efforts to improve the efficiency of its cost management and to release working capital. The company expects the economic situation to improve material availability and reduce pressure for increased material expenses.

Although it is typical of the entire industry that machine sales are concentrated at the end of the year in several market areas, the prevailing economic situation is expected to have a dampening effect on sales. Ponsse expects its 2008 turnover and operating profit to remain below the previous year's level.

PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS 1-9/08	IFRS 1-9/07	IFRS 1-12/07
TURNOVER	216,220	213,966	310,053
Increase (+)/decrease (-) in Inventories of finished goods and work in progress	18,222	5,820	2,159
Other operating income	1,458	746	1,326
Raw materials and services	-154,638	-141,305	-199,253
Expenditure on employment-related benefits	-35,943	-30,294	-42,538
Depreciation and amortisation	-3,700	-3,164	-4,270
Other operating expenses	-23,843	-21,816	-30,398
OPERATING PROFIT	17,778	23,953	37,080
Share of results of associated companies	51	981	1,002
Financial income and expenses	-2,078	-860	-1,698
PROFIT BEFORE TAXES	15,750	24,074	36,384
Income taxes	-5,071	-6,805	-9,907
PROFIT FOR THE PERIOD	10,680	17,269	26,477
Diluted and basic earnings per share	0.38	0.62	0.95

	IFRS 7-9/08	IFRS 7-9/07
TURNOVER	54,773	64,024
Increase (+)/decrease (-) in Inventories of finished goods and work in progress	8,679	584
Other operating income	502	215
Raw materials and services	-44,099	-40,644
Expenditure on employment-related benefits	-10,341	-9,279
Depreciation and amortisation	-1,290	-1,060
Other operating expenses	-8,130	-7,452
OPERATING PROFIT	96	6,389
Share of results of associated companies	-44	65
Financial income and expenses	-1,130	-194
PROFIT BEFORE TAXES	-1,078	6,260
Income taxes	-619	-1,935
PROFIT FOR THE PERIOD	-1,697	4,324
Diluted and basic earnings per share	-0.06	0.15

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CONSOLIDATED BALANCE SHEET (EUR 1,000)

	IFRS 30.9.08	IFRS 30.9.07	IFRS 31.12.07
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	5,097	4,094	4,262
Goodwill	3,696	3,750	3,737
Property, plant and equipment	27,887	24,957	25,946
Financial assets	110	26	128
Holdings in associated companies	1,849	2,135	2,156
Non-current receivables	409	120	403
Deferred tax assets	2,939	1,141	1,686
TOTAL NON-CURRENT ASSETS	41,988	36,223	38,318
CURRENT ASSETS			
Inventories	102,124	67,723	65,635
Trade receivables	28,913	24,556	29,276
Income tax receivables	1,160	384	861
Other current receivables	8,471	5,335	7,191
Liquid assets	4,384	8,258	12,633
TOTAL CURRENT ASSETS	145,052	106,256	115,595
TOTAL ASSETS	187,040	142,479	153,914
CAPITAL AND RESERVES, AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	7,000	7,000	7,000
Other reserves	-645	20	19
Translation differences	-974	-935	-943
Retained earnings	67,869	61,093	70,456
CAPITAL AND RESERVES OWNED BY PARENT COMPANY SHAREHOLDERS	73,250	67,177	76,532
Minority interest	0	0	0
TOTAL CAPITAL AND RESERVES	73,250	67,177	76,532
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	34,706	22,173	16,717
Deferred tax liabilities	722	798	768
Other non-current liabilities	30	30	30
TOTAL NON-CURRENT LIABILITIES	35,458	23,001	17,515
CURRENT LIABILITIES			
Interest-bearing liabilities	32,544	9,351	17,225
Provisions	5,296	4,091	4,341
Tax liabilities for the period	860	822	1,752
Trade creditors and other current liabilities	39,633	38,037	36,548
TOTAL CURRENT LIABILITIES	78,332	52,301	59,867
TOTAL CAPITAL AND RESERVES, AND LI- ABILITIES	187,040	142,479	153,914

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-9/08	IFRS 1-9/07	IFRS 1-12/07
BUSINESS OPERATIONS:			
Profit for the period	10,680	17,269	26,477
Adjustments:			
Financial income and expenses	2,078	860	1,698
Share of the result of associated companies	-51	-981	-1,002
Depreciation and amortisation	3,700	3,164	4 270
Income taxes	6,271	7,022	9 897
Other adjustments	-1,686	-55	-717
Cash flow before change in working capital	20 991	27,279	40,623
Change in working capital:			
Change in current non-interest-bearing receivables			
	-904	-6,633	-13,091
Change in inventories			
	-36,489	-9,108	-7,020
Change in current non-interest-bearing creditors			
	2,746	9,816	8,220
Change in provisions for liabilities and charges			
	955	574	824
Interest received			
	113	126	298
Interest paid			
	-1,596	-1,136	-1,463
Other financial items			
	-327	72	-505
Income taxes paid			
	-6,601	-6,465	-8,886
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	-21,114	14,525	19,001
INVESTMENTS			
Investments in tangible and intangible assets			
	-6,475	-4,301	-6,565
Investments in other assets			
	0	0	0
Repayment of loan receivables			
	27	13	-14
Dividends received			
	0	3	178
CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	-6,448	-4,286	-6,401
FINANCING			
Withdrawal/Repayment of current loans			
	15,743	1,360	8,855
Change in current interest-bearing liabilities			
	-13	26	-93
Withdrawal/Repayment of non-current loans			
	17,988	-279	-5,735
Payment of finance lease liabilities			
	-424	-497	-116
Change in non-current receivables			
	-6	44	-239
Dividends paid			
	-13,976	-11,200	-11,200
NET CASH OUTFLOW FROM FINANCING (C)	19,312	-10,545	-8,529
Change in liquid assets (A+B+C)	-8,249	-306	4,071

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Liquid assets on 1 Jan	12,633	8,562	8,562
Liquid assets on 30 Sept / 31 Dec	4,384	8,256	12,633

RECONCILIATION OF CAPITAL AND RESERVES (EUR 1,000)

A = Share Capital

B = Share premium and other reserves

C = Translation differences

D = Own shares

E = Retained earnings

F = Total capital and reserves

CAPITAL AND RESERVES OWNED BY PARENT
COMPANY SHAREHOLDERS

	A	B	C	D	E	F
CAPITAL AND RESERVES 1 JAN 2008	7,000	20	-943	0	70,455	76,532
Translation differences	0	0	-31	-665	710	14
NET INCOME RECOGNISED DIRECTLY IN EQUITY	0	0	-31	-665	710	14
Net profit for the pe- riod	0	0			10,680	10,680
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-31	-665	11,390	10,694
Dividend distribution	0	0			-13,976	-13,976
CAPITAL AND RESERVES 30 SEPT 2008	7,000	20	-974	-665	67,869	73,250
CAPITAL AND RESERVES 1 JAN 2007	7,000	20	-750	0	54,887	61,157
Translation differences	0	0	-185	0	136	-49
NET INCOME RECOGNISED DIRECTLY IN EQUITY	0	0	-185	0	136	-49
Net profit for the pe- riod	0	0	0		17,269	17,269
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-185	0	17,405	17,220
Dividend distribution	0	0			-11,200	-11,200
CAPITAL AND RESERVES 30 SEPT 2007	7,000	20	-935	0	61,092	67,177
				30.9.08	30.9.07	31.12.07
1. LEASING COMMITMENTS (EUR 1,000)				5,453	2,251	2,519
2. CONTINGENT LIABILITIES (EUR 1,000)				30.9.08	30.9.07	31.12.07
Guarantees given on behalf of others				1,349	1,355	1,285
Repurchase commitments				4,604	2,145	1,802
Other commitments				574	1,212	1,059
TOTAL				6,527	4,712	4,146
3. PROVISIONS (EUR 1,000)				Guarantee provision		

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1.1.2008	4,341
Increase	1,325
Used provisions	-370
30.9.2008	5,296

KEY FIGURES AND RATIOS	30.9.08	30.9.07	31.12.07
R&D expenditure, MEUR	5.2	3.9	5.7
Capital expenditure, MEUR	6,5	4.3	6.6
as % of turnover	3.0	2.0	2.1
Average number of employees	1,048	858	876
Order books, MEUR	61.0	80.7	110.1
Equity ratio, %	39.4	47.5	50.3
Diluted and basic earnings per share, EUR	0,38	0.62	0.95
Equity per share, EUR	2.62	2.40	2.73

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, %:

Shareholders' equity + minority interest

Balance sheet total - advance payments received * 100

Earnings per share:

Profit 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	1-9/08	1-9/07	1-12/07
Ponsse Group	167.2	235.7	361.2

This interim report has been prepared in accordance with the IFRS recognition and measurement principles; however, it does not comply with all of the requirements of IAS 34.

The accounting policies for the interim report are compatible with those for the financial statements prepared on 31 December 2007.

The above figures have not been audited.



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

Vieremä 28 October 2008

Juho Nummela
President and CEO

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CFO

FURTHER INFORMATION

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