PONSSE PLC STOCK EXCHANGE RELEASE 7 AUGUST 2012 AT 9:00 A.M.

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 30 JUNE 2012

– Net sales amounted to EUR 151.1 (H1/2011 153.2) million.

– Q2 net sales were EUR 74.3 (Q2/2011 81.3) million.

– Operating result totalled EUR 10.7 (H1/2011 10.4) million, equalling 7.1 (6.8) per cent of net sales.

– Q2 operating result was EUR 6.2 (Q2/2011 5.0) million, equalling 8.3 (6.1) per cent of net sales.

– Profit before taxes was EUR 9.3 (H1/2011 7.0) million.

– Cash flow from business operations was positive at EUR 0.1 (6.5) million.

– Earnings per share were EUR 0.20 (0.06).

– Equity ratio was 41.5 (40.8) per cent.

– Order books stood at EUR 56.0 (112.1) million.

PRESIDENT AND CEO JUHO NUMMELA:

Forest machines were manufactured at planned capacity during the period under review. However, the general economic uncertainty and the normally poor demand in the second quarter pushed the company’s order books lower. At period end, the company’s order books amounted to EUR 56.0 (112.1) million, which was 50.0 per cent less than in the exceptionally good comparison period. However, the demand for forest machines picked up towards the end of the period. The current order books enable normal factory operations and usual delivery periods.

Net sales for the past quarter amounted to EUR 74.3 (81.3) million, representing a change of -8.5 per cent compared with the corresponding period. Net sales of the service business were at the same level as in the comparison period. Net sales for the first half of the year stood at EUR 151.1 million, i.e. 1.4 per cent less than in the comparison period. Despite the challenging market situation, net sales continued at a good level and the increase in trade-in machine sales helped to improve them.

The operating result amounted to EUR 6.2 (5.0) million during the second quarter, equalling 8.3 (6.1) per cent of net sales. The adjustments for other operating costs carried out during the past quarter succeeded well. Operating costs of the past quarter (staff costs, depreciation and amortisation and other operating costs) decreased by 11.3 per cent compared with the corresponding period.

Cash flow from business operations during the period under review was positive at EUR 0.1 (6.5) million. The deliveries of finished and used forest machines and the release of capital from raw materials and consumables strengthened the cash flow from business operations of the period under review. The stock of new products consisted of machines on their way to customers and was at a normal level.

During the past quarter, investments in the Iisalmi logistics centre in Finland, the Pitkäranta service point in Russia and the Jyväskylä service point in Finland were begun. All of the investments will be completed in early 2013.

NET SALES

Consolidated net sales for the period under review amounted to EUR 151.2 (153.2) million, i.e. 1.4 per cent less than in the comparison period. International business operations accounted for 64.7 (67.7) per cent of total net sales.

Net sales were regionally distributed as follows: Northern Europe 56.5 (51.9) per cent, Central and Southern Europe 18.7 (19.6) per cent, Russia and Asia 10.9 (13.7) per cent, North and South America 13.9 (14.8) per cent and other countries 0.0 (0.0) per cent.

PROFIT PERFORMANCE

The operating result was EUR 10.7 (10.4) million, equalling 7.1 (6.8) per cent of net sales in the period under review. Consolidated return on capital employed (ROCE) stood at 17.1 (14.1) per cent.

Staff costs for the period under review totalled EUR 26.7 (25.4) million. Other operating expenses were EUR 15.3 (18.4) million. The net total of financial income and expenses was EUR -1.4 (-3.3) 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 -0.6 (-2.6) million. Profit for the period totalled EUR 6.4 (2.6) million. Diluted and undiluted earnings per share (EPS) were EUR 0.20 (0.06). The interest on the subordinated loan for the period, less tax, has been taken into account in the calculation of EPS.

STATEMENT OF FINANCIAL POSITION AND FINANCING ACTIVITIES

At the end of the period under review, the total of consolidated statements of financial position amounted to EUR 177.8 (164.6) million. Inventories stood at EUR 92.7 (81.2) million. Trade receivables totalled EUR 24.4 (29.7) million, while liquid assets stood at EUR 7.7 (6.7) million.

Group shareholders' equity stood at EUR 73.2 (66.7) million and parent company shareholders' equity at EUR 73,6 (58.6) million. Group shareholders' equity includes a hybrid loan of EUR 19 million issued on 31 March 2009. The interest paid on the hybrid loan (EUR 6.8 million) and the allocated interest for the following year according to the dividend distribution decision (EUR 2.3 million), totalling EUR 9.1 million, less tax, are recognised as a deduction from Group equity. The amount of interest-bearing liabilities was EUR 48.0 (43.6) million. The company has used 48 per cent of its credit facility limit. The parent company's net receivables from other Group companies stood at EUR 78.2 (66.1) million. The parent company's receivables from subsidiaries mainly consisted of trade receivables. Consolidated net liabilities totalled EUR 38.8 (35.8) million, and the debt-equity ratio (gearing) was 65.6 (65.3) per cent. The equity ratio stood at 41.5 (40.8) per cent at the end of the period under review.

Cash flow from business operations amounted to EUR 0.1 (6.5) million. Cash flow from investment activities amounted to EUR -6.0 (-3.7) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period under review totalled EUR 136.4 (197.8) million, while the period-end order books stood at EUR 56.0 (112.1) million.

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; Ponssé S.A.S., France; Ponsse UK Ltd, United Kingdom; and Ponsse Uruguay S.A., Uruguay. Sunit Oy, based in Kajaani, Finland, is an affiliated company in which Ponsse Plc has a holding of 34 per cent.

CAPITAL EXPENDITURE AND R&D

During the period under review, the Group's R&D expenses totalled EUR 4.7 (3.7) million, of which EUR 1.3 (0.8) million was capitalised.

Capital expenditure totalled EUR 6.0 (3.7) million. It mainly consisted of ordinary maintenance and replacement investments of machinery and equipment.

MANAGEMENT

The following persons were members of the Management Team: Juho Nummela, President and CEO, acting as the chairman; Pasi Arajärvi, Purchasing and Logistics Director; Juha Haverinen, Factory Director; Petri Härkönen, CFO; Juha Inberg, Technology and R&D Director; Timo Karppinen, Executive Director, Corporate Development and Strategy; Tapio Mertanen, Service Director; Paula Oksman, HR Director and Jarmo Vidgrén, Deputy CEO, Sales and Marketing Director. The company management has regular management liability insurance.

The area director organisation of sales is lead by Jarmo Vidgrén, Group's Sales and Marketing Director and Tapio Mertanen, Service Director. The geographical distribution and the responsible persons are presented below:
Northern Europe: Jarmo Vidgrén (Finland), Eero Lukkarinen (Sweden, Denmark) and Sigurd Skotte (Norway),
Central and Southern Europe: Janne Vidgrén (Austria, Poland, Romania, Germany, the Czech Republic and Hungary), Clément Puybaret (France), Jussi Hentunen (Spain, Italy, Portugal and Norrbotten/Sweden) and Gary Glendinning (the United Kingdom),
Russia and Asia: Jaakko Laurila (Russia, Belarus), Norbert Schalkx (Japan and the Baltic countries) and Risto Kääriäinen (China),
North and South America: Pekka Ruuskanen (the United States) Marko Mattila (North American dealers), Teemu Raitis (Brazil) and Martin Toledo (Uruguay).

M.Sc. (Eng.) and M.Sc. (Econ.) Teemu Raitis took up his post as the President and CEO of Ponsse Latin America Ltda on 10 May 2012. The release was issued on 17 February 2012.

PERSONNEL

The Group had an average staff of 994 (920) during the period under review and employed 1024 (971) people at the end of the period under review.

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 2012 totalled 809,012 shares, accounting for 2.9 per cent of the total number of shares. Share net sales came to EUR 6.2 million, with the period's lowest and highest share prices amounting to EUR 6.11 and EUR 8.55, respectively.

At the end of the period under review, the share price stood at EUR 6.80 and market capitalisation was EUR 190.4 million.

At the end of the period under review, the company held 212,900 treasury shares.

ANNUAL GENERAL MEETING

A separate release was issued on 17 April 2012 regarding the authorisations given to the Board of Directors and other resolutions by the AGM.

GOVERNANCE

In its decision-making and administration, the company observes the Finnish Limited Liability Companies Act, other regulations governing publicly listed companies and the company's Articles of Association. The company's Board of Directors has adopted the Code of Governance that complies with the Finnish Corporate Governance Code approved by the Board of the Securities Market Association in 2010. The purpose of the code is to ensure that the company is professionally managed and that its business principles and practices are of a high ethical and professional standard.

The Code of Governance is available on Ponsse's website in the Investors section.

RISK MANAGEMENT

Risk management is based on the company's values, as well as strategic and financial objectives. Risk management aims to support the achievement of the objectives specified in the company's strategy, as well as to ensure the financial development of the company and the continuity of its business.

Furthermore, risk management aims to identify, assess and monitor business-related risks which may influence the achievement of the company's strategic and financial goals or the continuity of its business. Decisions on the necessary measures to anticipate risks and react to observed risks are made on the basis of this information.

Risk management is a part of regular daily business, and it is also included in the management system. Risk management is controlled by the risk management policy approved by the Board.

A risk is any event that may prevent the company from reaching its objectives or that threatens the continuity of business. On the other hand, a risk may also be a positive event, in which case the risk is treated as an opportunity. Each risk is assessed on the basis of its impact and probability. Methods of risk management include avoiding, mitigating and transferring risks. Risks can also be managed by controlling and minimising their impact.

SHORT-TERM RISKS AND THEIR MANAGEMENT

The rapid escalation of the problems in the economies of Europe and the United States in the financial market may have an impact on the availability of customer financing.

The parent company monitors the changes in the Group’s internal and external trade receivables and the associated risk of impairment.

The key objective of the company’s financial risk management policy is to manage liquidity, interest and currency risks. The company ensures its liquidity through credit limit facilities agreed with a number of financial institutions. The effect of adverse changes in interest rates is minimised by utilising credit linked to different reference rates and by concluding interest rate swaps. The effects of currency rate fluctuations are mitigated through derivative contracts.

Changes taking place in the fiscal and customs legislation in countries to which Ponsse exports may hamper the company’s export trade or its profitability.

OUTLOOK FOR THE FUTURE

The Group’s operating result in euros is expected to remain at the same level as in 2011.

Exacerbation of the problems in the economy or an extension of the current economic situation may affect the making of investment decisions on forest machines and lead to weakening demand.

The factory and service operate normally at planned capacity. The development of operating costs is monitored in an enhanced manner, and any decisions to initiate investments will be made with discretion.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-6/12	IFRS 1-6/11
NET SALES	151,090	153,206
Increase (+)/decrease (-) in inventories of finished goods and work in progress	8,527	6,943
Other operating income	319	437
Raw materials and services	-104,443	-103,895
Expenditure on employment-related benefits	-26,688	-25,371
Depreciation and amortisation	-2,760	-2,553
Other operating expenses	-15,337	-18,388
OPERATING RESULT	10,708	10,379
Share of results of associated companies	-53	-144
Financial income and expenses	-1,386	-3,270
RESULT BEFORE TAXES	9,269	6,965
Income taxes	-2,898	-4,334
NET RESULT FOR THE PERIOD	6,371	2,631
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-314	336
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	6,057	2,967
Diluted and undiluted earnings per share *	0.20	0.06

	IFRS 4-6/12	IFRS 4-6/11
NET SALES	74,334	81,273
Increase (+)/decrease (-) in inventories of finished goods and work in progress	5,100	828
Other operating income	178	248
Raw materials and services	-51,314	-52,441
Expenditure on employment-related benefits	-13,596	-13,016
Depreciation and amortisation	-1,391	-1,292
Other operating expenses	-7,134	-10,632
OPERATING RESULT	6,177	4,969
Share of results of associated companies	-9	-93
Financial income and expenses	-931	-936

RESULT BEFORE TAXES	5,236	3,939
Income taxes	-1,685	-1,417
NET RESULT FOR THE PERIOD	3,551	2,522
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-617	-266
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	2,934	2,256
Diluted and undiluted earnings per share *	0.11	0.08

* The interest on the subordinated loan for the period, less tax, was taken into account in this figure.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	IFRS	IFRS
ASSETS	30.6.12	31.12.11
NON-CURRENT ASSETS		
Intangible assets	10,224	9,057
Goodwill	3,440	3,440
Property, plant and equipment	28,266	26,165
Financial assets	111	111
Investments in associated companies	1,122	1,294
Non-current receivables	1,310	1,535
Deferred tax assets	2,860	2,826
TOTAL NON-CURRENT ASSETS	47,333	44,428
CURRENT ASSETS		
Inventories	92,670	80,475
Trade receivables	24,407	28,258
Income tax receivables	836	4
Other current receivables	4,872	4,499
Cash and cash equivalents	7,694	16,267
TOTAL CURRENT ASSETS	130,480	129,504
TOTAL ASSETS	177,813	173,932

SHAREHOLDERS’ EQUITY AND LIABILITIES
SHAREHOLDERS’ EQUITY

Share capital	7,000	7,000
Other reserves	19,030	19,030
Translation differences	-2,289	-1,975
Treasury shares	-2,228	-2,228
Retained earnings	51,661	56,736
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	73,174	78,563
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	18,734	18,630
Deferred tax liabilities	430	1,110
Other non-current liabilities	20	20
TOTAL NON-CURRENT LIABILITIES	19,184	19,760
CURRENT LIABILITIES		
Interest-bearing liabilities	29,248	20,434
Provisions	4,801	4,627
Tax liabilities for the period	364	3,527
Trade creditors and other current liabilities	51,041	47,022
TOTAL CURRENT LIABILITIES	85,454	75,609
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	177,813	173,932

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-6/12	IFRS 1-6/11
CASH FLOW FROM BUSINESS OPERATIONS:		
Net result for the period	6,371	2,631
Adjustments:		
Financial income and expenses	1,386	3,270
Share of the result of associated companies	53	144
Depreciation and amortisation	2,760	2,553
Income taxes	3,175	4,425
Other adjustments	-538	695
Cash flow before changes in working capital	13,207	13,718
Change in working capital:		
Change in trade receivables and other receivables	3,674	2,554
Change in inventories	-12,195	-8,849
Change in trade creditors and other liabilities	3,120	3,193
Change in provisions for liabilities and charges	174	-215
Interest received	67	91
Interest paid	-565	-650

PONSSE

Other financial items	-359	427
Income taxes paid	-7,012	-3,739
NET CASH FLOW FROM BUSINESS OPERATIONS (A)	111	6,530
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-6,027	-3,661
CASH OUTFLOW FROM INVESTMENT ACTIVITIES (B)	-6,027	-3,661
FINANCING		
Acquisition of treasury shares	0	0
Hybrid loan	0	0
Interest paid, hybrid loan	-1,136	-1,137
Withdrawal/Repayment of current loans	8,502	3,877
Change in current interest-bearing receivables	54	62
Withdrawal/Repayment of non-current loans	-7	3,127
Payment of finance lease liabilities	111	-311
Change in non-current receivables	69	50
Dividends paid	-9,725	-9,725
NET CASH OUTFLOW FROM FINANCING (C)	-2,133	-4,059
Change in cash and cash equivalents (A+B+C)	-8,050	-1,189
Cash and cash equivalents on 1 January	16,267	11,036
Impact of exchange rate changes	-524	-3,162
Cash and cash equivalents on 30 June	7,694	6,686

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 shareholders’ equity

	EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS					
	A	B	C	D	E	F
SHAREHOLDERS’ EQUITY 1 JAN 2012	7,000	19,030	-1,975	-2,228	56,736	78,563
Translation differences			-314			-314
Result for the period					6,371	6,371
Total comprehensive income for the period			-314		6,371	6,057
Direct entries to retained earnings *					-1,721	-1,721

Dividend distribution					-9,725	-9,725
Purchase of treasury shares						0
Other changes						0
SHAREHOLDERS' EQUITY 30 JUN 2012	7,000	19,030	-2,289	-2,228	51,661	73,174

SHAREHOLDERS' EQUITY 1 JAN 2011	7,000	19,030	-1,032	-2,228	52,396	75,166
Translation differences			336			336
Result for the period					2,631	2,631
Total comprehensive income for the period			336		2,631	2,967
Direct entries to retained earnings *					-1,687	-1,687
Dividend distribution					-9,725	-9,725
Purchase of treasury shares						0
Other changes						0
SHAREHOLDERS' EQUITY 30 JUN 2011	7,000	19,030	-696	-2,228	43,615	66,721

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

SEGMENT INFORMATION (EUR 1,000)

OPERATING SEGMENTS

1-6/2012	Northern Europe	Central and Southern Europe	Russia and Asia	North and South America	Elimination	Total
Net sales of the segment	117,569	28,334	16,645	21,158		183,707
Sales between segments	-32,262	-93	-136	-151		-32,643
Unallocated sales						26
NET SALES FROM EXTERNAL CUSTOMERS	85,307	28,241	16,508	21,007		151,090
Operating result of the segment	5,124	4,660	2,335	232		12,350
Unallocated items						-1,642
OPERATING RESULT	5,124	4,660	2,335	232		10,708

OPERATING SEGMENTS

1-6/2011	Northern Europe	Central and Southern Europe	Russia and Asia	North and South America	Elimination	Total
Net sales of the segment	114,584	30,089	21,238	22,801		188,712
Sales between segments	-35,066	-99	-195	-155		-35,515

Unallocated sales						9
NET SALES FROM EXTERNAL CUSTOMERS	79,518	29,990	21,043	22,646		153,206
Operating result of the segment	5,958	5,180	3,116	-326		13,928
Unallocated items						-3,549
OPERATING RESULT	5,958	5,180	3,116	-326		10,379

	30.6.12	30.6.11	31.12.11
1. LEASING COMMITMENTS (EUR 1,000)	3,149	4,783	4,085

2. CONTINGENT LIABILITIES (EUR 1,000)	30.6.12	30.6.11	31.12.11
Guarantees given on behalf of others	701	356	859
Repurchase commitments	1,540	2,363	1,765
Other commitments	4,129	3,205	3,391
TOTAL	6,369	5,924	6,014

3. PROVISIONS (EUR 1,000)	Guarantee provision
1.1.2012	4,627
Provisions added	353
Provisions cancelled	-179
30.6.2012	4,801

4. DIVIDENDS PAID (EUR 1,000)	30.6.12	30.6.11
Dividends per share EUR 0.35 (EUR 0.35)	9,725	9,725

5. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)	1-6/12	1-6/11
Increase	4,228	4,036
Decrease	-105	-1,032
TOTAL	4,124	3,004

6. RELATED PARTY TRANSACTIONS	1-6/12	1-6/11
Management’s employment-related benefits (EUR 1,000)		
Salaries and other short-term employment-related benefits	1,552	1,627
Board of Directors’ emoluments	123	107

KEY FIGURES AND RATIOS	30.6.12	30.6.11	31.12.11
R&D expenditure, MEUR	4.7	3.7	8.8
Capital expenditure, MEUR	6.0	3.7	9.4
as % of net sales	4.0	2.4	2.9
Average number of employees	994	920	948
Order books, MEUR	56.0	112.1	71.9
Equity ratio, %	41.5	40.8	45.2
Diluted and undiluted earnings per share (EUR)	0.20	0.06	0.47

Equity per share (EUR)	2.61	2.38	2.81

FORMULAE FOR FINANCIAL INDICATORS

Return on capital employed, %:
Result before tax + financial expenses

Shareholder´s equity + interest-bearing financial liabilities (average during the year) * 100

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.

Gearing, %:
Interest-bearing financial liabilities

Shareholders' equity * 100

Equity ratio, %:
Shareholders' equity + Non-controlling interests

Balance sheet total - advance payments received * 100

Earnings per share:
Net income for the period - Non-controlling interests - Interest on hybrid loan for the period less tax
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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	1-6/12	1-6/11	1-12/11
Ponsse Group	136.4	197.8	332.6

This 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 2011.

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.

This communication includes future-oriented statements that are based on the assumptions currently made 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, 7 August 2012

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION
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DISTRIBUTION
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Ponsse Plc is a company specialising in the sales, manufacture, servicing and technology of cut-to-length method forest machines and is driven by genuine interest in its customers and their business. Ponsse develops and manufactures sustainable and innovative harvesting solutions based on customers' needs.

The company was established by forest machine entrepreneur Einari Vidgrén in 1970, and it has been a leader in 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.