

PONSSE PLC STOCK EXCHANGE RELEASE 24 APRIL 2007, 1:00 P.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY - 31 MARCH 2007

- Turnover: EUR 78.4 million (EUR 52.3 million in Q1/2006)
- Operating profit: EUR 9.4 million (EUR 6.7 million)
- Operating profit accounted for 12.0 per cent of turnover (12.8 per cent)
- Earnings per share: EUR 0.23 (EUR 0.16)

Arto Tiitinen, President and CEO:

- The demand for forest machines developed positively in almost all our main market areas in the beginning of the year: our turnover grew by 50 per cent compared to the previous year. The demand for timber developed and forest machine utilisation rates were high. The demand for the environmentally friendly and timber-saving cut-to-length method forest machines is growing. The trade in used machines was also active.
- The global area organisation taken into use at the end of 2006 has proven to be functional: our sales power is stronger than previously and closeness to the customer is more prominent in our operations. At the end of March, our order books were at a higher level than in the previous year.
- Due to capital expenditures we are able to respond to our customers' needs quicker than previously. The Europe-wide road show tour of our new product models was launched during the period under review and we have met with thousands of customers on the tour.

TURNOVER

Ponsse's turnover increased during the period under review compared to the first quarter of the previous year. Turnover stood at EUR 78.4 million (EUR 52.3 million), showing growth of 49.9 per cent year on year.

PROFIT PERFORMANCE

Ponsse recorded an operating profit of EUR 9.4 million (EUR 6.7 million) for the period under review, representing 12.0 per cent of turnover (12.8 per cent). Return on capital employed (ROCE) stood at 40.6 per cent (33.9 per cent).

Staff costs for the period under review totalled EUR 10.1 million (EUR 9.2 million), and other operating expenses were EUR 6.9 million (EUR 5.1 million). Net financial expenses were EUR -0.4 million (EUR -0.4 million). Income and expenses resulting from currency risk hedging were included in the financial items. Profit for the period totalled EUR 6.5 million (EUR 4.6 million). Earnings per share (EPS) were EUR 0.23 (EUR 0.16).

BALANCE SHEET AND FINANCIAL POSITION

At the end of the period under review, the consolidated balance sheet total amounted to EUR 138.8 million (EUR 114.1 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. Trade receivables totalled EUR 26.3 million (EUR 17.4 million), and liquid assets stood at EUR

14.9 million (EUR 7.2 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 31.1 million (EUR 34.5 million). Net liabilities amounted to EUR 15.6 million (EUR 26.8 million). Equity ratio stood at 48.9 per cent (39.4 per cent) at the end of the period under review.

The improvement of operational result and the working capital reduction during the period under review improved the cash flow from consolidated business operations, which totalled EUR 8.1 million (EUR -1.7 million). Cash outflow from investing activities stood at EUR -1.9 million (EUR -2.2 million).

ORDER INTAKE AND ORDER BOOKS

The order intake for the period totalled EUR 77.6 million (EUR 52.9 million), while period-end order books were valued at EUR 58.1 million (EUR 55.4 million). The order books included dealers' minimum purchase commitments, based on previous practice.

SUBSIDIARIES

Ponsse Plc and Lako Oy, its fully-owned subsidiary, approved a merger plan during the period under review, according to which Lako Oy will merge with its parent company on 31 August 2007. The arrangement will simplify the Group structure and improve competitiveness.

CAPITAL EXPENDITURE AND R&D

Capital expenditure totalled EUR 1.9 million (EUR 2.2 million).

R&D expenses totalled EUR 1.2 million (EUR 0.8 million).

PERSONNEL

The Group had an average staff of 826 (781) during the period and employed 829 (779) people at the end of the period. The number of personnel was particularly increased by the increase in the demand for maintenance services and the expansion of the business operations of the new foreign subsidiaries and Epec Oy.

ANNUAL GENERAL MEETING AND ADMINISTRATION

The Annual General Meeting was held on 12 April 2007. A decision was made to pay a dividend of EUR 0.40 per share, totalling EUR 11.2 million. The dividends will be paid on 24 April 2007.

Maarit Aarni-Sirviö, Nils Hagman, Ilkka Kylävainio, Seppo Remes, Einari Vidgrén and Juha Vidgrén were elected Board members. The term of office of those elected will last until the end of the next Annual General Meeting.

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

The Board of Directors held its constituent meeting on 23 April 2007, electing Einari Vidgrén Chairman of the Board and Juha Vidgrén Vice Chairman.

SHARE PERFORMANCE

The trading volume of Ponsse Oyj shares between 1 January - 31 March 2007 was 823,985, accounting for 2.9 per cent of the total number of shares. Share

turnover came to EUR 10.9 million, with the period's lowest and highest share price amounting to EUR 11.27 and EUR 14.10, respectively.

At the end of the period under preview, the share closed at EUR 13.00 and the market capitalisation totalled EUR 364.0 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

General economic fluctuations affect the company's product demand and its economic position. The effect of cyclical fluctuations is partly balanced by the location of the company's business operations in a number of different areas.

The availability of raw materials and components and risks related to the operation of the subcontractor and supplier network are significant from the company's point of view. To enhance the management of these risks, the company continues the supplier network development programme initiated in 2005. One of the programme's aims is that strategically important suppliers will be located in the immediate vicinity of the company's Vieremä factory. In addition, the aim is to manage risks related to components by manufacturing a number of key components by ourselves. Raw material and component suppliers' possible delivery problems may increase the prices of raw materials used in the company's products and lengthen their delivery times. The company has improved the management of these risks by making the terms and conditions of supplier contracts more specific. Changes to the customs legislation of export countries may increase costs related to the export of the company's products.

OUTLOOK FOR THE FUTURE

The company estimates that the demand for forest industry products will develop positively in most main markets during the current year. The global mechanisation rate of wood harvesting is also estimated to increase with the increase in the utilisation rate of the cut-to-length method. The harvesting volumes of forest energy and small wood will increase globally. This is estimated to increase the demand for the company's current products.

The expanded product range creates the preconditions for delivering more comprehensive solutions for the needs of forest companies and wood harvesting companies than at present. The company continues to develop its maintenance service and distribution network. This creates the preconditions for profitable growth of business operations. The rapid growth of the machine base increased the company's maintenance service operations.

The company estimates that the good demand and order books create a sound basis for positive development.

PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS	IFRS	IFRS
	1-3/07	1-3/06	1-12/06
TURNOVER	78,415	52,294	238,642
Increase (+)/decrease (-) in stocks of finished goods and work in progress	1,671	4,690	5,774
Other operating income	277	542	2,132
Raw materials and services	-52,877	-35,489	-150,621
Expenditure on employment related benefits	-10,123	-9,177	-37,612
Depreciation	-1,035	-1,051	-4,256
Other operating expenses	-6,885	-5,123	-24,469
OPERATING PROFIT	9,442	6,686	29,590
Share of results of associated companies	291	101	441
Financial income and expenses	-438	-431	-1,525
PROFIT BEFORE TAXES	9,295	6,356	28,505
Income taxes	-2,777	-1,750	-7,463
Minority interest	0	0	0
PROFIT FOR THE PERIOD	6,518	4,606	21,042
Earnings per share	0.23	0.16	0.75

CONSOLIDATED BALANCE SHEET (EUR 1,000)

ASSETS	IFRS 31 Mar 2007	IFRS 31 Mar 2006	IFRS 31 Dec 2006
NON-CURRENT ASSETS			
Intangible assets	3,763	2,906	3,605
Goodwill	3,777	3,831	3,791
Property, plant and equipment	25,018	25,080	24,308
Financial assets	39	36	39
Holdings in associated companies	1,445	1,114	1,328
Non-current receivables	163	135	165
Deferred tax assets	821	828	972
TOTAL NON-CURRENT ASSETS	35,025	33,930	34,206
CURRENT ASSETS			
Stocks	57,108	52,624	58,615
Trade receivables	26,288	17,409	20,715
Income tax receivable	495	0	349
Other current receivables	4,958	2,946	2,568
Liquid assets	14,890	7,197	8,564
TOTAL CURRENT ASSETS	103,740	80,176	90,811
TOTAL ASSETS	138,766	114,106	125,017
CAPITAL AND RESERVES, AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	7,000	7,000	7,000
Other reserves	20	19	20
Translation differences	-781	-504	-750
Retained earnings	61,376	38,256	54,888
CAPITAL AND RESERVES OWNED			
BY PARENT COMPANY SHAREHOLDERS	67,615	44,771	61,157
Minority interest	0	0	0
TOTAL CAPITAL AND RESERVES	67,615	44,771	61,157
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	22,229	18,821	22,408
Deferred tax liabilities	848	886	869
Other non-current liabilities	60	256	74
TOTAL NON-CURRENT LIABILITIES	23,136	19,962	23,351
CURRENT LIABILITIES			
Interest-bearing liabilities	8,825	15,707	8,487
Provisions	3,851	5,344	3,517
Tax liabilities for the period	765	1,157	230
Trade creditors and other current liabilities	34,574	27,166	28,275
TOTAL CURRENT LIABILITIES	48,014	49,373	40,509
TOTAL CAPITAL AND RESERVES, AND LIABILITIES	138,766	114,106	125,017

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-3/07	IFRS 1-3/06	IFRS 1-12/06
BUSINESS OPERATIONS:			
Profit for the period	6,518	4,606	21,042
Adjustments:			
Financial income and expenses	438	433	1,525
Share of the result of associated companies	-291	-101	-441
Depreciation	1,035	1,051	4,256
Income taxes	2,630	1,750	7,866
Other adjustments	387	-318	-424
Cash flow before change in working capital	10,717	7,715	33,824
Change in working capital:			
Change in current non-interest-bearing receivables			
	-7,967	-1,975	-4,551
Change in current non-interest-bearing liabilities			
	6,219	3,208	4,542
Change in provisions for liabilities and charges			
	334	-980	-2,807
Interest received	18	37	269
Interest paid	-410	-293	-1,273
Other financial items	-108	-265	-527
Income taxes paid	-2,241	-1,733	-9,201
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	8,069	-1,749	6,822
INVESTMENTS			
Investments in tangible and intangible assets			
	-1,894	-2,186	-5,318
Investments in other assets	0	0	-2
Dividends received	0	0	126
CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	-1,894	-2,186	-5,194
FINANCING			
Withdrawal/Repayment of current loans			
	409	10,338	2,729
Change in current interest-bearing liabilities			
	4	-4	-356
Withdrawal/Repayment of non-current loans			
	-193	-235	3,170
Payment of finance lease liabilities	-71	-76	313
Change in non-current receivables	2	-32	-61
Dividends paid	0	-11,200	-11,200
NET CASH OUTFLOW FROM FINANCING (C)	151	-1,209	-5,405
Change in liquid assets (A+B+C)			
	6,326	-5,144	-3,777
Liquid assets on 1 January	8,562	12,339	12,339
Liquid assets 31 March/31 Dec	14,888	7,195	8,562

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 JANUARY 2006	7,000	20	-442	44,811	0	51,389
Translation differences	0	0	-63	39	0	-24
NET INCOME RECOGNISED DIRECTLY IN CAPITAL AND RESERVES	0	0	-63	39	0	-24
Net profit for the period	0	0	0	4,606	0	4,606
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-63	4,645	0	4,582
Dividend distribution	0	0	0	-11,200	0	-11,200
Change in minority interest	0	0	0	0	0	0
CAPITAL AND RESERVES 31 MARCH 2006	7,000	20	-505	38,256	0	44,771
CAPITAL AND RESERVES 1 JANUARY 2007	7,000	20	-750	54,887	0	61,157
Translation differences	0	0	-31	-29	0	-60
NET INCOME RECOGNISED DIRECTLY IN CAPITAL AND RESERVES	0	0	-31	-29	0	-60
Net profit for the period	0	0	0	6 518	0	6 518
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-31	6 489	0	6 458
Dividend distribution	0	0	0	0	0	0
Change in minority interest	0	0	0	0	0	0
CAPITAL AND RESERVES 31 MARCH 2007	7 000	20	-781	61 376	0	67 615

	31 Mar 2007	31 Mar 2006	31 Dec 2006
1. LEASING COMMITMENTS (EUR 1,000)	2,253	3,028	2,442
2. CONTINGENT LIABILITIES (EUR 1,000)			
Guarantees given on behalf of others	440	512	537
Repurchase commitments	3,756	7,724	3,275
Total	4,196	8,236	3,812
3. PROVISIONS (EUR 1,000)			
	Guarantee provision		
31 December 2006	3,517		
Increase	467		
Used provisions	-133		
31 March 2007	3,851		
KEY FIGURES AND RATIOS	31 Mar 2007	31 Mar 2006	31 Dec 2006
R&D expenditure, MEUR	1.2	0.8	4.0
Capital expenditure, MEUR	1.9	2.2	5.3
as % of turnover	2.4	4.2	2.2
Average number of employees	826	781	795
Order books, MEUR	58.1	55.4	59.2
Equity ratio, %	48.9	39.4	49.1
Earnings per share, EUR	0.23	0.16	0.75
Equity per share, EUR	2.41	1.60	2.18

Income taxes based on profit for the period are included in the Profit and Loss Account and earnings per share.

ORDER INTAKE, MEUR	1-3/07	1-3/06	1-12/06
Ponsse Group	77.6	52.9	242.9

The interim report was prepared observing the recognition and valuation principles of IFRS standards, but all the requirements of IAS 34 were not complied with.

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 the interpretation of IFRS standards adopted on 1 January 2007, which have no effect on the consolidated financial statements:

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

The comparison figures are Ponsse's figures presented in the adjusted financial statements for the corresponding period in 2006. Reporting complies with the International Financial Reporting Standards (IFRS).

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, 24 April 2007

Arto Tiitinen
President and CEO

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