



Interim Report for
1 January - 30 June 2007

SUMMARY

Group:

- Net sales in the first six months rose to EUR 57.5 million, up 7.5 per cent over the corresponding period previous year
- Net sales in the second quarter were EUR 28.7 (27.9) million
- Operating profit in the first six months was EUR 6.2 (0.8) million or 10.8 (1.4) per cent of net sales
- Operating profit in the second quarter was EUR 2.7 (0.2) million or 9.3 (0.6) per cent of net sales
- Earnings per share in the first six months were EUR 0.36 (0.03), adjusted for full dilution
- New management organization announced

Industry

- Continued slow sales of antenna profiles
- Good development in other industrial segments
- Signs of improved carbon fibre supply situation
- Continued positive effects of the Pacific Composites integration

Sport

- Lower than anticipated sales and increased costs mainly due to sourcing problems

CONSOLIDATED KEY FINANCIAL FIGURES

(Figures are unaudited)

EUR million	1.4.–30.6. 2007	1.4.–30.6. 2006	Change %	1.1.–30.6. 2007	1.1.–30.6. 2006	Change %	1.1.–31.12. 2006
Net sales	28.7	27.9	2.9	57.5	53.5	7.5	112.4
Operating profit	2.7	0.2	1,523.2	6.2	0.8	706.8	0.4
% of net sales	9.3	0.6		10.8	1.4		0.3
Profit for the period	1.9	0.0		4.3	0.3		-0.7
Shareholders' equity	26.2	25.2	4.0	26.2	25.2	4.0	24.4
Net interest-bearing liabilities	32.3	29.2	10.8	32.3	29.2	10.8	27.5
Capital employed	62.5	59.5	5.0	62.5	59.5	5.0	58.1
Return on equity, %	29.5	-0.3		33.6	2.3		-2.9
Return on capital employed, %	19.1	0.9		22.0	3.1		1.2
Equity ratio, %	31.9	31.1		31.9	31.1		29.9
Net gearing, %	123.5	115.9		123.5	115.9		112.8
Earnings per share, EUR	0.16	0.00		0.36	0.03		-0.06
Earnings per share, EUR, diluted	0.16	0.00		0.36	0.03		-0.06
Equity per share, EUR	2.20	2.12		2.20	2.12		2.05

IFRS REPORTING

Exel has applied IFRS reporting since the beginning of 2005. This interim report has been prepared in accordance with the recognition and measurement principles of IFRS, which are the same as in the 2006 financial statements.

NET SALES

Exel's consolidated net sales for April-June grew by 2.9 per cent over the previous year to EUR 28.7 (27.9) million. Net sales for January-June grew by 7.5 per cent to EUR 57.5 (53.5) million. The major part of the growth is stemming from the acquisition of Pacific Composites, which was included in the consolidated financial statements as of 1 March 2006. The Sport Division's cross-country and alpine prod-

ucts suffered from the mild winter, stiff competition and sourcing problems.

FINANCIAL PERFORMANCE

Exel's operating profit for April-June increased to EUR 2.7 million, compared to EUR 0.2 million (including non-recurring items of EUR -0.4 million) the corresponding period last year. Operating profit for January-June increased to EUR 6.2 million (EUR 0.8 million, including non-recurring items of EUR -2.3 million). Operating profit as a percentage of net sales was 10.8 (1.4) per cent. The improvement of the operating profit has been a result of the restructuring measures taken in the problem units in 2006, especially Mäntyharju, Belgium and the German Sport unit, and the contribution of the Pacific Composites acquisition.

The Group's net financial expenses were EUR 0.5 (0.5) million. The Group's pre-tax profit was EUR 5.7 (0.3) million, and profit for the reporting period totalled EUR 4.3 (0.3) million.

BALANCE SHEET AND FINANCIAL POSITION

The consolidated balance sheet total at the end of the reporting period stood at EUR 82.3 (81.0) million.

At the end of the reporting period, equity was EUR 26.2 (25.2) million, and the equity ratio was 31.9 (31.1) per cent. Interest-bearing liabilities were EUR 36.3 (34.4) million, of which short-term liabilities accounted for EUR 10.5 (7.7) million. Net interest-bearing liabilities were EUR 32.3 (29.2) million, and the net gearing was 123.5 (115.9) per cent.

The cash flow from business operations in the reporting period was EUR -2.2 (+3.2) million. The negative cash flow was mainly caused by increased inventory levels and lower trade payables. At the end of the reporting period, the Group had liquid assets of EUR 5.2 million, compared with EUR 6.2 million at the end of 2006.

CAPITAL EXPENDITURE

The Group's capital expenditure totalled EUR 1.2 (2.1) million, used mainly for maintenance and replacement purposes. During the period the Plastics business in Germany and one production building in Mäntyharju were sold. The value of the disposals was EUR 1.2 million in line with the capital expenditure made.

PERSONNEL

The number of people employed by the Exel Group on 30 June 2007 was 566 (668). Of these 256 (347) worked in Finland and 310 (300) abroad. The number of employees averaged 571 (588). The increase from last year outside Finland is mainly due to the acquisition of Pacific Composites. At the same time, there was a reduction of personnel due to the restructuring of the Sport activities and the divestment of Plastics operations in Germany.

CHANGES IN GROUP STRUCTURE

On 1 May 2007 Exel sold its Plastics operations which is focusing on extrusion technolo-

gy and has operated under Exel GmbH in Rorhendorf, Germany. The operations were sold to a new established company, CPS GmbH. The company's net sales in 2006 were some EUR 2.9 million. 20 employees were transferred to the new company as old employees. By selling the Plastics operations Exel continues to concentrate on its core business operations, pultrusion and the production of composite products. The sale of the business did not impact the Exel Group profit.

CHANGES IN THE MANAGEMENT

As of 1 July 2007, the Industry Division was organized in two Business Areas: Europe and Asia/Pacific. Business Area Europe is headed by Vesa Korpimies. In addition, he will maintain his duties as Executive Vice President of the Exel Group. Business Area Asia/Pacific is headed by Grant Pearce who has been appointed Senior Vice President and member of the Management Group.

A new function, Operations, has been established. It is headed by Callum Gough, at present Manager of Exel's UK/Belgium operations. He has been appointed acting Senior Vice President Operations and is as such member of Exel Management Group. Exel's Management Group has now the following members: Göran Jönsson, President & CEO; Vesa Korpimies, Executive Vice President and Business Area Manager Europe; Grant Pearce, Senior Vice President and Business Area Manager Asia/Pacific; Ilkka Silvanto, Senior Vice President and CFO and Callum Gough, acting Senior Vice President Operations.

Tarmo Karhapää was appointed General Manager of Exel Industry Finland as of 1 July 2007.

BUSINESS SEGMENTS

The Group's operations are divided into two primary segments: the Industry Division and the Sport Division. The Industry Division includes all production activities in the company as from 1 January 2007. Therefore the Sport Industry business and Mäntyharju operations in Finland, which earlier was part of the Sport Division, were transferred to the Industry Division. The comparative divisional figures from 2006 have been changed correspondingly.

INDUSTRY DIVISION

The Industry Division's key financial figures for the reporting period were as follows:

EUR million	1.4.–30.6. 2007	1.4.–30.6. 2006	Change %	1.1.–30.6. 2007	1.1.–30.6. 2006	Change %	1.1.–31.12. 2006
Net sales	27.6	26.9	2.6	54.3	50.0	8.6	105.0
Operating profit	4.5	2.1	113.1	8.8	4.2	109.8	9.0
% of net sales	16.2	7.8		16.1	8.4		8.5
Average number of personnel	499	562	-11.2	503	493	2.0	510

The Industry Division's net sales increased to EUR 54.3 (50.0) million, up 8.6 per cent from the previous year. The transportation, energy and building/construction markets, in particular, were strong. Growth was mainly due to the acquisition of the Pacific Composites Group and new profile applications in the European units. The telecommunication segment continued to be slow.

The profitability was good in all units. The Belgium operations, which experienced problems in 2006, turned around in 2007. In addition, the development in the Chinese unit has also been positive during the first six months.

There are some signs of improvement in the carbon fibre situation. At present there is short-

age only of some special types of carbon fibre.

Operating profit grew by 110 per cent to EUR 8.8 million, up from 4.2 million (including EUR 1.9 million of non-recurring items) last year. This improvement in profitability was due to restructuring measures and productivity gains at the main factories and full half year impact from the Pacific Composites acquisition.

The selling of a production building at Mäntyhärju generated a book profit of EUR 0.3 million.

SPORT DIVISION

The Sport Division's key financial figures for the reporting period were as follows:

EUR million	1.4.–30.6. 2007	1.4.–30.6. 2006	Change %	1.1.–30.6. 2007	1.1.–30.6. 2006	Change %	1.1.–31.12. 2006
Net sales	2.2	3.9	-44.6	5.9	9.8	-40.0	19.3
Operating profit	-1.8	-1.9	7.9	-2.5	-3.5	29.3	-9.4
% of net sales	-81.3	-48.9		-41.8	-35.5		-48.8
Average number of personnel	46	73	-37.0	49	73	-32.9	69

The Sport Division's net sales in the first six months decreased by 40 per cent from EUR 9.8 million to EUR 5.9 million from the previous year, partly due to the mild winter, which also had a negative impact on reorders. In addition, Exel had delays in deliveries from its Chinese pole suppliers and in addition some major quality problems in conjunction with the production transfer. Therefore, sales ended up substantially lower than previous year. The Nordic Walking market in Germany, however, recovered slightly. The sales of floorball products developed well during the reporting period.

The Sport Division's operating loss was EUR -2.5 million compared with -3.5 (-3.1 before non-recurring items) last year. To minimize the negative impact on sales due to delays, the transportation costs were higher than normal. In combination with cost to correct the quality issues the margins in the second quarter were weak. As a consequence of the low sales the inventories increased during the period. Corrective actions to improve logistics were taken and the delivery situation is improving. Also, reinforced quality assurance routines were implemented in China. New purchase routines were established with the target to better match the actual sales level.

SHARES

At the end of June, Exel's share capital was EUR 2,141,431.74 and the number of shares was 11,896,843. There were no changes in the share capital during the period.

Based on the closing price in the reporting period, market capitalization totalled EUR 192.5 (148.2) million.

SHARES TRADED ON THE OMX HELSINKI STOCK EXCHANGE

During the reporting period 3,551,182 (3,319,387) shares were traded, accounting for 29.8 (28.2) per cent of the average number of outstanding shares.

The highest share quotation during the reporting period was EUR 16.70 (15.13) and the lowest EUR 12.50 (10.80). The share price closed at EUR 16.18 (12.46). The average share price during the reporting period was EUR 14.05 (12.48).

DISCLOSURES OF CHANGES IN HOLDINGS

No shareholders' disclosures of changes in holdings in the company were received by Exel.

OUTLOOK

The focus will remain on restoring the profitability of the Group. This is further underlined by the organizational changes that have been implemented in the primary business area, the

Industry Division. The benefits from the Pacific Composites acquisition is expected to continue throughout the year. The antenna profile sales will most likely continue to be slow but the overall positive market development in other areas is expected to continue.

The main concern is the Sport Division's poor profitability mainly caused by the sourcing problems from China. Corrective actions have been taken and it is expected that the situation will be improved during the second half of the year.

The main risks in 2007 lie in market demand in certain Industry and Sport segments, especially Nordic Walking. Other risks are the increased inventories in the Sport Division and the sourcing from China.

For the full year 2007, Exel expects the profit before taxes to improve compared with the 2006 result before taxes and non-recurring items.

Vantaa, 25 July 2007

Exel plc
Board of Directors

Göran Jönsson
President & CEO

Consolidated financial statements

CONDENSED CONSOLIDATED INCOME STATEMENT, (unaudited)

EUR 1,000	1.4.–30.6. 2007	1.4.–30.6. 2006	Change %	1.1.–30.6. 2007	1.1.–30.6. 2006	Change %	1.1.–31.12. 2006
Net sales	28,721	27,907	2.9	57,518	53,507	7.5	112,395
Other operating income	412	21	1,861.9	456	51	794.1	145
Operating expenses	-25,414	-26,620	4.5	-49,645	-49,793	0.3	-106,047
Depreciation and impairment	-1,057	-1,144	7.6	-2,141	-2,998	28.6	-6,108
Operating profit	2,662	164	1,532.2	6,188	767	706.8	386
Net financial items	-190	-327	41.9	-530	-478	-10.9	-1,067
Profit before tax	2,472	-162	1,625.9	5,658	290	1,851.0	-681
Income taxes	-526	144	-465.3	-1,408	15		-52
Profit/loss for the period	1,946	-18		4,250	305		-733
Attributable to:							
Equity holders of the parent company	1,946	-13		4,250	311		-724
Minority interest	0	-4		0	-7		-10
Earnings per share, EUR	0.16	0.00		0.36	0.03		-0.06
Earnings per share, EUR, diluted	0.16	0.00		0.36	0.03		-0.06

CONDENSED CONSOLIDATED BALANCE SHEET

EUR 1,000	30.6.2007	30.6.2006	Change	31.12.2006
ASSETS				
Non-current assets				
Goodwill	10,300	14,123	-3,823	10,107
Other intangible assets	2,941	758	2,183	3,158
Tangible assets	18,010	20,045	-2,035	18,766
Deferred tax assets	2,663	2,293	370	2,200
Other non-current assets	76	71	5	76
Non-current assets total	33,990	37,290	-3,300	34,307
Current assets				
Inventories	23,142	20,550	2,592	19,975
Trade and other receivables	20,572	17,919	2,653	20,695
Other liquid assets	0	0	0	0
Cash at bank and in hand	3,986	5,205	-1,219	6,199
Current assets total	47,700	43,674	4,026	46,869
Non-current assets held for sale	560	0	560	748
Total assets	82,250	80,964	1,286	81,924
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	2,141	2,141	0	2,141
Share issue	0	0	0	0
Share premium reserve	8,492	8,492	0	8,492
Retained earnings	11,295	14,222	-2,927	14,453
Profit for the period	4,250	311	3,939	-724
Equity attributable to equity holders of the parent company	26,179	25,166	1,012	24,363
Minority share	0	3	-3	0
Total equity	26,179	25,169	1,010	24,363
Non-current liabilities				
Interest-bearing liabilities	25,840	26,659	-819	25,752
Deferred tax liabilities	695	1,049	-354	1,091
Current liabilities				
Interest-bearing liabilities	10,468	7,707	2,761	7,934
Trade and other non-current liabilities	19,069	20,379	-1,310	22,782
Total liabilities	56,071	55,794	277	57,561
Total equity and liabilities	82,250	80,964	1,287	81,924

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share Capital	Share Issue	Share Premium Reserve	Retained Earnings	Minority Interest	Total
Balance at 1 January 2006	2,070	287	5,142	19,530	10	27,039
Share issue	71	-287	3,550	0		3,134
Exchange rate differences		0	0	-689		-689
Other items		0	0	101		101
Dividend				-4,720		-4,720
Profit for the period				311	-7	305
Balance at 30 June 2006	2,141	0	8,492	14,533	3	25,170
Balance at 1 January 2007	2,141	0	8,492	13,729	0	24,363
Share issue	0	0	0	0	0	0
Exchange rate differences				-55	0	-55
Other items	0			0	0	0
Dividend				-2,379	0	-2,379
Profit for the period				4,250	0	4,250
Balance at 30 June 2007	2,141	0	8,492	15,545	0	26,179

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	1.1.-30.6. 2007	1.1.-30.6. 2006	Change	1.1.-31.12. 2006
Cash flow from operating activities				
Profit for the period	4,250	305	3,945	-733
Adjustments	3,936	4,570	-634	9,330
Change in working capital	-7,827	883	-8,710	245
Cash flow generated by operations	359	5,758	-5,399	8,842
Interest paid	-954	-273	-681	-998
Interest received	227	65	162	195
Other financial items	181	-64	0	8
Income taxes paid	-2,061	-2,298	237	-2,819
Net cash flow from operating activities	-2,248	3,188	-5,681	5,228
Cash flow from investing activities				
Acquisitions	0	-18,687	18,687	-18,279
Disposal of business	672	0	672	0
Capital expenditure	-1,150	-2,062	912	-2,655
Proceeds from sale of fixed assets	493	32	461	0
Other cash flow from investing activities	0	0	0	0
Cash flow from investing activities	15	-20,717	20,732	-20,934
Cash flow from financing				
Share issue	0	3,134	-3,134	3,134
Proceeds from long-term borrowings	0	18,000	-18,000	18,000
Instalments of long-term borrowings	-992	-1,248	256	-1,991
Change in short-term loans	3,580	1,977	1,603	2,079
Instalments of finance lease liabilities	-189	-187	-2	-375
Dividends paid	-2,379	-4,720	2,341	-4,720
Net cash flow from financing	20	16,956	-16,936	16,127
Change in liquid funds	-2,213	-573	-1,855	421
Liquid funds in the beginning of period	6,199	5,778	421	5,778
Change in liquid funds	-2,213	-573	-1,640	421
Liquid funds at the end of period	3,986	5,205	-1,219	6,199

QUARTERLY KEY FIGURES

EUR 1,000	II/2007	I/2007	IV/2006	III/2006	II/2006	I/2006
Net sales by segment						
Industry	27,577	26,697	27,260	27,691	26,869	15,072
Sport	2,166	3,727	4,972	4,475	3,913	6,875
Intra Group sales	-1,022	-1,628	-1,871	-3,638	-2,875	-3,440
Net sales, total	28,721	28,797	30,361	28,527	27,907	21,947
Operating profit by segment						
Industry	4,478	4,283	2,790	1,984	2,101	3,235
Sport	-1,760	-704	-2,311	-3,602	-1,912	-1,066
Intra Group items	-56	-53	160	597	-23	100
Operating profit, total	2,622	3,526	639	-1,020	164	2,169
Net financial items	-190	-340	-331	-258	-327	-112
Profit before taxes	2,472	3,186	307	-1,278	-162	2,057
Income taxes	-526	-882	-325	258	144	-332
Profit for the period	1,946	2,304	-18	-1,020	-18	1,725
Earnings per share, EUR	0.16	0.19	-0.00	-0.09	0.00	0.15
Earnings per share, EUR, diluted	0.16	0.19	-0.00	-0.09	0.00	0.14
Average number of shares undiluted, 1,000 shares	11,897	11,897	11,897	11,897	11,652	11,873
Average number of shares diluted, 1,000 shares	11,897	11,897	11,897	11,897	11,896	11,873
Average number of personnel	566	576	556	644	518	652

COMMITMENTS AND CONTINGENCIES

EUR 1,000	30.6.2007	30.6.2006	31.12.2006
On own behalf			
Mortgages	2,953	2,953	2,953
Corporate mortgages	12,500	12,500	12,500
Lease liabilities			
- in next 12 months	503	433	554
- in next 1-5 years	2,324	2,403	2,246
Other commitments	898	43	805

DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values, EUR 1,000	30.6.2007	30.6.2006	31.12.2006
Foreign exchange derivatives			
Forward contracts	8,803	8,470	8,269
Purchased currency options	2,969	3,202	3,086
Sold currency options	1,472	1,585	1,922
Currency swaps	502	0	0
Interest rate derivatives			
Interest rate swaps	417	5,971	860
Purchased interest rate options	4,667		4,667

CONSOLIDATED KEY FIGURES

EUR 1,000	1.1.–30.6. 2007	1.1.–30.6. 2006	Change %	1.1.–31.12. 2006
Net sales	57,518	53,507	7.5	112,395
Operating profit	6,188	767	706.8	386
% of net sales	10.8	1.4		0.3
Profit before tax	5,658	290	1,851.0	-681
% of net sales	9.8	0.5		-0.6
Profit for the period	4,250	305	1,293.4	-733
% of net sales	7.4	0.6		-0.7
Shareholders' equity	26,179	25,166	4.0	24,363
Interest-bearing liabilities	36,307	34,366	5.6	33,687
Cash and cash equivalents	3,986	5,205	-23.4	6,199
Net interest-bearing liabilities	32,321	29,161	10.8	27,488
Capital employed	62,486	59,536	5.0	58,050
Return on equity, %	33.6	2.3		-2.9
Return on capital employed, %	22.0	3.1		1.2
Equity ratio, %	31.9	31.1		29.9
Net gearing, %	123.5	115.9		112.8
Capital expenditure	1,150	18,580	-93.8	19,863
% of net sales	2.0	34.7		17.7
Research and development costs	1,474	1,160	27.1	2,169
% of net sales	2.6	2.2		1.9
Order stock	16,882	17,902	-5.7	15,040
Earnings per share, EUR	0.36	0.03		-0.06
Earnings per share, EUR, diluted	0.36	0.03		-0.06
Equity per share, EUR	2.20	2.12		2.05
Average number of shares				
- cumulative	11,897	11,763		11,830
- cumulative, diluted	11,897	11,772		11,847
Average number of employees	571	587	-2.7	600

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