PONSSE PLC STOCK EXCHANGE RELEASE 21 APRIL 2009 AT 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2009

- Net sales amounted to EUR 37.5 (75.8) million.

- Operating result was EUR -8.7 (9.1) million, equalling -23.1 (12.0) per cent of net sales.

- Result before taxes was EUR -9.0 (8.1) million.

- Earnings per share were EUR -0.34 (0.21).

- Equity ratio was 47.5 (50.9) per cent.

- Order books stood at EUR 32.9 (100.5) million.

PRESIDENT AND CEO JUHO NUMMELA:

Problems in the real economy persisted during the first quarter. The demand for forest machines was exceptionally weak all over the world. We went into 2009 with lean order books, and as the order intake was weak during the period the order books became even more meagre.

The number of manufactured new machines fell by 74% from the comparable period. The net sales of the Group decreased by 50% during the first quarter. The biggest decline in sales took place in the sales of new machines and in the information system business.

The second round of employer-employee negotiations was completed during the past quarter. As a result, 158 jobs were lost in the Finnish organisation, and full-scale temporary lay-offs were negotiated for the entire personnel. Temporary lay-offs have continued throughout the period under review. Of different personnel categories, only R&D, sales and maintenance have worked at full capacity during the first quarter.

These adaptation measures will only have their effect on operating expenses during the second half of the year. The cost savings achieved during the first quarter are attributable to extensive temporary lay-offs and the strict control of other operating expenses.

During the period under review, we issued a hybrid loan of EUR 19 million to increase the company’s equity. The investments in enhancing the efficiency of working capital are evidenced by an improved cash flow from business operations compared with the comparable period.

The R&D organisation and R&D projects were re-organised early in the year. A high priority was given to bio-energy applications, and resources were invested in the rapid throughput and co-operation between different organisations in R&D projects. New products and improvements to existing product families will be presented in June at the Elmia Fair organised in Sweden.

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Business ID: 0934209-0, Registered Office: Vieremä, Finland

NET SALES

Consolidated net sales amounted to EUR 37.5 (75.8) million, which is 50 per cent less than in the comparable period. International business operations accounted for 62.2 (64.3) per cent of total net sales.

Net sales were accumulated per region as follows: Nordic countries 55.8 (50.6) per cent, the rest of Europe 20.5 (31.7) per cent, North and South America 20.7 (15.2) per cent, and other countries 3.0 (2.5) per cent.

The effects of the global recession were strongly reflected in the demand for the company's products and services. The invoicing and delivery volumes of new machines were significantly lower than in the previous year for most market areas.

PROFIT PERFORMANCE

Operating result was EUR -8.7 (9.1) million. Operating result equalled -23.1 (12.0) per cent of net sales in the period under review. Return on capital employed (ROCE) stood at -22.9 (30.5) per cent.

Staff costs for the period under review totalled EUR 8.9 (11.5) million, and other operating expenses EUR 5.7 (7.5) million. The net total of financial income and expenses was EUR -0.3 (-1.1) million. The exchange rate gains and losses due to currency rate fluctuations were recognised under financial items. The loss for the financial period amounted to EUR -9.4 (5.8) million. Diluted and undiluted earnings per share (EPS) were EUR -0.34 (0.21). 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 162.4 (162.9) million. Inventories stood at EUR 84.2 (78.4) million. Trade receivables totalled EUR 17.2 (31.3) million and liquid assets stood at EUR 7.3 (5.3) million. Group equity stood at EUR 76.8 (82.2) million and Parent Company equity at EUR 75.7 (75.9) million. The amount of interest-bearing liabilities was EUR 55.2 (31.7) million. The parent company's net receivables from other Group companies stood at EUR 52.1 (42.4) 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 47.3 (24.8) million, and the debt-equity ratio (gearing) was 71.9 (38.5) per cent. The equity ratio stood at 47.5 (50.9) per cent at the end of the period under review.

Cash flow from business operations amounted to EUR -1.8 (-3.8) million. Cash flow from investment activities amounted to EUR -0.3 (-1.3) 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.

During the period under review, Ponsse Plc issued an equity-based loan of EUR 19 million (a so-called hybrid loan), aimed at Finnish investors. The loan will strengthen the Group's capital structure. The loan has a coupon rate of interest of 12.0 per cent per annum. The loan has no maturity date, but the company is entitled to redeem it after four years. The loan is treated as equity in the consolidated financial statements prepared in accordance with IFRS. The arrangement will not dilute the holdings of the company's shareholders.

A hybrid loan is an equity-based bond that takes a lower precedence than the company's other liabilities. However, it has a higher priority than other items included in the company's equity. The holders of hybrid loan bonds do not have the rights of shareholders.

ORDER INTAKE AND ORDER BOOKS

The order intake for the period totalled EUR 29.0 (66.2) million, while period-end order books were valued at EUR 32.9 (100.5) million. The order books included the dealers' minimum purchase commitments, based on previous practice.

DISTRIBUTION NETWORK

No material 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.

CAPITAL EXPENDITURE AND R&D

The Group's R&D expenses totalled EUR 1.4 million (EUR 1.6 million) during the period under review. The amount of R&D expenses capitalised during the period was EUR 168 thousand (EUR 214 thousand).

Capital expenditure totalled EUR 0.3 million (EUR 1.3 million). It mainly consisted of normal maintenance and replacement investments in plant and machinery.

MANAGEMENT

The Group's Communication Director, Master of Forestry Jari Mononen, M.Sc. (Agr. & For.) and the Director for Strategy and Customer Cooperation Hannu Kivelä, M.Sc. (Agr. & For.) left the company during the period under review.

Jerry Wannberg, M.Sc. (Tech.) was appointed CEO of Ponsse AB from 15 June 2009.

PERSONNEL

The Group had an average staff of 943 (992) during the period and employed 916 (1020) people at period-end.

The employer-employee negotiations initiated in December 2008 ended on 3 February 2009. As a result of the negotiations, the number of Parent Company employees will decrease by 158 compared to the January 2009 figure of approximately 650. In addition to the redundancies effected during February, the negotiations resulted in a decision to have temporary lay-offs of fixed duration for all personnel groups and temporary lay-offs lasting until further notice for 29 persons. The lay-offs will take place during 2009, and their extent will be dictated by the situation prevailing at the time. The people who were made redundant have no obligation to work during their periods of notice. The payroll costs, including social security contributions, for the periods of notice will amount to approximately EUR 1.3 million during the period 1 April - 31 December 2009, most of which will be incurred during the latter half of the year.

The employer-employee negotiations held at Epec Oy, a fully-owned subsidiary of Ponsse Plc, ended on 20 February 2009. The negotiations resulted in a decision to adapt the operations to the changed market situation. The methods of adaptation include arrangements regarding holiday bonuses and temporary lay-offs of fixed duration. The lay-offs will start on 1 August 2009 at the earliest, and they will all be implemented by 31 December 2009.

SHARE PERFORMANCE

The trading volume of Ponsse Plc shares for 1 January - 31 March 2009 totalled 970,864, accounting for 3.5 per cent of the total number of shares. Share turnover came to EUR 4.0 million, and the period's lowest and highest share prices were EUR 3.30 and EUR 5.24, respectively.

At the end of the period, the share price stood at EUR 3.34 and market capitalisation totalled EUR 93.5 million.

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

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.

PONSSE

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The sales of information and control systems are closely linked to economic developments and to the global demand for heavy 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 and currency-denominated credits are used to minimise the negative effect of changes in exchange rates. The financial unrest increases the uncertainties related to sales 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

Estimates regarding the normalisation of the economy are uncertain. The recovery of forest machine markets will depend on the recovery of demand for forestry industry products and wood demand as well as of the stabilisation of financial markets. The company’s business has low predictability.

The cost-cutting measures implemented by the company will take effect during the latter half of 2009. Manufacturing capacity will be adjusted to demand by using temporary lay-offs. The company continues to invest in R&D and sales.

Net sales for the first six months will be lower than in the comparable period in the previous year, and the company will make an operating loss. Net sales for the whole year are also expected to be lower than in the previous year, resulting in an operating loss.

PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS 1-3/09	IFRS 1-3/08	IFRS 1-12/08
NET SALES	37,539	75,779	293,015
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-1 852	6,447	7,885
Other operating income	303	428	2,608
Raw materials and services	-28,718	-53,323	-203,082
Expenditure on employment-related benefits	-8 944	-11,514	-48,175
Depreciation and amortisation	-1,323	-1,185	-5,037
Other operating expenses	-5,678	-7,541	-33,586
OPERATING RESULT	-8,673	9,091	13,628
Share of results of associated companies	-48	76	91
Financial income and expenses	-258	-1,058	-7,462
RESULT BEFORE TAXES	-8 979	8,109	6,258
Income taxes	-410	-2,303	-1,907
NET RESULT FOR THE PERIOD	-9,389	5,807	4,351
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE INCOME:			
Translation differences associated with a foreign unit	102	540	871
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-9,287	6,347	5,222
Diluted and undiluted earnings per share	-0.34	0.21	0.16

CONSOLIDATED BALANCE SHEET (EUR 1,000)

	IFRS	IFRS	IFRS
ASSETS	31.3.09	31.3.08	31.12.08
NON-CURRENT ASSETS			
Intangible assets	6,108	4,517	6,123
Goodwill	3,454	3,723	3,683
Property, plant and equipment	26,726	25,819	27,558
Financial assets	109	103	109
Holdings in associated companies	1,671	1,874	1,889
Non-current receivables	1,910	378	1,820
Deferred tax assets	2,903	1,933	3,121
TOTAL NON-CURRENT ASSETS	42,882	38,347	44,303
CURRENT ASSETS			
Inventories	84,180	78,418	88,308
Trade receivables	17,202	31,348	22,155
Income tax receivables	4,358	525	5,023
Other current receivables	6,450	8,991	6,916
Liquid assets	7,321	5,311	8,095
TOTAL CURRENT ASSETS	119,512	124,593	130,497
TOTAL ASSETS	162,394	162,941	174,800
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	18,354	-645	-646
Translation differences	-1,042	-1,215	-1,725
Retained earnings	52,517	77,074	62,484
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	76,830	82,214	67,113
Minority interest	0	0	0
TOTAL EQUITY	76,830	82,214	67,113
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	26,321	19,528	26,140
Deferred tax liabilities	530	737	556
Other non-current liabilities	857	30	861
TOTAL NON-CURRENT LIABILITIES	27,708	20,295	27,556
CURRENT LIABILITIES			
Interest-bearing liabilities	28,904	12,147	46,769
Provisions	6,396	4,407	6,058
Tax liabilities for the period	29	813	76
Trade creditors and other current liabilities	22,527	43,065	27,228
TOTAL CURRENT LIABILITIES	57,856	60,431	80,131
TOTAL EQUITY AND LIABILITIES	162,394	162,941	174,800

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-3/09	IFRS 1-3/08	IFRS 1-12/08
BUSINESS OPERATIONS:			
Net result for the period	-9,389	5,807	4,351
Adjustments:			
Financial income and expenses	258	1,058	7,462
Share of the results of associated companies	48	-76	-91
Depreciation and amortisation	1,323	1,185	5,037
Income taxes	205	2,617	2,378
Other adjustments	512	410	-1,827
Cash flow before change in working capital	-7,043	11,000	17,308
Change in working capital:			
Change in current non-interest-bearing receivables	5,394	-3,903	7,086
Change in inventories	4,127	-12,783	-22,673
Change in current non-interest-bearing creditors	-4,567	5,279	-9,718
Change in provisions for liabilities and charges	338	66	1,717
Interest received	39	57	281
Interest paid	-874	-479	-2,450
Other financial items	417	-702	-4,966
Income taxes paid	413	-2,360	-7,355
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	-1,756	-3,825	-20,770
INVESTMENTS			
Investments in tangible and intangible assets	-264	-1,313	-8,509
Investments in other assets	0	27	27
Repayment of loan receivables	0	0	0
Dividends received	0	0	0
CASH OUTFLOW FROM INVESTMENT ACTIVITIES (B)	-264	-1,286	-8,481
FINANCING			
Hybrid loan	19,000	0	0
Withdrawal/Repayment of non-current loans	-17,731	-4,931	29,422
Change in current interest-bearing liabilities	25	31	309
Withdrawal/Repayment of non-current loans	178	2,811	10,253
Payment of finance lease liabilities	-134	-147	122
Change in non-current receivables	-90	25	-1,417
Dividends paid	0	0	-13,976
NET CASH OUTFLOW FROM FINANCING (C)	1,247	-2,211	24,713
Change in liquid assets (A+B+C)	-774	-7,321	-4,538
Liquid assets on 1 Jan	8,095	12,633	12,633
Liquid assets on 30 Mar / 31 Dec	7,321	5,311	8,095

RECONCILIATION OF CHANGES IN EQUITY (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

	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 company's own shares						
Other changes		19,000				19,000
Total comprehensive income for the period			102		-9,389	-9,287
EQUITY 31 MAR 2009	7,000	19,020	30	-665	51,441	76,826
EQUITY 1 JAN 2008	7,000	20	-943	0	70,455	76,532
Dividend distribution						
Purchase of the company's own shares				-665		-665
Other changes						
Total comprehensive income for the period			540		5,807	6,347
EQUITY 31 MAR 2008	7,000	20	-403	-665	76,262	82,214

	31.3.09	31.3.08	31.12.08
1. LEASING COMMITMENTS (EUR 1,000)	4,993	2,407	5,903

2. CONTINGENT LIABILITIES (EUR 1,000)	31.3.09	31.3.08	31.12.08
Guarantees given on behalf of others	1,038	1,562	1,090
Repurchase commitments	4,749	3,278	4,049
Other commitments	2,025	1,416	1,443
TOTAL	7,812	6,256	6,582

3. PROVISIONS (EUR 1,000)	Guarantee provision
1.1.2009	6,058
Increase	502
Used provisions	-164
31.3.2009	6,396

KEY FIGURES AND RATIOS	31.3.09	31.3.08	31.12.08
R&D expenditure, MEUR	1.4	1.6	7.6
Capital expenditure, MEUR	0.3	1.3	8.5
as % of turnover	0.7	1.7	2.9
Average number of employees	943	992	1,044
Order books, MEUR	32.9	100.5	41.5
Equity ratio, %	47.5	50.9	38.4
Diluted and undiluted earnings per share, EUR	-0.34	0.21	0.16
Equity per share, EUR	2.74	2.94	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
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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	1-3/09	1-3/08	1-12/08
Ponsse Group	29.0	66.2	224.4

The 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. 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 21 April 2009

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