

PONSSE PLC STOCK EXCHANGE RELEASE 10 AUGUST 2010 AT 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY - 30 JUNE 2010

- Net sales were EUR 117.1 (H1/2009 EUR 70.0) million.
- Q2 net sales were EUR 65.9 (Q2/2009 32.5) million.
- Operating result was EUR 9.8 (H1/2009 -12.7) million, equalling 8.4 (-18.1) per cent of net sales.
- Q2 operating result was EUR 7.0 (Q2/2009 -4.0) million.
- Profit before taxes was EUR 14.9 (H1/2009 -12.7) million.
- Cash flow from business operations was positive, EUR 9.8 (H1/2009 0.4) million.
- Earnings per share were EUR 0.59 (H1/2009 -0.52).
- Equity ratio was 45.0 (47.2) per cent.
- Order books stood at EUR 50.0 (12.9) million.

PRESIDENT AND CEO JUHO NUMMELA:

The demand for forest machines improved during the second quarter of 2010. At the end of the period, the company's order books stood at EUR 50 million. The order intake has picked up in all market areas.

The company's net sales increased by 103 per cent during the past quarter from the comparison period to EUR 65.9 (32.5) million. During the first six months, net sales increased by 67 per cent. The net sales of services and information system businesses showed strong growth.

Operating result for the second quarter was EUR 7.0 (-4.0) million, and for the first six months it was EUR 9.8 (-12.7) million. Operating costs (staff costs, depreciations and other operating expenses) were well under control during the period, increasing only by 5 per cent.

Cash flow from business operations during the period under review was positive by EUR 9.8 (0.4) million. The increase in working capital is mainly created by an increase in short-term trade receivables towards the end of the period. The company's spare parts inventory has remained unchanged, and the operation for halving the value of factory inventory has succeeded so that there was no need to significantly increase its value in spite of the increased volumes.

The utilisation of capacity has been systematically increased during the period, and temporary layoffs have ended throughout the Group. The assembly line at the company's Vieremä factory still operated in one shift during the period, which shows that the company is capable of increasing its capacity in the long term. During the second quarter, the company started moderate recruits again in order to support the increase in production capacity.

NET SALES

Consolidated net sales for the period under review amounted to EUR 117.1 (70.0) million, i.e., 67 per cent more than in the comparison period. International business operations accounted for 69.4 (68.4) per cent of total net sales. Net sales were regionally divided as follows: Nordic countries, 49.1 (51.2) per cent; the rest of Europe, 29.4 (26.7) per cent; North and South America, 19.7 (19.3) per cent; and other countries, 1.9 (2.8) per cent.

PROFIT PERFORMANCE

Operating result was EUR 9.8 (-12.7) million. Operating result equalled 8.4 (-18.1) per cent of net sales in the period under review. Return on capital employed (ROCE) stood at 27.5 (-16.7) per cent.

Staff costs for the period under review totalled EUR -18.3 (17.7) million, and other operating expenses EUR -12.3 (10.9) million. The net total of financial income and expenses was EUR 5.2 (0.1) million. Exchange rate gains and losses due to currency rate fluctuations were recognised under financial items, and their net impact during the period under review totalled EUR 5.7 (1.4) million. Due to the fact that the company's claim for rectification regarding income taxation was approved, the taxes for the period were EUR 1.7 (-1.8) million. Result for the period totalled EUR 16.5 (-14.4) million. Diluted and undiluted earnings per share (EPS) were EUR 0.59 (-0.52).

STATEMENT OF FINANCIAL POSITION AND FINANCING ACTIVITIES

At the end of the period under review, the consolidated balance sheet total amounted to EUR 158.8 (152.0) million. Inventories stood at EUR 73.6 (79.6) million. Trade receivables totalled EUR 31.0 (17.2) million and liquid assets stood at EUR 7.5 (8.8) million. Group equity stood at EUR 71.0 (71.6) million and parent company equity at EUR 54.1 (73.7) million. The equity includes a hybrid loan of EUR 19 million issued on 31 March 2009. The interest paid for the hybrid loan, EUR 2.3 million, was entered as a reduction of Group equity. The amount of interest-bearing liabilities was EUR 45.8 (55.2) million. Of the company's credit limits, 20 per cent is being used. The parent company's net receivables from other Group companies stood at EUR 68.5 (57.7) million. The parent company's receivables from subsidiaries mainly consist of trade receivables. Consolidated net liabilities totalled EUR 37.3 (45.9) million, and the debt-equity ratio (gearing) was 64.5 (77.1) per cent. The equity ratio stood at 45.0 (47.2) per cent at the end of the period under review.

Cash flow from business operations amounted to EUR 9.8 (0.4) million. Cash flow from investing activities amounted to EUR -1.1 (-0.8) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 147.4 (59.5) million and the period-end order books stood at EUR 50.0 (12.9) million. The order books do not include the dealers' minimum purchase commitments. The figures for the comparison period have been adjusted in this respect.

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 (2.6) million during the period under review. The amount of R&D expenses capitalised during the period was EUR 757 (642) thousand.

Capital expenditure totalled EUR 1.1 (0.8) million. It mainly consisted of normal maintenance and replacement investments in plant and machinery.

MANAGEMENT

During the period, on 3 May 2010, Tapio Mertanen, MTD, began as a Service Director when the previous Service Director Juhani Mäkynen left the company. Mertanen reports to Sales and Marketing Director Jarmo Vidgrén.

PERSONNEL

The Group had an average staff of 796 (911) during the period and it employed 828 (864) people at period-end.

SHARE PERFORMANCE

The company's registered share capital consists of 28,000,000 shares. The trading volume of Ponsse Plc shares for 1 January - 30 June 2010 totalled 1,868,393 shares, accounting for 6.7 per cent of the total number of shares. Share net sales came to EUR 15.0 million, with the period's lowest and highest share prices being EUR 6.63 and EUR 9.42, respectively.

At the end of the period, the share price stood at EUR 8.19 and market capitalisation was EUR 229.3 million.

At the end of the period under review, the company held 105,939 treasury shares.

ANNUAL GENERAL MEETING

A separate release was issued on 31 March 2010 regarding the authorisations given and resolutions made by the AGM.

A resolution was made to distribute a dividend of EUR 0.15 per share to shareholders for the financial period that ended on 31 December 2009, amounting

to a total of EUR 4.2 million. The record date was 7 April 2010 and the dividend payment date was 14 April 2010.

GOVERNANCE

The company's decision-making and administrative processes comply with the Finnish Companies Act, other regulations governing listed companies and the Ponsse Plc Articles of Association. The Board of the Company has ratified the code of governance complying with the Corporate Governance procedure for Finnish listed companies approved by the Board of the Securities Market Association in 2008. The code aims to ensure that the company is competently managed and that business procedures and practices of a high ethical and professional standard are used.

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

SHORT-TERM RISKS AND THEIR MANAGEMENT

As more capacity is utilised, risks to part and component availability may increase. The availability of certain types of components has become more challenging, and there are price pressures in raw materials. Ponsse aims to manage these risks through partnership cooperation. The financial standing of suppliers is regularly monitored. Ponsse surveys new alternative suppliers in order to mitigate any risks related to availability and prices.

The parent company will monitor the changes in asset values of Group receivables and the associated risk of impairment.

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. The Group's most important bank loan covenant is its equity ratio. The covenant terms and conditions were met at the end of the period. 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 reduce the negative effect of changes in exchange rates.

Any changes in tax and customs legislation in countries to which Ponsse exports may pose further challenges to its export trade or its profitability.

OUTLOOK FOR THE FUTURE

The forest machine markets will continue to improve more than expected in the course of 2010 when compared to the previous year. The positive signals concerning an increase in wood demand and thus improved job opportunities for our customers promote the positive development of the business. The net sales of services and information system businesses are expected to remain strong.

The factory capacity will be further increased during the latter half of the year to meet the demands of the growing order intake. Temporary layoffs have been discontinued, and there will be moderate increases in the number of employees as the capacity is being increased. During the latter half of the

year, the factory will start working in two shifts as the capacity is increased.

Net sales for 2010 will significantly increase from the previous year. The operating result and cash flow from business operations will be clearly positive.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 4-6/10	IFRS 4-6/09	IFRS 1-6/10	IFRS 1-6/09
NET SALES	65,854	32,479	117,114	70,018
Increase (+)/decrease (-) in inventories of finished goods and work in progress	2,047	-1,792	4,364	-3,644
Other operating income	355	603	501	906
Raw materials and services	-43,617	-19,978	-79,042	-48,696
Expenditure on employment-related benefits	-9,858	-8,772	-18,310	-17,716
Depreciation and amortisation	-1,268	-1,309	-2,528	-2,632
Other operating expenses	-6,473	-5,221	-12,290	-10,898
OPERATING RESULT	7,039	-3,989	9,809	-12,662
Share of results of associated companies	-21	-36	-101	-84
Financial income and expenses	3,020	351	5,160	93
RESULT BEFORE TAXES	10,038	-3,674	14,868	-12,653
Income taxes	190	-1,385	1,661	-1,795
NET RESULT FOR THE PERIOD	10,228	-5,059	16,530	-14,448
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE INCOME:				
Translation differences associated with a foreign unit	-783	-756	-1,344	-654
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,445	-5,815	15,186	-15,102
Diluted and undiluted earnings per share	0.37	-0.18	0.59	-0.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	IFRS 30.6.10	IFRS 31.12.09
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	6,110	5,287
Goodwill	3,440	3,440
Property, plant and equipment	23,705	25,374
Financial assets	111	110
Holdings in associated companies	1,519	1,790
Non-current receivables	4,298	3,299
Deferred tax assets	1,903	1,255
TOTAL NON-CURRENT ASSETS	41,086	40,555
CURRENT ASSETS		
Inventories	73,573	67,920
Trade receivables	30,975	21,409
Income tax receivables	886	243
Other current receivables	4,803	3,508
Liquid assets	7,515	10,626
TOTAL CURRENT ASSETS	117,753	103,707
TOTAL ASSETS	158,839	144,262
SHAREHOLDERS' EQUITY AND LIABILITIES		
EQUITY		
Share capital	7,000	7,000
Share premium and other reserves	19,030	19,030
Translation differences	-1,472	-128
Treasury shares	-1,130	-665
Retained earnings	47,575	36,375
EQUITY OWNED		
BY PARENT COMPANY SHAREHOLDERS	71,003	61,612
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	24,174	23,973
Deferred tax liabilities	447	464
Other non-current liabilities	479	590
TOTAL NON-CURRENT LIABILITIES	25,100	25,026
CURRENT LIABILITIES		
Interest-bearing liabilities	21,617	27,939
Provisions	4,341	4,935
Tax liabilities for the period	251	37
Trade creditors and other current liabilities	36,526	24,713
TOTAL CURRENT LIABILITIES	62,735	57,624
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	158,839	144,262

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-6/10	IFRS 1-6/09
BUSINESS OPERATIONS:		
Net profit for the period	16,530	-14,448
Adjustments:		
Financial income and expenses	-5,160	-93
Share of the result of associated companies	101	84
Depreciation and amortisation	2,528	2,632
Income taxes	-719	124
Other adjustments	-2,878	2,032
Cash flow before change in working capital	10,401	-9,669
Change in working capital:		
Change in non-interest-bearing receivables	-11,604	6,664
Change in inventories	-5,653	8,739
Change in non-interest-bearing liabilities	11,819	-8,712
Change in provisions for liabilities and charges	-594	-396
Interest received	197	63
Interest paid	-695	-1,369
Other financial items	5,619	1,171
Income taxes paid	291	3,948
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	9,781	438
INVESTMENTS		
Investments in tangible and intangible assets	-1,076	-845
Investments in other assets	0	0
Repayment of loan receivables	0	0
Dividends received	0	0
CASH OUTFLOW FROM INVESTMENT ACTIVITIES (B)	-1,076	-845
FINANCING		
Hybrid loan	0	19,000
Interest paid, hybrid loan	-1,137	0
Withdrawal/Repayment of current loans	-5,985	-23,651
Change in current interest-bearing receivables	29	54
Withdrawal/Repayment of non-current loans	91	6,237
Payment of finance lease liabilities	-337	-294
Change in non-current receivables	-285	-206
Dividends paid	-4,193	0
NET CASH OUTFLOW FROM FINANCING (C)	-11,816	1,139
Change in liquid assets (A+B+C)	-3,111	732
Liquid assets on 1 Jan	10,626	8,095

Liquid assets on 30 June

7,515

8,827

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR 1,000)

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

	EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS					
	A	B	C	D	E	F
EQUITY 1 JAN 2010	7,000	19,030	-128	-665	36,375	61,612
Direct posting to retained earnings *)					-1,137	-1,137
Dividend distribution					-4,193	-4,193
Purchase of the treasury shares				-465		-465
Other changes						
Total comprehensive income for the period			-1,344		16,530	15,186
EQUITY 30 JUN 2010	7,000	19,030	-1,472	-1,130	47,575	71,003
EQUITY 1 JAN 2009	7,000	20	-72	-665	60,830	67,113
Direct posting to retained earnings *)						
Dividend distribution						
Purchase of the treasury shares						
Other changes		19,600				19,600
Total comprehensive income for the period			-654		-14,448	-15,102
EQUITY 30 JUN 2009	7,000	19,620	-726	-665	46,382	71,611

*) Consists of interest paid for the hybrid loan classified as equity.

SEGMENT INFORMATION (EUR 1,000)

GEOGRAPHIC SEGMENTS

1-6/10

	Nordic countries	Rest of Europe	North and South America	Elimination	TOTAL
External sales	57,456	34,413	23,050		114,919
Unallocated sales					2,195
NET SALES	57,456	34,413	23,050		117,114
Operating result of the segment	4,638	5,346	1,303		11,287
Unallocated items					-1,478
OPERATING RESULT	4,638	5,346	1,303		9,809

GEOGRAPHIC SEGMENTS

1-6/09

	Nordic countries	Rest of Europe	North and South America	Elimination	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	
			30.6.10	30.6.09	31.12.09
1. LEASING COMMITMENTS (EUR 1,000)			5,680	4,680	6,176
2. CONTINGENT LIABILITIES (EUR 1,000)			30.6.10	30.6.09	31.12.09
Guarantees given on behalf of others			680	985	951
Repurchase commitments			3,093	4,429	4,111
Other commitments			2,186	1,990	2,080
TOTAL			5,959	7,404	7,142
3. PROVISIONS (EUR 1,000)				Guarantee provision	
1 Jan				4,935	
Increase				380	
Used provisions				-974	
30 June				4,341	
4. DIVIDENDS PAID (EUR 1,000)			30.6.10	30.6.09	
Dividend per share EUR 0.15 (EUR 0)			4,193	0	
5. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)				1-6/10	1-6/09
Increase				1,028	1,080
Decrease				-845	-280
TOTAL				184	800
6. RELATED PARTY TRANSACTIONS			1-6/10	1-6/09	
Management's employment related benefits (EUR 1,000)					
Salaries and other short-term employment-related benefits			831	695	
Board of Directors' emoluments			122	113	
KEY FIGURES AND RATIOS			30.6.10	30.6.09	31.12.09
R&D expenditure, MEUR			2.6	2.6	4.9
Capital expenditure, MEUR			1.1	0.8	2.0
as % of net sales			0.9	1.2	1.4
Average number of employees			796	911	858
Order books, MEUR			50.0	12.9	20.3
Equity ratio, %			45.0	47.2	42.8
Diluted and undiluted earnings per share, EUR			0.59	-0.52	-0.72
Equity per share, EUR			2.54	2.56	2.20

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:

Shareholders' equity

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

ORDER INTAKE, MEUR	1-6/10	1-6/09	1-12/09
Ponsse Group	147.4	59.5	143.5

The interim report has been prepared in accordance with the IFRS recognition and measurement principles and it complies with all of the requirements of IAS 34. The same accounting principles were observed for the interim report as for the annual financial statements dated 31 December 2009, with the exception, however, that the following new standards, interpretations and amendments adopted by EU were introduced from 1 January 2010: IFRS 3 (revised) - Business Combinations; IAS 27 (revised) - Consolidated and Separate Financial Statements; IFRIC 12 - Service Concession Arrangements; IFRIC 15 - Agreements for the Construction of Real Estate; IFRIC 16 - Hedges of a Net Investment in a Foreign Operation; IFRIC 17 - Distributions of Non-cash Assets to Owners; IFRIC 18 - Transfers of Assets from Customers; IFRIC 9 and IAS 39 (amendment) - Reassessment of Embedded Derivatives in Conjunction with Reclassification; IAS 39 (amendment) - Eligible Hedged Items and IFRS 2 (amendment) - Share-Base Payments - Group Cash-settled Share-based Payment Arrangements. These new standards, interpretations and amendments have no impact on the Group's interim report.

In April 2009, IASB published improvements to 12 standards as part of its annual improvements programme. The Group has adopted the following most salient improvements from 1 January 2010: IFRS 8 (amendment) - Operating Segments; IAS 17 (amendment) - Leases and IAS 36 (amendment) - Impairment of Assets, but these improvements have no impact on the Group's interim report.

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's management and its current decisions and plans. Although the management believes that the future expectations are well founded, there is no certainty that these 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, 10 August 2010

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION

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DISTRIBUTION

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Ponsse Plc specialises in the sales, production, maintenance and technology of cut-to-length forest machines. Its operations are guided by a genuine interest in its customers and their business operations. The company develops and manufactures innovative harvesting solutions that follow the principles of sustainable development and are based on customer needs.

The company was established by forest machine entrepreneur Einari Vidgrén in 1970, and it has been a pioneer of timber harvesting solutions based on the cut-to-length method ever since. Ponsse is headquartered in Vieremä, Finland. The Company's shares are quoted on the NASDAQ OMX Nordic List. The Group operates in approximately 40 countries.