PONSSE PLC STOCK EXCHANGE RELEASE 12 AUGUST 2008, 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 30 JUNE 2008

- Turnover was EUR 161.4 million (H1/2007 EUR 149.9).

- Q2 turnover was EUR 85.7 million (Q2/2007 EUR 71.5 million).

- Operating profit was EUR 17.7 (17.6) million and accounted for 11.0 (11.7) per cent of the turnover.

- Q2 operating profit was EUR 8.6 million (Q2/2007 EUR 8.1 million).

- Profit before taxes was EUR 16.8 (17.8) million.

- Earnings per share were EUR 0.44 (0.46).

- Order books were valued at EUR 64.4 (63.0) million.

PRESIDENT AND CEO JUHO NUMMELA:

Our turnover increased, and we were able to retain profitability in euro at the same level as last year. Production proceeded within the planned schedule and at full capacity.

Used machine sales levelled from the peak of last year to the regular level. Our maintenance services and technology company Epec increased their sales according to plan.

The forest machine markets showed signs of slowing down, and our order flow decreased from last year. At the end of the quarter, our order books were at the previous year’s level.

TURNOVER

Consolidated turnover for the period totalled EUR 161.4 (149.9) million.

PROFIT PERFORMANCE

Operating profit was EUR 17.7 (17.6) million. Operating profit accounted for 11.0 (11.7) per cent of turnover in the period under review. Return on capital employed (ROCE) stood at 29.4 (40.2) per cent.

Staff costs for the period under review totalled EUR 25.6 (21.0) million, and other operating expenses EUR 15.7 (14.4) million. Net financial expenses were EUR -0.9 (-0.7) million. Income and expenses resulting from currency risk hedging were included in the financial items. Profit for the period totalled EUR 12.4 (12.9) million. Earnings per share (EPS) were EUR 0.44 (0.46).

BALANCE SHEET AND FINANCIAL POSITION

At the end of the period under review, the consolidated balance sheet total amounted to EUR 186.5 (136.7) million. Inventories and trade receivables, in particular, were clearly higher than last year. The amount of Inventories was EUR 89.9 (63.2) million.

PONSSE

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

Trade receivables totalled EUR 41.6 (20.4) million and liquid assets stood at EUR 5.1 (10.8) million. The amount of Group capital and reserves was EUR 74.9 (62.8) million. The amount of interest-bearing liabilities increased to EUR 59.7 million from the EUR 29.8 million in the previous year. The parent company's net receivables from other Group companies stood at EUR 58.3 (33.8) million. Consolidated net liabilities totalled EUR 54.2 (17.4) million. The equity ratio stood at 40.2 per cent (46.5 per cent) at the end of the period under review.

Cash flow from business operations amounted to EUR -15.5 (17.8) million. Cash flow from investing activities amounted to EUR -3.9 (-3.3) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 115.7 (154.0) million, while period-end order books were valued at EUR 64.4 (63.0) 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 3.6 million (EUR 2.8 million) during the period under review. The amount of activated R&D expenses during the period was EUR 624,000 (EUR 512,000).

Capital expenditure totalled EUR 3.9 million (EUR 3.3 million).

PERSONNEL

The Group had an average staff of 1,031 (845) during the period and employed 1,100 (891) people at period-end. The number of personnel increased most clearly in the subsidiaries established in the rapidly growing markets.

MANAGEMENT AND AUDITORS

As of 1 June 2008, Juho Nummela was appointed as Ponsse Plc's President and CEO, Jarmo Vidgrén was appointed as the Sales Director and Deputy CEO, and Juha Haverinen was appointed as the Factory Director. They are members of the company's management team, presided over by Juho Nummela as the chairperson.

As of 1 July 2008, Jaakko Laurila was appointed as the Vice President responsible for Russian business and the President and CEO of OOO Ponsse.

SHARE PERFORMANCE

The trading volume of Ponsse Plc shares for 1 January - 30 June 2008 totalled 993,238, accounting for 3.6 per cent of the total number of shares. Share turnover came to EUR 14.1 million, with the period’s lowest and highest share prices amounting to EUR 11.36 and EUR 16.29 respectively.

At the end of the period, shares closed at EUR 11.39 and market capitalisation totalled EUR 318.9 million.

The board of directors decided to implement a share-based incentive system for key personnel of the Ponsse Group.

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The target group of this scheme includes approximately 20 persons. The bonuses to be paid for the period 2008-2010 will correspond to a maximum of approximately 120,000 Ponsse shares (also including the share paid in cash).

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

ANNUAL GENERAL MEETING

Ponsse Plc's Annual General Meeting took place on 29 April 2008. 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 2007 financial period.

A decision was made to distribute a dividend of EUR 0.50 per share to shareholders for the financial period that ended on 31 December 2007. The record date was 5 May 2008 and the dividend payment date was 12 May 2008.

The number of Board members was confirmed as six. Maarit Aarni-Sirviö, Nils Hagman, Ilkka Kylävainio, Seppo Remes, Juha Vidgrén and Einari Vidgrén were elected Board members until the end of the next Annual General Meeting. At a 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 the company auditors with Eero Huusko, Authorised Public Accountant, as the principal auditor.

The Annual General Meeting approved the amendment of Article 6 (the right to represent the company) of the Articles of Association.

The Annual General Meeting authorised the Board of Directors to decide on the acquisition of treasury shares.

–A maximum of 250,000 treasury shares may be acquired using the company's unrestricted equity deviating from the shareholders' pre-emptive right.
– The shares shall be acquired in public trading on the OMX Nordic Exchange Helsinki at a price commanded by the shares in public trading at the time of the transaction.

The authorisation is valid until the next Annual General Meeting; however, no later than 30 June 2009.

The Annual General Meeting authorised the Board of Directors to decide on the assignment of treasury shares as follows:

The Board of Directors can, in line with the authorisation, decide on assigning the company's treasury shares so that the maximum number of shares assigned under the authorisation is 300,000.
–The authorisation includes the right to assign treasury shares in the company's possession in one or more instalments.
- The authorisation may be used in the company's potential corporate acquisitions or other arrangements. In addition, the shares can be relinquished to the company's existing shareholders, sold in public trading, used for developing the company's equity structure or as part of the implementation of an incentive scheme in the company and/or its subsidiaries.

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- 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 valid until the next Annual General Meeting; however, no later than 30 June 2009.

GOVERNANCE

The company adheres to the insider regulations approved by the Helsinki Stock Exchange Board of Directors and the guidelines on listed companies' governance and control systems (Corporate Governance). The governance principles are available on Ponsse's website in the Investors section.

BUSINESS RISKS AND THEIR MANAGEMENT

The effect of general economic fluctuations is cushioned by the fact that the company's business operations are spread globally over several geographical areas.

Risks related to raw materials, components and the subcontractor and supplier network are essential to Ponsse's operations. To control these risks and minimise the adverse effects of changes, the company is strongly investing in developing supplier network cooperation. The operation of the network is developed and secured through in-depth partner cooperation and by supporting the positioning of strategic suppliers in the business park for partner companies in the immediate vicinity of Ponsse's Vieremä factory. Component-related risks are also controlled by manufacturing a large number of key components in the company's own production facilities. Raw material and component suppliers' potential delivery problems may increase the prices of raw materials used in PONSSE products and lengthen their delivery times. Ponsse has made risk management more efficient by specifying the terms and conditions of its supplier agreements and by extending their periods of validity.

Ponsse Group's financing risk management controls liquidity, interest and currency risks, and secures the availability of debt-based financing on competitive conditions. The use of the euro as the invoicing currency has increased in several market areas, which reduces the company's currency risk.

EVENTS AFTER THE PERIOD UNDER REVIEW

No major events have taken place after the period under review.

OUTLOOK FOR THE FUTURE

The company estimates that the growth of machined harvesting and the cut-to-length method will continue in the long term.

The demand for forest machines in the United States, Southern Europe and Central Europe is estimated to remain below the normal level during the rest of the year. In the rest of Europe, the forest machine market is assumed to remain at a satisfactory level, as during the first half of the year.

The company estimates that the latter half of 2008 will be challenging due to a general downswing of the market and pressures of increasing material prices and other costs. The company will pay special attention to cost management and working capital intensification.

The general outlook of the global economy is uncertain, and predictability has clearly declined during Q2 2008. If the forest machine market slows down due to the general economic situation, the increase of the company's turnover will decrease and the business result will remain at the same level as last year.

PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS 4-6/08	IFRS 4-6/07	IFRS 1-6/08	IFRS 1-6/07
TURNOVER	85,668	71,527	161,447	149,942
Increase (+)/decrease (-) in Inventories of finished goods and work in progress	3,096	3,565	9,543	5,236
Other operating income	528	254	956	531
Raw materials and services	-57,215	-47,784	-110,539	-100,661
Expenditure on employment-related benefits	-14,088	-10,892	-25,602	-21,015
Depreciation and amortisation	-1,225	-1,069	-2,410	-2,104
Other operating expenses	-8,172	-7,479	-15,713	-14,364
OPERATING PROFIT	8,591	8,122	17,682	17,564
Share of results of associated companies	19	625	95	916
Financial income and expenses	110	-228	-948	-666
PROFIT BEFORE TAXES	8,719	8,519	16,828	17,814
Income taxes	-2,149	-2,093	-4,452	-4,870
Minority interest	0	0	0	0
PROFIT FOR THE PERIOD	6,570	6,427	12,377	12,945
Earnings per share	0.23	0.23	0.44	0.46

CONSOLIDATED BALANCE SHEET (EUR 1,000)

	IFRS	IFRS
ASSETS	30.6.08	31.12.07
NON-CURRENT ASSETS		
Intangible assets	4,822	4,262
Goodwill	3,710	3,737
Property, plant and equipment	26,903	25,946
Financial assets	103	128
Holdings in associated companies	1,893	2,156
Non-current receivables	378	403
Deferred tax assets	2,300	1,686
TOTAL NON-CURRENT ASSETS	40,108	38,318
CURRENT ASSETS		
Inventories	89,865	65,635
Trade receivables	41,589	29,276
Income tax receivables	793	861
Other current receivables	9,096	7,191
Liquid assets	5,064	12,633
TOTAL CURRENT ASSETS	146,408	115,595
TOTAL ASSETS	186,516	153,914
CAPITAL AND RESERVES, AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	7,000	7,000
Other reserves	-652	19
Translation differences	-1,191	-943
Retained earnings	69,712	70,456
CAPITAL AND RESERVES OWNED BY PARENT COMPANY SHAREHOLDERS	74,868	76,532
Minority interest	0	0
TOTAL CAPITAL AND RESERVES	74,868	76,532
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	34,676	16,717
Deferred tax liabilities	689	768
Other non-current liabilities	30	30
TOTAL NON-CURRENT LIABILITIES	35,394	17,515
CURRENT LIABILITIES		
Interest-bearing liabilities	25,003	17,225
Provisions	5,293	4,341
Tax liabilities for the period	1,385	1,752
Trade creditors and other current liabilities	44,573	36,548
TOTAL CURRENT LIABILITIES	76,253	59,867
TOTAL CAPITAL AND RESERVES, AND LIABILITIES	186,516	153,914

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-6/08	IFRS 1-6/07
BUSINESS OPERATIONS:		
Profit for the period	12,377	12,945
Adjustments:		
Financial income and expenses	948	666
Share of the result of associated companies	-95	-916
Depreciation and amortisation	2,410	2,104
Income taxes	5,136	5,134
Other adjustments	-1,141	-183
Cash flow before change in working capital	19,636	19,750
Change in working capital:		
Change in current non-interest-bearing receivables	-14,249	-2,750
Change in inventories	-24,230	-4,599
Change in current non-interest-bearing creditors	7,808	9,430
Change in provisions for liabilities and charges	952	622
Interest received	85	73
Interest paid	-851	-657
Other financial items	-37	-32
Income taxes paid	-4,575	-4,027
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	-15,461	17,810
INVESTMENTS		
Investments in tangible and intangible assets	-3,926	-3,312
Investments in other assets	27	0
Repayment of loan receivables	0	0
Dividends received	0	2
CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	-3,899	-3,310
FINANCING		
Withdrawal/Repayment of current loans	8,050	-515
Change in current interest-bearing liabilities	30	9
Withdrawal/Repayment of non-current loans	17,958	-203
Payment of finance lease liabilities	-273	-355
Change in non-current receivables	25	4
Dividends paid	-14,000	-11,200
NET CASH OUTFLOW FROM FINANCING (C)	11,791	-12,260
Change in liquid assets (A+B+C)	-7,569	2,240

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Liquid assets on 1 January	12,633	8,562
Liquid assets on 30 June	5,064	10,802

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	-8	-248	-665	880	-41
NET INCOME RECOGNISED DIRECTLY IN EQUITY	0	-8	-248	-665	880	-41
Net profit for the period	0	0			12,377	12,377
TOTAL RECOGNISED INCOME AND EXPENSES	0	-8	-248	-665	13,257	12,336
Dividend distribution	0	0			-14,000	-14,000
CAPITAL AND RESERVES 30 JUNE 2008	7,000	12	-1,191	-665	69,712	74,868
CAPITAL AND RESERVES 1 JAN 2007	7,000	20	-750	0	54,887	61,157
Translation differences	0	0	-65	0	-18	-83
NET INCOME RECOGNISED DIRECTLY IN EQUITY	0	0	-65	0	-18	-83
Net profit for the period	0	0			12,945	12,945
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-65	0	12,927	12,862
Dividend distribution	0	0			-11,200	-11,200
CAPITAL AND RESERVES 30 JUNE 2007	7,000	20	-815	0	56,614	62,819

SEGMENT INFORMATION (EUR 1,000)

GEOGRAPHIC SEGMENTS

1-6/08	Nordic countries	Rest of Europe	North and South America	Elimination	TOTAL
External sales	78,350	59,264	19,849		157,463

Unallocated sales					3,984
TURNOVER	78,350	59,264	19,849		161,447
Operating profit of the segment	7,425	12,343	-19		19,749
Unallocated items					-2,067
OPERATING PROFIT	7,425	12,343	-18		17,682
Share of the result of associated companies	95				95
Unallocated items					-5,400
NET PROFIT FOR THE PERIOD					12,377

GEOGRAPHIC SEGMENTS
1-6/07

	Nordic countries	Rest of Europe	North and South America	Elimination	TOTAL
External sales	73,123	63,438	11,579		148,140
Unallocated sales					1,802
TURNOVER	73,123	63,438	11,579		149,942
Operating profit of the segment	5,827	14,052	-1,064		18,815
Unallocated items					-1,251
OPERATING PROFIT	5,827	14,052	-1,064		17,564
Share of the result of associated companies	916				916
Unallocated items					-5,535
NET PROFIT FOR THE PERIOD					12,945

	30.6.08	30.6.07	31.12.07
1. LEASING COMMITMENTS (EUR 1,000)	2,378	2,203	2,519

2. CONTINGENT LIABILITIES (EUR 1,000)	30.6.08	30.6.07	31.12.07
Guarantees given on behalf of others	1,357	190	1,285
Repurchase commitments	3,545	3,445	1,802
Other commitments	1,510	5,609	1,059
TOTAL	6,412	9,244	4,146

3. PROVISIONS (EUR 1,000)	Guarantee provision
1.1.2008	4,341
Increase	1,210
Used provisions	-258
30.6.2008	5,293

4. DIVIDENDS PAID (EUR 1,000)	30.6.08	30.6.07
Dividend per share 2007: EUR 0.50 (2006: EUR 0.40)	14,000	11,200

5. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)

	1-6/08	1-6/07
Increase	3,033	3,242
Decrease	-135	-28
TOTAL	2,898	3,214

6. RELATED PARTY TRANSACTIONS	1-6/08	1-6/07
Management's employment related benefits (EUR 1,000)		
Salaries and other short-term employment-related benefits	1,410	1,010
Board of Directors' emoluments	135	114

KEY FIGURES AND RATIOS	30.6.08	30.6.07	31.12.07
R&D expenditure, MEUR	3.6	2.8	5.7
Capital expenditure, MEUR	3.9	3.3	6.6
as % of turnover	2.4	2.2	2.1
Average number of employees	1,031	845	876
Order books, MEUR	64.4	63.0	110.1
Equity ratio, %	40.2	46.5	50.3
Earnings per share, EUR	0.44	0.46	0.95
Equity per share, EUR	2.67	2.24	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
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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	1-6/08	1-6/07	1-12/07
Ponsse Group	115.7	154.0	361.2

The interim report has been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting.

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.

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

Vieremä 12 August 2008

Juho Nummela
President and CEO

FURTHER INFORMATION
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