PONSSE PLC STOCK EXCHANGE RELEASE 27 APRIL 2010 AT 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2010

- Net sales amounted to EUR 51.3 (37.5) million.

- Operating result was EUR 2.8 (-8.7) million, equalling 5.4 (-23.1) per cent of net sales.

- Result before taxes was EUR 4.8 (-9.0) million.

- Cash flow from business operations was positive, EUR 8.2 (-1.8) million.

- Earnings per share were EUR 0.23 (-0.34).

- Equity ratio was 41.7 (47.5) per cent.

- Order books stood at EUR 37.0 (16.0) million.

PRESIDENT AND CEO JUHO NUMMELA:

The demand for forest machines continued to pick up during the first quarter of 2010. Our customers have had plenty of work in all market areas. The new eight-wheeled harvesters have been well received by the market, and the new products have sold well ever since their serial production began.

Order intake developed favourably throughout the period under review, and at the end of the period, the order books stood at EUR 37.0 (16.0) million. The capacity utilisation rate was increased by about 40 per cent during the first quarter of the year. In addition to the sales of new machines picking up, the net sales of services, trade-in machines and information systems businesses also increased in all market areas.

During the past quarter, the company’s net sales increased by 37 per cent from the comparable period and was EUR 51.3 (37.5) million. The net sales of services during the first quarter were up by 38 per cent from the comparable period.

Operating result was positive and amounted to EUR 2.8 (-8.7) million during the first quarter. Cash flow from business operations was positive during the period under review, EUR 8.2 (-1.8) million.

As the utilization rate of capacity improved, there were fewer temporary layoffs than expected during the period under review. The operating costs were still decreasing from the comparable period.

NET SALES

Consolidated net sales for the period under review amounted to EUR 51.3 (37.5) million, an increase of 37 per cent from the comparison period. International business operations accounted for 68.1 (62.2) per cent of total net sales. Net sales was regionally distributed as follows: Nordic countries 54.4 (55.8) per cent, the rest of Europe 24.8 (20.6) per cent, North and South America 19.0 (20.7) per cent, and other countries 1.9 (3.0) per cent.

PROFIT PERFORMANCE

Operating result was EUR 2.8 (-8.7) million. Operating result equalled 5.4 (-23.1) per cent of net sales in the period under review. Return on capital employed (ROCE) stood at 19.1 (-22.9) per cent.

Staff costs for the period under review totalled EUR 8.5 (8.9) million, and other operating expenses EUR 5.8 (5.7) million. The net total of financial income and expenses was EUR 2.1 (-0.3) 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 2.4 (0.8) million. As a result of the company’s claim for rectification regarding income taxes being accepted, the taxes for the period under review amounted to EUR 1.5 million (EUR -410 thousand). Result for the period totalled EUR 6.3 (-9.4) million. Diluted and undiluted earnings per share (EPS) were EUR 0.23 (-0.34). 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 149.9 (162.4) million. The value of inventories was EUR 69.2 (84.2) million. Trade receivables totalled EUR 23.7 (17.2) million and liquid assets stood at EUR 11.4 (7.3) million. Group equity stood at EUR 62.0 (76.8) million and parent company equity at EUR 46.2 (75.7) 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 45.7 (55.2) million. Of the company's credit limits, 16% are being used. The parent company’s net receivables from other Group companies stood at EUR 58.1 (52.1) million. The parent company’s receivables from subsidiaries mainly consist of trade receivables. Consolidated net liabilities totalled EUR 33.3 (47.3) million, and the debt-equity ratio (gearing) was 73.7 (71.9) per cent. The equity ratio stood at 41.7 (47.5) per cent at the end of the period under review. The dividend liability in as per the AGM resolution of 31 March 2010 is included in other current liabilities. The dividend was paid on 14 April 2010.

Cash flow from business operations was EUR 8.2 (-1.8) million. Cash flow from investing activities amounted to EUR -0.1 (-0.3) million.

ORDER INTAKE AND ORDER BOOKS

The order intake for the period totalled EUR 68.5 (29.7) million, while period-end order books were valued at EUR 37.0 (16.0) million. The order books do not include 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 1.2 (1.4) million during the period under review. The amount of R&D expenses capitalised during the period was EUR 231 (168) thousand.

Capital expenditure totalled EUR 0.1 (0.3) million. It mainly consisted of normal maintenance and replacement investments in plant and machinery.

MANAGEMENT

Tapio Mertanen (44) was appointed Service Director during the period under review. Tapio Mertanen has graduated from a Technical College as a technician and also holds a degree (MTD) in materials management. Mertanen starts in his new position on 3 May 2010 when the current Service Director Juhani Mäkynen joins another employer. Mertanen reports to Sales and Marketing Director Jarmo Vidgrén.

PERSONNEL

The Group had an average staff of 781 (943) during the period and employed 786 (916) 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 – 31 March 2010 totalled 702,177, accounting for 2.5 per cent of the total number of shares. Share net sales came to EUR 5.3 million, and the period’s lowest and highest share prices were EUR 6.63 and EUR 8.84, respectively.

At the end of the period, the share price stood at EUR 7.85 and market capitalisation was EUR 219.8 million.

At the end of the period under review, the company owned 47,900 treasury shares.

ANNUAL GENERAL MEETING

A separate release was issued on 31 March 2010 regarding the authorizations given by the AGM to the Board of Directors and other resolutions by the AGM.

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 deteriorated, and there are upward pressures in raw material prices. Ponsse aims to manage these risks through partnership cooperation. The financial standing of suppliers is regularly monitored. The company surveys alternative suppliers in order to mitigate the risks related to availability and price.

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 are met at the end of the period under review. 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 improve in 2010 better than expected 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 service and information system businesses are expected to remain strong.

Order flow permitting, the factory capacity will be further increased. The temporary layoffs have ended, and the entire personnel has been invited back to work.

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

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PONSSE GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNT (EUR 1,000)

	IFRS 1-3/10	IFRS 1-3/09	IFRS 1-12/09
NET SALES	51,260	37,539	146,705
Increase (+)/decrease (-) in inventories of finished goods and work in progress	2,317	-1,852	-8,321
Other operating income	147	303	1,154
Raw materials and services	-35,424	-28,718	-95,982
Expenditure on employment-related benefits	-8,453	-8,944	-31,968
Depreciation and amortisation	-1,261	-1,323	-5,244
Other operating expenses	-5,817	-5,678	-22,087
OPERATING RESULT	2,769	-8,673	-15,744
Share of results of associated companies	-80	-48	71
Financial income and expenses	2,140	-258	123
RESULT BEFORE TAXES	4,830	-8,979	-15,550
Income taxes	1,471	-410	-4,700
NET RESULT FOR THE PERIOD	6,301	-9,389	-20,251
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE INCOME:			
Translation differences associated with a foreign unit	-560	102	-56
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,741	-9,287	-20,307
Diluted and undiluted earnings per share	0.23	-0.34	-0.72

CONSOLIDATED BALANCE SHEET (EUR 1,000)

	IFRS	IFRS	IFRS
ASSETS	31.3.10	31.3.09	31.12.09
NON-CURRENT ASSETS			
Intangible assets	5,739	4,739	5,287
Goodwill	3,440	3,454	3,440
Property, plant and equipment	24,373	28,095	25,374
Financial assets	111	109	110
Holdings in associated companies	1,540	1,671	1,790
Non-current receivables	3,944	1,910	3,299
Deferred tax assets	1,425	2,903	1,255
TOTAL NON-CURRENT ASSETS	40,572	42,882	40,555
CURRENT ASSETS			
Inventories	69,223	84,180	67,920
Trade receivables	23,716	17,202	21,409
Income tax receivables	510	4,358	243
Other current receivables	4,480	6,450	3,508
Liquid assets	11,410	7,321	10,626
TOTAL CURRENT ASSETS	109,340	119,512	103,707
TOTAL ASSETS	149,912	162,394	144,262
SHAREHOLDERS’ EQUITY AND LIABILITIES			
EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	18,732	18,354	18,615
Translation differences	-1,404	-1,042	-870
Retained earnings	37,695	52,517	36,868
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	62,023	76,830	61,612
Minority interest	0	0	0
TOTAL EQUITY	62,023	76,830	61,612
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	24,009	26,321	23,973
Deferred tax liabilities	495	530	464
Other non-current liabilities	626	857	590
TOTAL NON-CURRENT LIABILITIES	25,131	27,708	25,026
CURRENT LIABILITIES			
Interest-bearing liabilities	21,719	28,904	27,939
Provisions	4,409	6,396	4,935
Tax liabilities for the period	112	29	37
Trade creditors and other current liabilities	36,517	22,527	24,713
TOTAL CURRENT LIABILITIES	62,758	57,856	57,624
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	149,912	162,394	144,262

CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	IFRS 1-3/10	IFRS 1-3/09	IFRS 1-12/09
BUSINESS OPERATIONS:			
Net result for the period	6,301	-9,389	-20,251
Adjustments:			
Financial income and expenses	-2,140	258	-123
Share of the result of associated companies	80	48	-71
Depreciation and amortisation	1,261	1,323	5,244
Income taxes	-1,306	205	4,534
Other adjustments	-1,104	512	927
Cash flow before change in working capital	3,092	-7,043	-9,738
Change in working capital:			
Change in non-interest-bearing receivables	-3,847	5,394	2,866
Change in inventories	-1,303	4,127	20,388
Change in non-interest-bearing liabilities	7,427	-4,567	-2,256
Change in provisions for liabilities and charges	-526	338	-1,123
Interest received	78	39	165
Interest paid	-184	-874	-2,226
Other financial items	2,397	417	1,898
Income taxes paid	1,114	413	1,230
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	8,249	-1,756	11,203
INVESTMENTS			
Investments in tangible and intangible assets	-106	-264	-2,008
Investments in other assets	0	0	0
Repayment of loan receivables	0	0	0
Dividends received	0	0	0
CASH OUTFLOW FROM INVESTMENT ACTIVITIES (B)	-106	-264	-2,008
FINANCING			
Hybrid loan	0	19,000	19,000
Interest paid, hybrid loan	-1,137	0	-1,409
Withdrawal/Repayment of current loans	-6,059	-17,731	-18,770
Change in current interest-bearing receivables	21	25	11
Withdrawal/Repayment of non-current loans	73	178	-2,438
Payment of finance lease liabilities	-161	-134	-61
Change in non-current receivables	-97	-90	-201
Dividends paid	0	0	-2,795
NET CASH OUTFLOW FROM FINANCING (C)	-7,359	1,247	-6,663
Change in liquid assets (A+B+C)	784	-774	2,531
Liquid assets on 1 Jan	10,626	8,095	8,095
Liquid assets on 31 Mar / 31 Dec	11,410	7,321	10,626

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 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 company's own shares						
Other changes						
Total comprehensive income for the period			-560		6,301	5,741
EQUITY 31 MAR 2010	7,000	19,030	-688	-665	37,346	62,023
EQUITY 1 JAN 2009	7,000	20	-72	-665	60,830	67,113
Direct posting to retained earnings *)						
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

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

	31.3.10	31.3.09	31.12.09
1. LEASING COMMITMENTS (EUR 1,000)	5,874	4,993	6,176

2. CONTINGENT LIABILITIES (EUR 1,000)	31.3.10	31.3.09	31.12.09
Guarantees given on behalf of others	824	1,038	951
Repurchase commitments	3,599	4,749	4,111
Other commitments	2,122	2,025	2,080
TOTAL	6,545	7,812	7,142

3. PROVISIONS (EUR 1,000)	Guarantee provision
1 Jan 2010	4,935
Increase	220
Used provisions	-746
31 March 2010	4,409

KEY FIGURES AND RATIOS	31.3.10	31.3.09	31.12.09
R&D expenditure, MEUR	1.2	1.4	4.9
Capital expenditure, MEUR	0.1	0.3	2.0
as % of net sales	0.2	0.7	1.4
Average number of employees	781	943	858
Order books, MEUR	37.0	16.0	20.3
Equity ratio, %	41.7	47.5	42.8

Diluted and undiluted earnings per share, EUR	0.23	-0.34	-0.72
Equity per share, EUR	2.22	2.74	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
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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	1-3/10	1-3/09	1-12/09
Ponsse Group	68.5	29.7	143.5

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. The same accounting principles were observed for the interim report as for the annual financial statements produced on 31 December 2009, however so that the following new standards, interpretations and modifications adopted by the EU were only 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) – Items Acceptable as Objects of Hedging IFRS 2 (amendment) – Share-based Payment – transactions settled in cash within the Group. These new standards, interpretations and amendments have no impact on the Group's interim report.

In April 2009, the IASB published improvements to 12 different standards as part of their annual improvement programme. The Group has adopted the following most relevant amendments 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 27 April 2010

PONSSE PLC

Juho Nummela
President and CEO

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