

PONSSE OYJ STOCK EXCHANGE RELEASE 16 OCTOBER 2007, 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY - 30 SEPTEMBER 2007

Turnover: EUR 214.0 million (EUR 156.0 million in Q1-Q3/2006)

Q3 turnover: EUR 64.0 million (EUR 47.4 million in Q3/2006)

Operating profit: EUR 24.0 million (EUR 19.4 million in Q1-Q3/2006)

Operating profit accounted for 11.2 per cent of turnover (12.4 per cent in Q1-Q3/2006)

Q3 operating profit: EUR 6.4 million (EUR 6.1 million in Q3/2006)

Earnings per share: EUR 0.62 (EUR 0.45 in Q1-Q3/2006)

Arto Tiitinen, President and CEO:

Our customers valued our products and services, ordering a record-breaking number of machines. Our order book increased by 58 per cent to EUR 80 million. Our turnover grew by 37.2 per cent. The demand for our products has been at a good level in all our market areas, except for North America.

In South America we have been determinedly working to open the market and have developed products and services for eucalyptus harvesting in cooperation with our customers. During the period under review we concluded the first significant deals in Brazil and Uruguay.

Thanks to our new factory, we were able to step up the machine production volumes and thus respond to the demand.

#### TURNOVER

Consolidated turnover for the period under review amounted to EUR 214.0 (156.0) million, which is 37.2 per cent more than in the comparison period. Consolidated turnover for the third quarter totalled EUR 64.0 (47.4) million, which is 35.0 per cent more compared to the previous year.

#### PROFIT PERFORMANCE

Consolidated operating profit for the period increased by 23.8 per cent year on year to EUR 24.0 (19.4) million. Operating profit accounted for 11.2 (12.4) per cent of turnover in the period under review. Operating profit for the third quarter amounted to EUR 6.4 (6.1) million. Return on capital employed (ROCE) stood at 35.2 (30.2) per cent.

Staff costs for the period under review totalled EUR 30.3 (27.3) million, and other operating expenses were EUR 21.8 (16.8) million. Net financial expenses were EUR -0.9 (-1.3) million. Income and expenses resulting from currency risk hedging were included in the financial items. Profit for the period totalled EUR 17.3 (12.7) million. Earnings per share (EPS) were EUR 0.62 (0.45).

## BALANCE SHEET AND FINANCIAL POSITION

At the end of the period under review the consolidated balance sheet total amounted to EUR 142.5 (128.1) million. The balance sheet total was particularly increased by the higher amount of stocks and trade receivables compared to the previous year. The amount of current assets was EUR 67.7 (61.4) million. Trade receivables totalled EUR 24.6 (19.8) million and liquid assets stood at EUR 8.3 (8.8) million. The consolidated capital and reserves strengthened year on year, amounting to EUR 67.2 (52.8) million. The amount of interest-bearing liabilities decreased to EUR 31.5 million from the EUR 41.7 million in the previous year. The parent company's net receivables from other Group companies stood at EUR 31.3 (36.9) million. Consolidated net liabilities reduced during the period under review, amounting to EUR 22.3 (32.2) million. Equity ratio stood at 47.5 per cent (41.4 per cent) at the end of the period.

Cash flow from business operations was stronger year on year at the end of the period, totalling EUR 14.5 (-4.3) million. Cash flow from investing activities amounted to EUR -4.3 (-5.1) million.

## ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 235.7 (152.0) million, while period-end order books were valued at EUR 80.7 (50.9) million. The order books included dealers' minimum purchase commitments, based on previous practice.

## SUBSIDIARIES

Lako Oy, wholly-owned by Ponsse Oyj, merged with its parent company during the period under review.

## CAPITAL EXPENDITURE AND R&D

Capital expenditure amounted to EUR 4.3 (5.1) million.

R&D expenses for the period totalled EUR 3.9 (2.8) million.

## PERSONNEL

The Group had an average staff of 858 (797) during the period and employed 873 (787) people at the period-end. The number of personnel increased most clearly in the Latin American subsidiaries and Epec Oy. In the parent company, increases in the number of personnel took place in production, maintenance services and product development.

## SHARE PERFORMANCE

The trading volume of Ponsse Oyj shares for 1 January - 30 September 2007 totalled 3,248,059, accounting for 11.6 per cent of the total number of shares. Share turnover came to EUR 49.5 million, with the period's lowest and highest share price amounting to EUR 11.27 and EUR 18.60 respectively.

At the end of the period the shares closed at EUR 18.00 and the market capitalisation totalled EUR 504.0 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.

#### 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 web site, in the Investors section.

#### BUSINESS UNCERTAINTIES

The company's strategic risks are associated with cyclical fluctuations in the global economy. These risks are balanced by the fact that the company's operations are located in geographical areas at different phases of development.

The most significant business risks are associated with the availability and price development of raw materials and components, as well as the operations of subcontractors. The company has prepared for risks by analysing them and addressing them proactively as far as possible, entering into long-term contracts and surveying alternative suppliers. In the company's view, the business park for partner companies that has emerged in Vieremä, for its part, reduces the business risks associated with the supplier network.

Strategic risks and other risks related to the company's business are described in more detail on pages 54-55 and 78 of the Annual Report.

#### EVENTS AFTER THE PERIOD

On 5 October 2007 the company issued a release announcing that it had concluded a deal on the delivery of a total of 67 cut-to-length forest machines and 44 harvester heads to Brazil and Uruguay.

#### OUTLOOK FOR THE FUTURE

Forest industry investments in Latin America, Russia and China will increase the demand for wood and step up the demand for cut-to-length forest machines on a global scale.

The company expects the forest machine utilisation rates to remain high. This will increase the need for maintenance services and replacement investments. The effect of the Russian wood export duties is estimated to increase annual logging volumes in Finland by approximately 10 to 15 million cubic metres, the majority of which will be from land with poor load-bearing capacity. The company has engaged in R&D work in this area in cooperation with the National Board of Forestry (Metsähallitus) and the Finnish Forest Research Institute (Metla). The results achieved for a five-axle concept are promising and it is believed the concept will bring new forest areas into the sphere of harvesting and extend the harvesting time during the summer season.

The market situation in North America will remain challenging in the near future as well.

The company expects turnover and operating profit for the whole year to continue to grow, unless significant changes take place in the company's operating environment, possibly as a result of delays in component deliveries.

PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS 1-9/07	IFRS 1-9/06	IFRS 1-12/06
TURNOVER	213,966	155,971	238,642
Increase (+)/decrease (-) in stocks of finished goods and work in progress	5,820	10,134	5,774
Other operating income	746	1,103	2,132
Raw materials and services	-141,305	-100,570	-150,621
Expenditure on employment-related benefits	-30,294	-27,283	-37,612
Depreciation	-3,164	-3,213	-4,256
Other operating expenses	-21,816	-16,790	-24,469
OPERATING PROFIT	23,953	19,351	29,590
Share of results of associated companies	981	271	441
Financial income and expenses	-860	-1,267	-1,525
PROFIT BEFORE TAXES	24,074	18,356	28,505
Income taxes	-6,805	-5,692	-7,463
Minority interest	0	0	0
PROFIT FOR THE PERIOD	17,269	12,664	21,042
Earnings per share	0.62	0.45	0.75
	IFRS 7-9/07	IFRS 7-9/06	
TURNOVER	64,024	47,415	
Increase (+)/decrease (-) in stocks of finished goods and work in progress	584	3,202	
Other operating income	215	300	
Raw materials and services	-40,644	-30,056	
Expenditure on employment-related benefits	-9,279	-7,773	
Depreciation	-1,060	-1,010	
Other operating expenses	-7,452	-6,027	
OPERATING PROFIT	6,389	6,051	
Share of results of associated companies	65	74	
Financial income and expenses	-194	-485	
PROFIT BEFORE TAXES	6,260	5,641	
Income taxes	-1,935	-1,882	
Minority interest	0	0	
PROFIT FOR THE PERIOD	4,324	3,759	
Earnings per share	0.15	0,13	

CONSOLIDATED BALANCE SHEET (EUR 1,000)

	IFRS 30.9.07	IFRS 30.9.06	IFRS 31.12.06
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4,094	3,327	3,605
Goodwill	3,750	3,804	3,791
Property, plant and equipment	24,957	25,393	24,308
Financial assets	26	37	39
Holdings in associated companies	2,135	1,158	1,328
Non-current receivables	120	130	165
Deferred tax assets	1,141	1,442	972
TOTAL NON-CURRENT ASSETS	36,223	35,292	34,206
CURRENT ASSETS			
Stocks	67,723	61,354	58,615
Trade receivables	24,556	19,806	20,715
Income tax receivable	384	0	349
Other current receivables	5,335	2,806	2,568
Liquid assets	8,258	8,833	8,564
TOTAL CURRENT ASSETS	106,256	92,800	90,811
TOTAL ASSETS	142,479	128,092	125,017
CAPITAL AND RESERVES, AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	7,000	7,000	7,000
Other reserves	20	20	20
Translation differences	-935	-647	-750
Retained earnings	61,093	46,429	54,888
CAPITAL AND RESERVES OWNED BY PARENT COMPANY SHAREHOLDERS	67,177	52,801	61,157
Minority interest	0	0	0
TOTAL CAPITAL AND RESERVES	67,177	52,801	61,157
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	22,173	19,697	22,408
Deferred tax liabilities	798	921	869
Other non-current liabilities	30	147	74
TOTAL NON-CURRENT LIABILITIES	23,001	20,765	23,351
CURRENT LIABILITIES			
Interest-bearing liabilities	9,351	22,026	8,487
Provisions	4,091	3,409	3,517
Tax liabilities for the period	822	2,214	230
Trade creditors and other current liabilities	38,037	26,877	28,275
TOTAL CURRENT LIABILITIES	52,301	54,526	40,509
TOTAL CAPITAL AND RESERVES, AND LIABILITIES	142,479	128,092	125,017

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-9/07	IFRS 1-9/06	IFRS 1-12/06
<b>BUSINESS OPERATIONS:</b>			
Profit for the period	17,269	12,664	21,042
Adjustments:			
Financial income and expenses	860	1,273	1,525
Share of the result of associated companies	-981	-271	-441
Depreciation and amortisation	3,164	3,213	4,256
Income taxes	7,022	6,523	7,866
Other adjustments	-55	-617	-424
Cash flow before change in working capital	27,279	22,785	33,824
Change in working capital:			
Change in current non-interest-bearing			
receivables	-6,633	-4,157	-4,551
Change in stocks	-9,108	-16,193	-13,454
Change in current non-interest-bearing creditors			
Change in provisions for liabilities and charges	574	-2,915	-2,807
Interest received	126	129	269
Interest paid	-1,136	-750	-1,273
Other financial items	72	-482	-527
Income taxes paid	-6,465	-5,653	-9,201
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	14,525	-4,263	6,822
<b>INVESTMENTS</b>			
Investments in tangible and intangible assets			
	-4,301	-5,082	-5,318
Investments in other assets	0	0	-2
Repayment of loan receivables	13	0	0
Dividends received	3	0	126
CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	-4,286	-5,082	-5,194
<b>FINANCING</b>			
Withdrawal/Repayment of current loans			
	1,360	16,824	2,729
Change in current interest-bearing liabilities			
	26	-2	-356
Withdrawal/Repayment of non-current loans			
	-279	485	3,170
Payment of finance lease liabilities	-497	-243	313
Change in non-current receivables	44	-27	-61
Dividends paid	-11,200	-11,200	-11,200
NET CASH OUTFLOW FROM FINANCING (C)	-10,545	5,837	-5,405
Change in liquid assets (A+B+C)			
	-306	-3,508	-3,777
Liquid assets on 1 January	8,562	12,339	12,339
Liquid assets on 30 September	8,256	8,831	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 JAN 2007	7,000	20	-750	54,887	0	61,157
Translation differences	0	0	-185	136	0	-49
NET INCOME RECOGNISED DIRECTLY IN CAPITAL AND RESERVES	0	0	-185	136	0	-49
Net profit for the period	0	0	0	17,269	0	17,269
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-185	17,405	0	17,220
Dividend distribution	0	0	0	-11,200	0	-11,200
Change in minority interest	0	0	0	0	0	0
CAPITAL AND RESERVES 30 SEP 2007	7,000	20	-935	61,092	0	67,177
CAPITAL AND RESERVES 1 JAN 2006	7,000	20	-442	44,811	0	51,389
Translation differences	0	0	-206	154	0	-52
NET INCOME RECOGNISED DIRECTLY IN CAPITAL AND RESERVES	0	0	-206	154	0	-52
Net profit for the period	0	0	0	12,664	0	12,664
TOTAL RECOGNISED INCOME AND EXPENSES	0	0	-206	12,818	0	12,612
Dividend distribution	0	0	0	-11,200	0	-11,200
Change in minority interest	0	0	0	0	0	0
CAPITAL AND RESERVES 30 SEP 2006	7,000	20	-648	46,429	0	52,801
				30.9.07	30.9.06	31.12.06
1. LEASING COMMITMENTS (EUR 1,000)				2,251	2,189	2,442
				30.9.07	30.9.06	31.12.06
2. CONTINGENT LIABILITIES (EUR 1,000)						
Guarantees given on behalf of others				1,355	1,534	1,648
Repurchase commitments				2,145	2,849	2,164
Other commitments				1,212	2,947	0
TOTAL				4,712	7,330	3,812

3. PROVISIONS (EUR 1,000)	Guarantee provision
1 JAN 2007	3,517
Increase	969
Used provisions	-395
30 SEP 2007	4,091

KEY FIGURES AND RATIOS	30.9.07	30.9.06	31.12.06
R&D expenditure, MEUR	3.9	2.8	4.0
Capital expenditure, MEUR	4.3	5.1	5.3
as % of turnover	2.0	3.3	2.2
Average number of employees	858	797	795
Order books, MEUR	80.7	50.9	59.2
Equity ratio, %	47.5	41.4	49.1
Earnings per share, EUR	0.62	0.45	0.75
Equity per share, EUR	2.40	1.89	2.18

#### 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, %:

Capital and reserves + minority interest

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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

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

ORDER INTAKE, MEUR	1-9/07	1-9/06	1-12/06
Ponsse Group	235.7	152.0	242.9

The interim report has been prepared observing the recognition and valuation principles of IFRS standards, but not all of the requirements of IAS 34, Interim Financial Reporting, have been 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 IFRS standards and IFRIC interpretations adopted on 1 January 2007, which have no effect on the consolidated financial statements:

- IFRS 7

- IAS 1
- IFRIC 9
- IFRIC 10

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, 16 October 2007

Arto Tiitinen  
President and CEO

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