



PONSSE

ANNUAL REPORT 2001



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INFORMATION FOR SHARE- HOLDERS

Annual General Meeting

Ponsse Oyj's Annual General Meeting will be held on 22 March 2002 at 10.00 a.m. at the Iisalmi Cultural Centre, address Kirkkopuis-tonkatu 9, FIN-74100 Iisalmi, Finland.

All shareholders listed not later than 12 March 2002 as Company shareholders in the shareholder register held by Finnish Central Securities Depository Ltd. are entitled to participate in the Annual General Meeting.

Shareholders wishing to participate in the Annual General Meeting must notify the Company about their participation no later than 4.00 p.m. on 19 March 2002 either in writing to Ponsse Oyj, Share Register, FIN-74200 Vieremä, Finland, by telephone at +358 17 768 4873, by fax at +358 17 768 4690 or at the Internet address www.ponsse.com/yhtiokokous. Written notifications must arrive before the above-mentioned deadline. Any letters of attorney should also be received before the deadline.

Dividend Distribution

The Board of Directors has decided to propose to the Annual General Meeting that a dividend of EUR 0.65 per share be paid for 2001. Dividends will be paid to shareholders listed on the matching day, 27 March 2002, as Company shareholders in the shareholder register held by Finnish Central Securities Depository Ltd. The Board of Directors will propose to the Annual General Meeting that the dividends be paid after the matching period on 5 April 2002.

Share Register

Ponsse Oyj's shares and shareholders are listed in the shareholder register held by Finnish Central Securities Depository Ltd. Shareholders are requested to report any change of address and other similar matters related to their shareholding to the book-entry securities register in which they have a book-entry securities account.

Financial Reports in 2002

Ponsse Oyj will issue three Interim Reports during the year 2002.

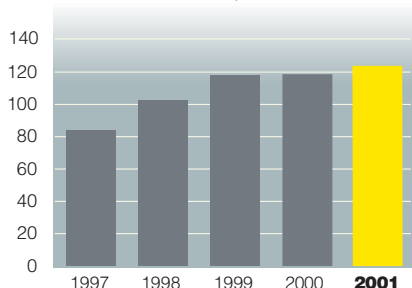
- The first, covering the period 1 January to 31 March 2002 will be published on 23 April 2002.
- The second, covering the period 1 January to 30 June 2002 will be published on 30 July 2002.
- The third, covering the period from 1 January to 30 September, will be published on 22 October 2002.

Interim Reports will be published in Finnish and English on Ponsse's home pages at the Internet address www.ponsse.com.

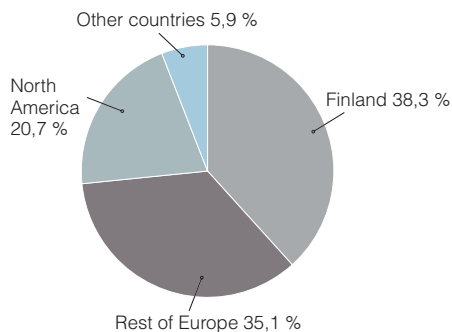
This Annual Report is available in both the Finnish and English languages. Annual Reports and Interim Reports may be ordered from Ponsse Oyj, FIN-74200 Vieremä, Finland, by telephone at +358 17 768 461, by fax at +358 17 768 4690, or by e-mail from corporate.communications@ponsse.com. The Annual Report is also available at the Internet address www.ponsse.com.

2001 IN BRIEF

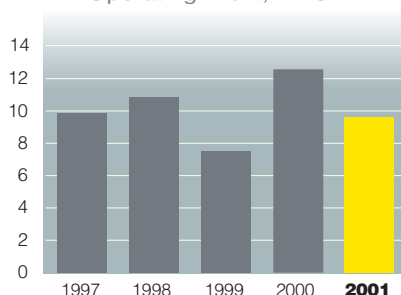
Turnover, MEUR



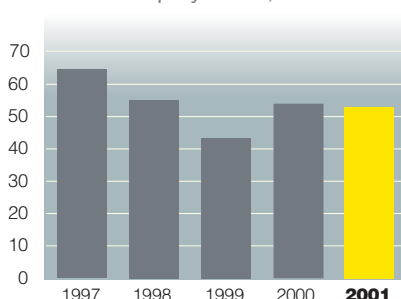
Turnover by Market Area



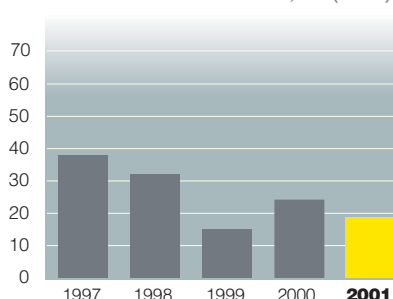
Operating Profit, MEUR



Equity Ratio, %



Return on Investment, % (ROI)



The Group's turnover totaled EUR 123.8 million (EUR 119.3 million in 2000). As the year began, the initialization of the new machine models, production progressed slowly as expected. By the summer however, normal production levels had been reached and an exceptionally large backlog of orders could be filled. By the end of the financial year order intake and production were balanced, but the reduced number of deliveries in the beginning of the year inhibited turnover growth.

Foreign business operations and exports continued to grow, accounting for 61.7% (56.4% in 2000) of Group turnover. Of the company's own subsidiaries, Ponsse USA Inc. registered the most growth in turnover. Finland accounted for 38.3% (43.6% in 2000), the rest of Europe for 35.1% (41.2% in 2000), North America for 20.7% (11.5% in 2000) and the rest of the world for 5.9% (3.7% in 2000) of Group turnover. The order stock at the end of the financial year was EUR 23.2 million (EUR 24.6 million in 2000).

The Group's operating profit was EUR 9.7 million (EUR 12.5 million in 2000), accounting for 7.9% (10.5% in 2000) of turnover. Extra expenses caused by the aforementioned slow production start-up stressed the operating profit. The consolidated balance sheet total on 31 December 2001 was 68.2 million (EUR 63.1 million in 2000). The balance sheet total grew as a result of deliveries that had accumulated at the end of the

year; for that reason current receivables were exceptionally high. The equity ratio was 53.3% (54.7% in 2000) and liquidity was good throughout the entire year.

The completely renewed product family, launched on the market in early 2001, received a good reception among the users and Ponsse strengthened its position as a desirable and reliable machine supplier in all market areas. The new product family consists of two harvester and three forwarder models powered by Mercedes-Benz diesel engines. Besides the machine's modern design, particular attention has been paid to their fuel economy, ease of servicing and user-friendliness.

The development of logistical solutions for wood harvesting continued. Ponsse presented the first data transfer and positioning system designed for forwarders. As in the harvester solutions, the system is PC-based and integrated with the machine's controls. The system's accessories include a reverse mode camera whose transmitted image can be seen on the cab's computer display.

Ponsse's own OptiPlan information system for wood harvesting was well-received in sawmills' wood procurement organizations. This software package can be used to assemble harvesting instructions containing optimization calculation files and map information that is then transmitted to the harvester. It is now also possible to utilize the mapping system in forwarders.

Key Data

	2001	2000
Turnover, MEUR.....	123.8	119.3
Operating profit, MEUR.....	9.7	12.5
Profit before extraordinary items, MEUR.....	9.2	12.0
Earnings per share, EUR.....	0.91	1.22
Dividend per share, EUR.....	0.65 ¹⁾	0.65
Shareholders equity per share, EUR.....	5.18	4.92
Equity ratio, %.....	53.3	54.7
Return on investment, % (ROI).....	19.2	24.3
Average number of staff.....	518	481

1) Proposal of the Board of Directors to the Annual General Meeting
The calculation of key figures is shown on page 23.

Ponsse Group

The Ponsse Group comprises the Parent Company Ponsse Oyj as well as the foreign subsidiaries Ponsse AB in Sweden, Ponsse AS in Norway, Ponssé S.A. in France, Ponsse UK Ltd. in the UK and Ponsse USA, Inc. in the United States of America. The

Group designs, manufactures and markets environmentally friendly and efficient forest machines for cut-to-length harvesting as well as information technology related to mechanized logging. Ponsse Oyj is quoted on the main list of the Helsinki Exchanges.

REVIEW BY THE CHAIRMAN OF THE BOARD

Ponsse's most important event during the year 2001 was the breaking in of the new product family's machines in world markets. The manufacturing of all forwarder and harvester models began immediately in early January. Initial production rates were slightly slower than normal, but our dedicated and professional staff performed their tasks under a great deal of pressure successfully – for that thanks to every Ponsse employee. The demand for the product family remained at a steady level during the entire year, clearly demonstrating domestic and international customers' confidence in the company despite the unstable situation in forest machine markets.

Customers' expectations regarding the new machines were extremely high; based on a solid year of experience we can say that their expectations have been met. The machines' new technology addressed the right needs at the right time: economy, efficiency, long servicing intervals, low engine emissions, superior cab ergonomics and an up-to-date appearance. These characteristics, combined with Ponsse's efficient after sales services, established the company as the market leader in domestic harvester sales. I can recall a similar development stage in 1983 when we launched a light-weight forwarder to meet market demand. The Ponsse S15 of that time, whose front chassis was the first in the world to be manufactured from aluminum, revolutionized the development of forwarders. I believe that our new product family's machines will also

act as trailblazers for forest machines' subsequent development stages.

In R&D we have stressed the importance of customers and interest groups. Customers' comments and wishes regarding machine performance pose great challenges for design and product development. Cooperation with forestry companies has created the basis for controlled growth and continuous development in the future – there is no room for inaction or complacency.

Export's share of our operations has grown steadily during the last few years. An understanding of international markets and the ability to satisfy customer's expectations are essential parts of sales development. The effective mapping of new sales channels, as well as the conclusion of retail distributor agreements are also important when seeking additional growth.

Considering the initialization of production for the new production family, the launching of machines on markets and the general state of the global economy Ponsse's result for the year 2001 is at a strong level. Once again we will be able to reward our shareholders with a generous dividend.

*Einari Vidgrén
Chairman of the Board*



*REVIEW BY
THE PRESIDENT,
CEO*

The year 2001 was challenging, but once again demonstrated the Ponsse Group's operational, technical and economic strengths. Even as overall markets contracted, we achieved all-time high turnover of EUR 123.8 million, a 3.8% increase over the previous year. Considering the market situation, it was most gratifying that profitability could be maintained at such a favorable level; Ponsse's operating profit for 2001 was EUR 9.8 million.

Economically, the year was characterized by slower production rates at the beginning of the year and weakening overall markets at the end. The desire to ensure the new models' high-level quality immediately at the initial production stage necessitated the slower production rates. Matching production to demand took longer than expected and the first quarter registered a loss. By the end of the year however, delivery volumes had reached their normal level and profitability improved significantly.

Our new models were very well received; Ponsse's customers in all our market areas have been satisfied with the new products. The renewed product family's features have been specifically designed to enhance entrepreneurs' commercial viability; functions that improve productivity, lower operating costs and create value added for finished products are always important characteristics whose significance is further emphasized in tighter times. The result demonstrates that we have succeeded in identifying our customers' needs and that our product development team has the ability to create advanced products that satisfy demand.

Despite a few initial difficulties the implementation of the new models' production succeeded well and our manufacturing processes proved effective. With the right methods, as well as an expert and motivated workforce, we achieved a level of competitiveness also capable of withstanding downward trends.

In after-sales markets we continued to develop our operations and boost the efficiency of spare parts logistics. The keys to achieving a high utilization rate for forest machines are a superior product as well as workable maintenance and spare parts services. The professionalism of our organi-

zation is at a high level and our servicing network covers our sphere of operations comprehensively.

In distribution channels, the most significant changes taking place in 2001 were a new distributor in Russia's neighboring areas as well as the first deliveries to New Zealand. Machine exports however continued to take place primarily through existing distribution channels. With the mild recession in Central Europe, the most important growth areas for export were North America and the Baltic States. I would however like to point out that we have not yet achieved a market share in any export area commensurate with our competitiveness; the potential for profitable growth therefore exists.

During the current year 2002 we will invest in the development of all sectors, intensifying cooperation with our customers and interest groups to identify product needs. Investments in product development will further increase our lead in technical product properties and manufacturing efficiency will be boosted to improve our cost-competitiveness. We will also improve our level of service in after-sales markets, strengthen our market position in our current operating areas and augment resources for the penetration of new markets.

The prospects for 2002 are expectant, but clearly better than for the previous year. The upturn in the forestry industry currently discernible will increase the demand for our products at the end of the year. Sales at the beginning of the year are expected to match last years average levels and exceed them at the end of the year. Because the prerequisites for volume growth are favorable and the measures planned for the development of our operations require relatively modest capital outlays, we also expect an economically successful year.

Again I would like to thank all our customers, employees, distributors and interest groups for their efforts and confidence in the company. Dedicated to excellence – that is the slogan we will continue to follow also in the future.

*Tommi Ruha
President, CEO*



**REPORT BY
THE BOARD OF
DIRECTORS
1 JAN. – 31 DEC. 2001**

General

The Ponsse Group's operations continued steadily during the year 2001, with turnover increasing despite the market's general decline. The new machine models' production start-ups that slowed deliveries at the beginning of the year explain the moderate growth in turnover. At the end of the year orders received and deliveries were balanced. Considering the circumstances the year's result can be considered good.

Turnover and Profit

The Group's turnover totaled EUR 123.8 million (EUR 119.3 million in 2000). As the year began, the initialization of the new machine models' production progressed slowly as expected. By the summer however, normal production levels had been reached and an exceptionally large backlog of orders could be filled. By the end of the financial year order intake and production were balanced, but the reduced number of deliveries in the early part of the year inhibited turnover growth.

Foreign business operations and exports continued to grow, accounting for 61.7% (56.4% in 2000) of Group turnover. Of the company's own subsidiaries, Ponsse USA Inc. registered the most growth in turnover. Finland accounted for 38.3% (43.6% in 2000), the rest of Europe for 35.1% (41.2% in 2000), North America for 20.7% (11.5% in 2000) and the rest of the world for 5.9% (3.7% in 2000) of Group turnover.

New orders were obtained in the amount of EUR 122.5 million (EUR 128.5 million in 2000). The order stock at the end of the financial year was EUR 23.2 million (EUR 24.6 million in 2000). During the year the maximum order book was EUR 33.9 million at the end of May.

The Group's operating profit was EUR 9.7 million (EUR 12.5 million in 2000), accounting for 7.9% (10.5% in 2000) of turnover. Extra expenses caused by the aforementioned slow production start-up stressed the operating profit. Net financing expenses grew slightly compared to 2000 and were EUR 0.6 million (EUR 0.5 million in 2000). Profit after extraordinary items was EUR 9.2 million (EUR 12.0 million in 2000). There were no extraordinary items for 2001 or the comparison year.

The Group's profit for the financial year totaled EUR 6.4 million (EUR 8.5 million in 2000). The parent company's profit for the financial year totaled 6.6 million (EUR 8.8 million in 2000).

Market Situation

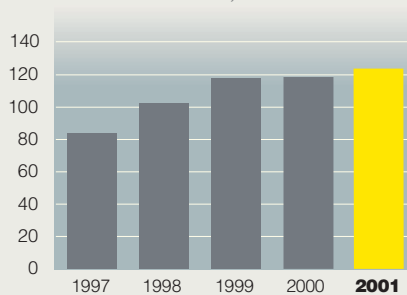
The consolidated balance sheet total on 31 December 2001 was 68.2 million (EUR 63.1 million in 2000). The balance sheet total grew as a result of deliveries that had accumulated at the end of the year; for that reason current receivables were exceptionally high.

The Group's interest-bearing debts totaled EUR 20.2 million (EUR 15.8 million in 2000). The equity ratio was 53.3% (54.7% in 2000).

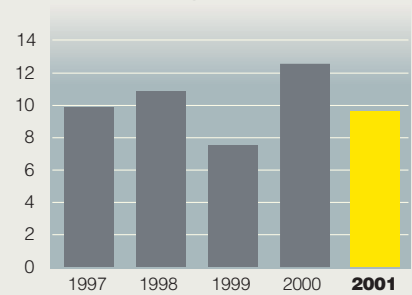
Liquidity was good throughout the entire year. Cash assets totaled EUR 8.9 million (EUR 6.6 million on 31 December 2000). To maintain financing flexibility and balance seasonal fluctuations, Ponsse has the use of finance credit agreements of which EUR 10.6 million had remained unused at the end of the year.

Total contingent liabilities related to customer and dealer financing amounted to EUR 6.8 million on 31 December 2001 (EUR 3.8 million in 2000).

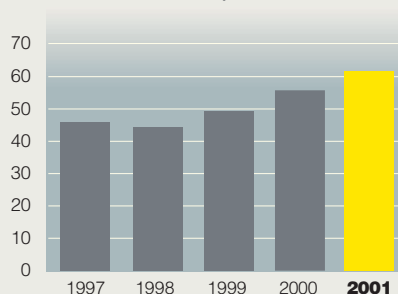
Turnover, MEUR



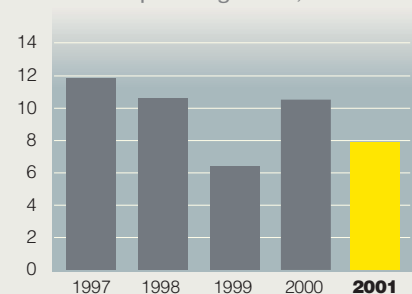
Operating Profit, MEUR



Export and Foreign Business Operations, %



Operating Profit, %



Capital Expenditure

The Group's gross capital expenditure on fixed assets was EUR 1.4 million (EUR 1.5 million in 2000). Investments focused on market subsidiaries' premises, production technology modernisations and information technology. No product development or research expenses were capitalized.

Sales and Markets

The instability of the global economy that began in spring of 2001 affected Ponsse's operational prerequisites only marginally. The completely renewed product family, announced in late 2000, was immediately launched on the market in early 2001. During the spring, it was not possible to satisfy demand completely.

All the goals set for the new models have been attained. The machines' productivity and economy are clearly superior to our competitors' models and clear progress has been made in the development of users' working ergonomics. The esthetic design is also considered successful. Users' feedback regarding the machines' technical performance has confirmed the success of the development work, indicating a long life span for the product family.

Ponsse strengthened its position as a desirable and reliable machine supplier in all market areas. From the standpoint of overall forest machines' markets, sales volumes developed commendably and the operations' economic result was good. Particularly strong development was registered in new market areas where Ponsse has gradually expanded its operations.

Ponsse has its own subsidiaries, concentrating on sales and after-sales, in Sweden, Norway, the UK, France and the USA. The most significant retail distributors operate in

Germany, Canada, the Baltic area, St Petersburg in Russia, Portugal and Chile. Besides these, direct sales are made from Finland to several other countries. One of the newest market areas is New Zealand; the first deliveries to that country were made at the end of the year.

Ponsse AB moved to new facilities at Surahammar, operations were developed and the organization was streamlined. Ponsse's sales volumes increased despite the contractions in Sweden's forest machine markets; the renewed product family and new information technology solutions have stimulated a great deal of positive interest among users.

Ponsse AS's sales exceeded the previous year's sales figures as well as projections. In Norway, Ponsse has attained a solid position among entrepreneurs and the customer base broadened considerably during the year. Ponsse AS's operational quality and efficiency are at an exceptionally high level; the machines' efficiency and applicability to Norway's demanding terrain conditions have received particular praise.

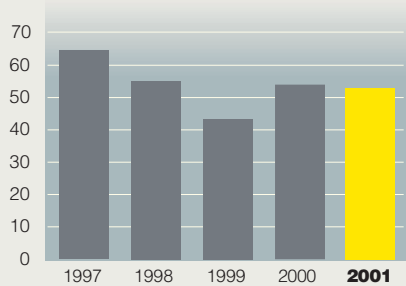
To meet expanding operational needs, Ponsse S.A.'s head office moved to new facilities at Gondreville and the Southern France branch to Labouherey. After the increased sales of machines that followed the storms in Central Europe in 1999/2000, forest machines' overall markets, as well as Ponsse's sales volumes, decreased in France compared to the 2000 level. The new product family was well received in France and 2001 was a fairly good year for the company. In October the first order was received for the new harvester head, developed by Ponsse S.A. and local entrepreneurs in cooperation with Ponsse's product development, designed particularly for the felling of deciduous trees.

During the year Ponsse UK moved to new office facilities at Lockerbie. In UK markets Ponsse's sales also decreased, reflecting the overall market situation. The organization was streamlined and resources were deployed to the customer interface. The subsidiary's position among our own customers is strong and the prerequisites for an increased market share were created during the year.

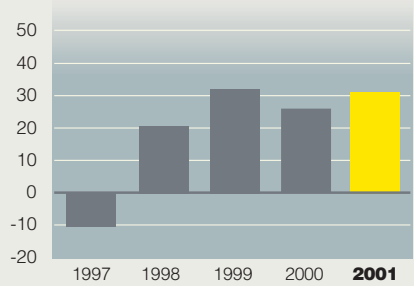
Because the proliferation of the cut-to-length harvesting method continued as predicted in the USA, markets there are favorable for sales growth. The sales of new machines increased strongly in the Great Lakes area and Ponsse's position solidified in Southern States. With its long-term sales expertise and effective after-sales services Ponsse has also created the prerequisites for future sales growth.

Ponsse's retail distribution network covers Germany, Eastern Canada, the Baltic States, Portugal and Chile. Sales through the retail distributor network developed favorably, particularly in the company's newer Canadian and Baltic market areas. The systematic work carried out to develop the retail distributor network is producing results and will continue. With ongoing training, distributors' expertise and the quality of service will be kept at high levels to ensure customer satisfaction. In a new market, the first harvesting chain containing a harvester and forwarder was delivered in late 2001 to New Zealand.

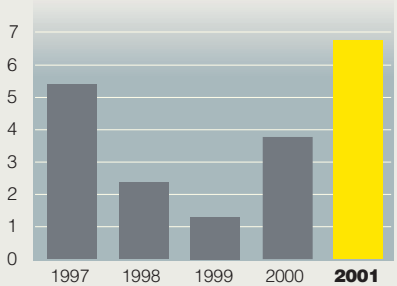
Equity Ratio, %



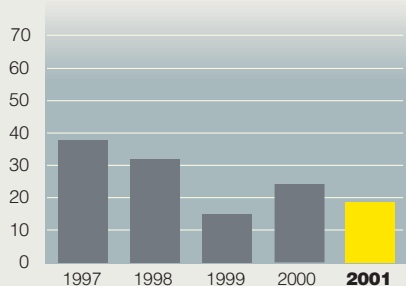
Gearing, %



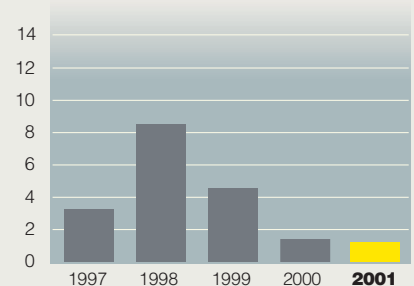
Customer and Dealer Financing Liabilities, MEUR



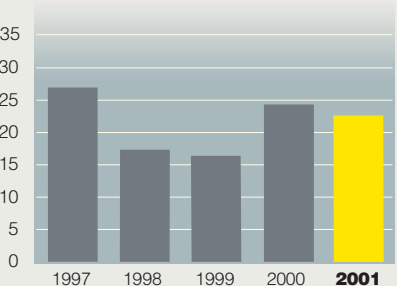
Return on Investment-%



Gross Capital Expenditure on Fixed Assets, MEUR



Order Book, MEUR



REPORT BY
THE BOARD OF
DIRECTORS
1 JAN. – 31 DEC. 2001

The end-user friendly cut-to-length method developed in Scandinavia is becoming increasingly widespread in the industry as one of the world's most effective and environmentally-friendly methods. The utilization of advanced information technology solutions is the first stage in the optimization of timber use to achieve the best economic results for all participants along the wood harvesting and further processing chain.

Research and Development

A total of 48 staff (54 in 2000) were employed in the Group's product development at the end of the financial year, accounting for 9.5% (11.4% in 2000) of the Group's personnel. The Group's product research and development expenses totaled EUR 2.6 million (EUR 2.7 million in 2000), accounting for 2.1% (2.3% in 2000) of Group turnover.

The development of logistical solutions for wood harvesting continued. At the Elmia Wood forestry fair in Sweden Ponsse presented the first data transfer and positioning system designed for forwarders. As in the harvester solutions, the system is PC-based and integrated with the machine's controls. The system's accessories include a reverse mode camera whose transmitted image can be seen on the cab's computer display.

Ponsse's OptiPlan information system for wood harvesting was well-received in sawmills' wood procurement organizations. This software package can be used to assemble harvesting instructions containing optimization calculation files and map information that is then transmitted to the harvester. It is now also possible to utilize the mapping system in forwarders.

Close research and development cooperation with universities, the forestry industry's educational institutions and forestry companies continued as during the previous year.

Personnel

During the financial year, the average number of staff employed by the Group was 518 persons (481 persons). The Group employed 507 persons (484 persons) on 31 December 2001.

In keeping with the year's main themes, occupational health and the development of the working community, the comprehensive PONTEVA project was implemented; key sub-areas included teamwork, development discussions, ergonomics and on-the-job safety. Professional expertise was strengthened with training in language and management skills, as well as an extensive training program covering the new product family.

Quality

Product-, service- and operations-related quality was developed on many fronts. Measures relating to quality supervision and improvements were developed for the company's own production as well as to ensure subcontractors' quality standards. An operational development project initialized during the year treats functions as processes enabling the achievement of high-quality operational methods.

Environmental values have always been a top priority in Ponsse's products and operations. During the year under review the groundwork was laid for the certification of the company's environmental quality system in 2002.

Management and Auditors

During the financial year the members of Ponsse Oyj's Board of Directors were Einari Vidgrén (Chairman), Ilkka Kylävainio, Tommi Lindbom (until 22 October 2001), Heikki Ojala (from 15 March 2001), Samuli Perttala, Orvo Siimestö (from 15 March 2001), Harri Suutari (until 15 March 2001), Juha Vidgrén and Mika Vidgrén.

The company's President, CEO Tommi Lindbom, CFO Marko Karppinen and Export Director Mikko Tahkola agreed to terminate their employment agreements on 22 October 2001 owing to differences of opinion regarding the company's future development. At the same time Tommi Lindbom

resigned from the Board of Directors as well as from the boards of subsidiaries and associated companies.

On the same date Tommi Ruha M.Sc. (For.) was named as the new President, CEO of Ponsse Oyj. The Ponsse Group has employed Ruha since 1995. He assumed his new position after having served as Ponsse USA, Inc.'s President. Juha Vidgrén M.Sc. (Educ.) was named as Stand-in President, CEO. Board member Samuli Perttala, M.Sc. (Econ.) took over as temporary CFO.

At the Annual General Meeting on 15 March 2001 the Authorized Public Accountants Tilintarkastajien Oy - Ernst & Young were chosen as auditors.

Group Relations

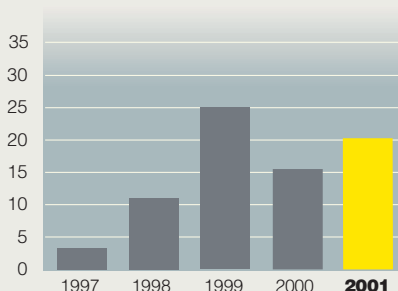
During the year under review there were no changes in the Group's structure. The Group includes the subsidiaries Ponsse AB in Sweden, Ponsse AS in Norway, Ponsse S.A. in France, Ponsse UK Ltd. in the UK and Ponsse USA, Inc. in the USA. Sunit Mobile Oy in Kajaani continues as an associated company. Ponsse holds a 34% interest in this company.

Outlook for the Current Year

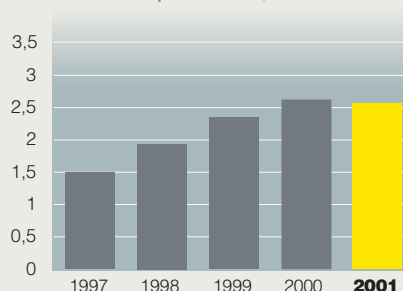
The proliferation of the cut-to-length wood harvesting method continues and markets are expected to increase slightly compared to the year 2001, but recovery will be weighted towards the autumn. From the overall market perspective, the year's first and second quarters will be to a certain degree quieter than normal. From Ponsse's standpoint, moderate turnover growth is expected. Growth will be stimulated by the positive market response accorded to the new models as well as the company's ability to flexibly step up production to meet growing demand.

Because production is currently balanced with market demand, it is expected that profits will improve clearly during the current year. Owing to the industry's seasonal fluctuations, the current year's accumulated profits will be weighted towards the end of the year.

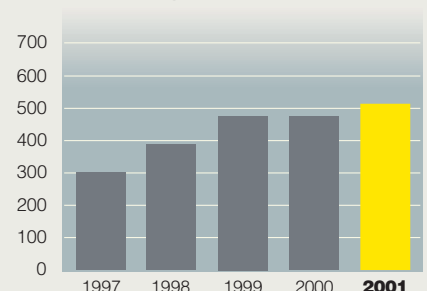
Interest – Bearing Liabilities,
MEUR



Research and Development
Expenditure, MEUR



Average Number of Staff



CONSOLIDATED PROFIT AND LOSS ACCOUNT

		2001	2000
	Appendix ⁽¹⁾	TEUR	TEUR
Turnover	2, 3	123,828	119,286
Increase (+)/ or decrease (-) in stocks of finished goods and in work in progress		-1,013	873
Other operating income		776	416
Raw materials and services	4	-75,831	-72,245
Staff expenses	5, 6	-22,060	-20,239
Depreciation	8	-2,768	-2,741
Other operating charges		-13,209	-12,814
Operating profit		9,723	12,536
Share of results of associated undertakings	14.2	68	55
Financial income and expenses	9	-623	-543
Profit before extraordinary items		9,168	12,048
Extraordinary items	10	0	0
Profit after extraordinary items		9,168	12,048
Direct taxes	12	-2,801	-3,536
Minority interest		-1	-1
Profit for the financial year		6,366	8,511

CONSOLIDATED BALANCE SHEET

		2001	2000
	Appendix ⁽¹⁾	TEUR	TEUR
ASSETS			
Non-current assets			
Intangible assets	13.1	1,549	2,010
Tangible assets	13.2	13,960	14,913
Investments	13.3, 14	371	331
		15,880	17,254
Current assets			
Stocks	15	30,157	26,790
Non-current receivables	16.1	76	14
Current receivables	16.2	13,191	12,418
Cash in hand and at banks		8,865	6,632
		52,289	45,854
Assets total		68,169	63,108
LIABILITIES			
Capital and reserves	17		
Share capital		3,500	3,500
Share premium account		2,551	2,555
Other reserves		2	0
Translation difference		547	332
Retained earnings		23,304	19,554
Profit for the financial year		6,366	8,511
		36,270	34,452
Minority interest		2	1
Creditors			
Non-current	19	13,410	12,226
Current	20	18,487	16,429
		31,897	28,655
Liabilities total		68,169	63,108

1) The Appendix refers to the Notes to the Accounts on pages 13 - 21.

**CONSOLIDATED
CASH FLOW
STATEMENT**

	2001 TEUR	2000 TEUR
Business operations		
Operating profit	9,723	12,536
Depreciation and reduction in value	2,768	2,741
Other adjustment items	1	153
Cash flow before change in working capital	12,492	15,430
Change in working capital		
Increase (-)/ decrease (+) in current interest-free receivables	-873	-1,720
Increase (-)/ decrease (+) in stocks	-3,367	-5,581
Increase (-)/ decrease (+) in current interest-free creditors	422	-1,053
Cash flow from operations before financial items and income taxes	8,674	7,076
Interest received	224	302
Interest paid	-984	-834
Other financial income and expenses	122	9
Income taxes paid	-4,160	-1,843
Cash flow before extraordinary items	3,876	4,710
Net cash flow from operations (A)	3,876	4,710
Capital expenditure		
Investments in tangible and intangible assets	-1,394	-1,536
Income from sales of tangible and intangible assets	0	32
Cash outflow for investments (B)	-1,394	-1,504
Financing		
Amortization of current creditors	3,119	-432
Increase (-)/ decrease (+) in interest-bearing receivables	60	13
Drawing of non-current creditors	1,349	1,682
Amortization of non-current creditors	-165	-10,392
Increase (-)/ decrease (+) in non-current receivables	-62	20
Dividend distribution	-4,550	-3,150
Financing total (C)	-249	-12,259
Increase (+)/ decrease (+) in liquid assets (A+B+C)	2,233	-9,053
Liquid assets 1 January	6,632	15,685
Liquid assets 31 December	8,865	6,632

		2001	2000
	Appendix ⁽¹⁾	TEUR	TEUR
Turnover	2	97,422	100,707
Increase (+)/ or decrease (-) in stocks of finished goods and in work in progress		-93	36
Other operating income		269	463
Raw materials and services	4	-61,203	-61,406
Staff expenses	5, 6	-17,059	-15,791
Depreciation	8	-2,245	-2,227
Other operating charges		-9,096	-9,907
Operating profit		7,995	11,875
Financial income and expenses	9	735	341
Profit before appropriations and taxes		8,730	12,216
Appropriations	11	584	272
Direct taxes	12	-2,727	-3,641
Profit for the financial year		6,587	8,847

*PONSSE OYJ
PROFIT AND
LOSS
ACCOUNT*

		2001	2000
	Appendix ⁽¹⁾	TEUR	TEUR
ASSETS			
Non-current assets			
Intangible assets	13.1	1,147	1,387
Tangible assets	13.2	12,932	14,280
Investments	13.3, 14	905	697
		14,984	16,364
Current assets			
Stocks	15	16,793	15,227
Non-current receivables	16.1	220	228
Current receivables	16.2	29,473	26,638
Cash in hand and at banks		4,921	3,579
		51,407	45,672
Assets total		66,391	62,036

*PONSSE OYJ
BALANCE
SHEET*

		2001	2000
	Appendix ⁽¹⁾	TEUR	TEUR
LIABILITIES			
Capital and reserves	17		
Share capital		3,500	3,500
Share premium account		2,545	2,545
Retained earnings		21,702	17,405
Profit for the financial year		6,587	8,847
		34,334	32,297
Appropriations	18	3,800	4,384
Creditors			
Non-current	19	12,155	10,895
Current	20	16,102	14,460
		28,257	25,355
Liabilities total		66,391	62,036

1) The Appendix refers to the Notes to the Accounts on pages 13 - 21.

PONSSE OYJ
CASH FLOW
STATEMENT

	2001	2000
	TEUR	TEUR
Business operations		
Operating profit	7,995	11,875
Depreciation and reductions in value	2,245	2,227
Unrealized exchange profits and losses	-638	1,129
Cash flow before change in working capital	9,602	15,231
Change in working capital		
Increase (-)/ decrease (+) in current interest-free receivables	-2,283	-7,647
Increase (-)/ decrease (+) in stocks	-1,565	-1,334
Increase (-)/ decrease (+) in current interest-free creditors	-107	-623
Cash flow from operations before financial items and income taxes	5,648	5,627
Interest received	1,365	1,536
Interest paid	-978	-834
Other financial income and expenses	333	17
Income taxes paid	-4,024	-1,652
Cash flow before extraordinary items	2,343	4,694
Net cash flow from operations (A)	2,343	4,694
Capital expenditure		
Investments in tangible and intangible assets	-865	-1,155
Income from sales of tangible and intangible assets	0	16
Cash outflow for investments (B)	-865	-1,139
Financing		
Amortization of current creditors	3,114	-438
Increase (-)/ decrease (+) in interest-bearing receivables	32	-12
Drawing of non-current creditors	1,349	1,682
Amortization of non-current creditors	-90	-10,388
Increase (-)/ decrease (+) in non-current receivables	8	345
Dividend distribution	-4,550	-3,150
Financing total (C)	-136	-11,961
Increase (+)/ decrease (-) in liquid assets (A+B+C)	1,342	-8,406
Liquid assets 1 January	3,579	11,985
Liquid assets 31 December	4,921	3,579

1. Accounting Principles Applied

The consolidated financial statements have been prepared in accordance with the new Accounting Act (30.12.1997/1336) and Accounting Ordinance (30.12.1997/1339). The consolidated financial statements follow the expense-specific Profit and Loss Account and Balance Sheet formats.

1.1 Change in accounting principles appliedFixed assets

Fixed assets are shown in the Balance Sheet as acquisition costs from which have been deducted depreciation according to plan. Depreciation according to plan has been calculated by the straight-line method based on the economic life of the fixed assets. Depreciation periods are:

Intangible assets

Intangible rights	5 years
Goodwill	10 years
Other capitalized long-term expenses	3 - 5 years

Tangible assets

Buildings	20 years
Machinery and equipment	3 - 10 years.

Determination of stocks

Stocks are shown, in accordance with the lowest value principle, as the direct manufacturing or acquisition cost or likely selling price, whichever is the lower.

Cash in hand and at bank

Cash in hand and at bank includes cash money, bank accounts and liquid money market investments.

Research and development expenses

Research and development expenses have been recorded according to the year of their formation.

Guarantee expenses

The probable guarantee expenses concerning delivered forest machines have been recorded in current creditors.

Pension expenses

The statutory pension security for the Group's personnel has been arranged through pension insurance companies and there are no uncovered pension liabilities.

Taxes

Within the group, taxes determined on the basis of the parent company's and subsidiaries' results or dividend distribution have been recorded on an accrual basis.

1.2 Foreign currency items

Foreign currency items have been translated into euros at the rates quoted at the balance sheet date.

1.3 Accounting principles for consolidated accountsExtent of consolidated accounts

Consolidated accounts' include, besides the parent company, all those companies in which over 50 % of the votes are directly or indirectly owned by the parent company at the end of the accounting period.

Associated undertakings' account information has been combined with consolidated accounts using the equity method. Associated undertakings are companies in which 20 – 50 % of the votes are directly or indirectly owned by the parent company.

More detailed information concerning Group companies and associated companies are provided in the following notes to the accounts, Section 14 "Shares and similar rights of ownership".

Calculation principles for consolidated accountsInternal shareholding

The consolidated financial statements have been prepared in accordance with the purchase method. The acquisition cost in excess of the shareholders' equity of each subsidiary at the date of acquisition is presented in the balance sheet under goodwill, which will be depreciated over 10 years according to plan.

Internal business transactions and balances

The Group's internal business transactions, internal receivables and creditors, unrealized margins of internal deliveries and internal profit distribution have been eliminated.

Depreciation difference

The depreciation difference is recorded in the Consolidated Balance Sheet itemized by capital and reserves and deferred tax liability.

Minority interests

Minority interests are separated from the Group's equity and profits and are presented as a separate item.

Translation differences

The profit and loss accounts of Group companies abroad have been translated into euros at the middle rate quoted during the financial year and the balance sheets at the rates quoted at the balance sheet date. Like the translation differences in shareholders' equity, the translation differences arising appear as a separate item under shareholders' equity.

Associated undertakings

Consolidated accounts include the Group's share of associated undertakings' profits. The proportion of an associated undertaking's shareholders' equity at the acquisition date corresponding to that owned by the Group, adjusted by the changes in shareholders' equity taking place after the shares were acquired, is included in holdings in participating interests in the balance sheet.

Deferred tax liabilities and assets

An income tax adjustment equivalent to the elimination of uncapitalised margins on deliveries of new forest machines within the group has been treated as a deferred tax asset arising from consolidation measures in the consolidated financial statements. Significant income tax adjustments corresponding to timing differences in bookkeeping and taxation are treated as a deferred tax asset.

2. Turnover by Market Areas

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Finland	47,451	51,963	47,467	51,941
Other countries	76,378	67,323	49,955	48,766
Total	123,829	119,286	97,422	100,707

3. Turnover by Market Areas

	Group	
	2001	2000
	%	%
Finland	38.3	43.6
Rest of Europe	35.1	41.2
United States of America	20.7	11.5
Other countries	5.9	3.7
Total	100.0	100.0

4. Raw Materials and Services

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Raw materials and consumables				
Purchases during the period	79,869	76,852	62,861	62,704
Increase in stocks	-4,038	-4,607	-1,658	-1,298
Materials and services total	75,831	72,245	61,203	61,406

5. Staff Expenses

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Wages and salaries	17,290	15,708	13,324	12,170
Pension expenses	2,179	2,021	1,994	1,864
Other staff expenses	2,591	2,510	1,741	1,757
Total	22,060	20,239	17,059	15,791

Staff expenses include both compulsory and voluntary staff costs on an accrual basis.

6. Management Wages and Salaries

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Presidents	819	566	183	132
Board members	93	75	93	75
Pension expenses	56	39	42	30
Other staff expenses	107	99	45	50
Total	1,075	779	362	287

Management wages and salaries include both compulsory and voluntary staff costs on an accrual basis.

7. Staff

	Group		Parent Company	
	2001	2000	2001	2000
	persons	persons	persons	persons
7.1 Average Number of Staff				
Employees	320	288	263	249
Clerical personnel	198	193	167	152
Total	518	481	430	401

	Group		Parent Company	
	2001	2000	2001	2000
	persons	persons	persons	persons
7.2 At End of Financial Year				
Employees	306	287	250	244
Clerical personnel	201	197	168	153
Total	507	484	418	397

8. Depreciation and Reduction in Value

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Depreciation according to plan	2,768	2,741	2,245	2,227
Reduction in value of fixed assets and non-current investments	0	0	0	0
Total	2,768	2,741	2,245	2,227

9. Financial Income and Expenses

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Income from participating interests	-	-	39	46
Other interest and financial income				
From group companies				
Interest income	-	-	1,170	905
From others				
Interest expenses	224	302	155	228
Other financial income	379	215	586	215
Total	603	517	1,912	1,348
Interest and other financial expenses				
For others				
Interest expenses	969	854	962	855
Other financial expenses	257	206	253	198
Total	1,226	1,060	1,215	1,053
Financial income and expenses total	-623	-543	736	341

In 1999, the value of Ponsse USA Inc.'s shares in the Parent Company was written down by EUR 3306 thousand. By 31 December 2001 the shareholders equity in Ponsse USA Inc. had reached EUR 282 thousand. For this reason the previous writedown has been cancelled by entering EUR 208 thousand into other financial income. Currently the book value in the Parent Company is equivalent to Ponsse USA Inc.'s shareholders' equity.

10. Extraordinary Items

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Extraordinary expenses	0	0	0	0
Income taxes	0	0	0	0
Total	0	0	0	0

11. Appropriations

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Increase (-)/decrease (+) in depreciation reserve	-	-	584	272

12. Direct Taxes

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Income taxes	2,862	3,832	2,727	3,641
Increase in deferred tax liability	-165	-79	-	-
Increase in tax assets	104	-217	-	-
Total	2,801	3,536	2,727	3,641

13. Fixed Assets and Other Non-current Investments

	Group		Parent Company	
	2001 TEUR	2000 TEUR	2001 TEUR	2000 TEUR
13.1 Intangible Assets				
<i>Formation expenses</i>				
Acquisition cost 1 Jan.	85	85	85	85
Increases	0	0	0	0
Acquisition cost 31 Dec.	85	85	85	85
Accumulated depreciation 1 Jan.	-46	-30	-46	-30
Depreciation for the financial year	-16	-16	-16	-16
Accumulated depreciation 31 Dec.	-62	-46	-62	-46
Book value 31 Dec.	23	39	23	39
<i>Goodwill</i>				
Acquisition cost 1 Jan. and 31 Dec.	2,219	2,219		
Accumulated depreciation 1 Jan.	-1,815	-1,597		
Depreciation for the financial year	-202	-218		
Accumulated depreciation 31 Dec.	-2,017	-1,815		
Book value 31 Dec.	202	404		
	2001 TEUR	2000 TEUR	2001 TEUR	2000 TEUR
<i>Other capitalized long-term expenses</i>				
Acquisition cost 1 Jan.	2,425	2,154	2,459	2,345
Foreign exchange profits and losses	6	1	0	0
Increases	158	565	136	409
Decreases	0	-295	-1	-295
Transfers between items	0	0	0	0
Acquisition cost 31 Dec.	2,589	2,425	2,594	2,459
Accumulated depreciation 1 Jan.	-858	-695	-1,111	-971
Foreign exchange profits and losses	-1	-1	0	0
Accumulated depreciation on decreases and transfers	0	194	-1	193
Depreciation for the financial year	-406	-356	-359	-333
Accumulated depreciation 31 Dec.	-1,265	-858	-1,470	-1,111
Book value 31 Dec.	1,324	1,567	1,124	1,348
13.2 Tangible Assets				
<i>Land and waters</i>				
Acquisition cost 1 Jan.	339	332	339	332
Increases	0	13	0	13
Decreases	0	-6	0	-6
Acquisition cost and book value 31 Dec.	339	339	339	339
<i>Buildings</i>				
Acquisition cost 1 Jan.	10,179	9,979	10,179	9,979
Increases	48	200	48	200
Acquisition cost 31 Dec.	10,732	10,179	10,403	10,179
Accumulated depreciation 1 Jan.	-2,860	-2,305	-2,860	-2,305
Depreciation for the financial year	-577	-555	-570	-555
Accumulated depreciation 31 Dec.	-3,437	-2,860	-3,430	-2,860
Revaluation	841	841	841	841
Book value 31 Dec.	8,136	8,160	7,814	8,160

A revaluation in the amount of EUR 841 thousand was made 31 August 1994 to the Parent Company's business premises located at Vieremä. Depreciation has not been made for the revaluation. The revaluation includes a deferred tax liability of EUR 244 thousand. The revaluation has been made on the basis of legislation then in effect because the premises' fair market value is permanently and substantially larger than the acquisition cost.

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
<i>Machinery and equipment</i>				
Acquisition cost 1 Jan.	12,364	12,024	11,030	10,861
Foreign exchange profits and losses	12	46	0	0
Increases	722	953	339	760
Decreases	-95	-659	0	-591
Transfers between items	0	0	0	0
Acquisition cost 31 Dec.	13,003	12,364	11,369	11,030
Accumulated depreciation 1 Jan.	-5,997	-5,002	-5,296	-4,537
Foreign exchange profits and losses	-11	-5	0	0
Accumulated depreciation on decreases and transfers	54	606	0	563
Depreciation for the financial year	-1,570	-1,596	-1,299	-1,323
Accumulated depreciation 31 Dec.	-7,524	-5,997	-6,595	-5,297
Book value 31 Dec.	5,479	6,367	4,773	5,733

The book value of production machinery and equipment included in the Group's and Parent Company's balance sheet on 31 December 2001 was EUR 3,698 thousand (EUR 4,517 thousand on 31 December 2000).

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
<i>Advance payments and construction in progress</i>				
Acquisition cost 1 Jan.	48	155	48	155
Increases	6	337	6	337
Decreases	-48	-444	-48	-444
Acquisition cost and book value 31 Dec.	6	48	6	48

13.3 Investments

Holdings in group companies

Acquisition cost 1 Jan.	-	-	3,632	3,632
Increases	-	-	0	0
Acquisition cost 31 Dec.	-	-	3,632	3,632
Accumulated depreciation 1 Jan.	-	-	-3,291	-3,291
Reduction in value	-	-	0	0
Cancellation of reduction in value	-	-	208	0
Accumulated depreciation 31 Dec.	-	-	-3,082	-3,291
Book value 31 Dec.	-	-	549	341

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Participating interests				
Acquisition cost 1 Jan.	335	335	335	335
Increases	0	0	0	0
Acquisition cost 31 Dec.	335	335	335	335
Accumulated depreciation 1 Jan.	-25	-47	-	-
Depreciation on goodwill	0	0	-	-
Accumulated depreciation 31 Dec.	-25	-47	-	-
Share of associated companies' equity 31 Dec.	40	22	-	-
Book value 31 Dec.	350	310	335	335
See Article 14.2				
Other shares and similar rights of ownership				
Acquisition cost and book value 1 Jan. and 31 Dec.	21	21	21	21

14 Shares and Similar Rights of Ownership

14.1 Group Companies

Name and location	Group's and Parent Company's percentage of shares and votes %	Number of shares	Shares owned by Parent Company	
			Par value	Book value (TEUR)
Ponsse AB, Surahammar, Sweden	100.00	5,000	500,000.00 SEK	73
Ponsse AS, Kongsvinger, Norway	100.00	500	500,000.00 NOK	61
Ponsse S.A., Gondreville, France	99.20	992	496,000.00 FRF	72
Ponsse UK Ltd., Lockerbie, United Kingdom	100.00	50,000	50,000.00 GBP	61
Ponsse USA, Inc., Rhinelander, U.S.A.	100.00	50,000	100,000.00 USD	282
Group companies total				549

14.2 Associated Undertakings

Name and location	Group's and Parent Company's percentage of shares and votes %	Number of shares	Shares owned by Parent Company	
			Par value	Book value (TEUR)
Sunit Mobile Oy, Kajaani, Finland	34.00	3,400	10 EUR	335
Associated undertakings total				335

14.3 Other Shares and Similar Rights of Ownership

Other shares and similar rights of ownership	21
Shares and similar rights of ownership owned by Parent Company, EUR (14.1 + 14.2 + 14.3)	905
Shares and similar rights of ownership owned by Group, TEUR	371

15. Stocks

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Raw materials and consumables	14,690	15,015	11,706	11,922
Work in progress	95	153	95	153
Finished products/goods	1,150	2,003	130	164
Other stocks	14,222	9,619	4,861	2,988
Total	30,157	26,790	16,792	15,227

16 Receivables	Group		Parent Company	
	2001	2000	2001	2000
<i>16.1 Non-current</i>	TEUR	TEUR	TEUR	TEUR
Receivables from Group companies				
Loan receivables	-	-	221	214
Delivery credit receivables	0	6	0	6
Loan receivables	76	8	0	8
Non-current total	76	14	221	228
<i>16.2 Current</i>	2001	2000	2001	2000
Trade receivables	11,883	11,240	5,913	5,399
Receivables from Group companies				
Trade receivables	-	-	22,965	20,739
Delivery credit receivables	87	147	83	115
Loan receivables	0	0	0	0
Other receivables	403	214	329	198
Prepayments and accrued income				
Tax receivables	145	89	1	53
Contributions receivable	121	133	121	133
Other prepayments and accrued income	132	75	63	1
Total	398	297	184	187
Deferred tax assets				
Deferred tax assets arising from matching items	157	126	0	0
Tax assets resulting from consolidation	263	394	0	0
Total	420	520	0	0
Current total	13,191	12,418	29,474	26,638
17. Capital and Reserves	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Restricted equity				
Share capital 1 Jan.	3,500	2,943	3,500	2,943
Transfer from share premium account	0	557	0	557
Share capital 31 Dec.	3,500	3,500	3,500	3,500
Share premium account 1 Jan.	2,555	3,113	2,545	3,102
Transfer to restricted equity	0	-557	0	-557
Foreign exchange profits and losses	-4	-1	0	0
Share premium account 31 Dec.	2,551	2,555	2,545	2,545
Total restricted equity	6,051	6,055	6,045	6,045
Translation difference	547	332	0	0
Non-restricted equity				
Retained earnings 1 Jan.	28,065	23,137	26,252	20,555
Dividend distribution	-4,550	-3,150	-4,550	-3,150
Foreign exchange profits and losses	-211	-433	0	0
Retained earnings 31 Dec.	23,304	19,554	21,702	17,405
Profit for the financial year	6,366	8,511	6,587	8,847
Total non-restricted equity	29,670	28,065	28,289	26,252
Capital and reserves total	36,270	34,452	34,334	32,297
Portion of depreciation reserve and untaxed reserves booked under shareholders' equity	2,729	3,133	-	-
Distributable funds from non-restricted equity	26,941	24,932	28,289	26,252

Ponsse Oyj's registered share capital on 31 December 2000 was EUR 3,500,000 and was divided into 7,000,000 shares, each having a par value of EUR 0.50. All shares are of the same series and each share entitles its holder to one vote in the shareholders' meeting and gives an equal right to dividends.

Ponsse Oyj has no outstanding convertible bonds, bonds with warrants or options. The company and its subsidiaries do not hold the company's own shares. The company's Board of Directors is not currently authorized to raise share capital or issue convertible bonds or bonds with warrants.

18. Appropriations

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Depreciation reserve	-	-	3,800	4,384

19. Non-current Creditors

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	11,820	10,586	11,720	10,535
Pension loans	333	360	333	360
Advances received	40	-	-	-
Other creditors	102	-	101	-
Deferred tax liability	1,115	1,280	-	-
Non-current total	13,410	12,226	12,155	10,895

Debts payable after five years or longer

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	2,557	1,818	2,557	1,818
Pension loans	204	269	204	269
Total	2,761	2,087	2,761	2,087

20. Current Creditors

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	7,992	4,873	7,952	4,838
Pension loans	27	27	27	27
Advances received	18	98	0	72
Trade creditors	3,865	3,259	2,641	2,394
Creditors for Group companies				
Accruals and deferred income	-	-	50	18
Other creditors	1,259	1,416	773	944
Accruals and deferred income				
Staff cost creditors	2,919	2,982	2,687	2,744
Interest creditors	222	238	222	238
Income tax liability	362	1,829	325	1,675
Accruals and deferred income in respect of stocks	348	488	348	488
Other accruals and deferred income	1,475	1,219	1,078	1,022
Total	5,326	6,756	4,659	6,167
Current total	18,487	16,429	16,102	14,460

21. Given Pledges, Contingent Liabilities and Other Liabilities**21.1 For own debt**

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
<i>Debts for which mortgages have been pledged as collateral</i>				
Loans from credit institutions	14,420	10,143	14,420	10,143
Given mortgages on land and buildings	3,826	3,322	3,826	3,322
Given chattel mortgages	2,893	2,220	2,893	2,220
Mortgages given as pledges total	6,719	5,542	6,719	5,542

21.2 Leasing commitments

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Nominal amount of leasing payments falling due next year	550	360	23	70
Nominal amount of leasing payments falling due in subsequent years	1,675	298	198	68
Total	2,225	658	221	138

21.3 Contingent liabilities on behalf of Group companies

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Guarantees given on behalf of Group companies	575	499	575	499

21.4 Liabilities arising from derivative contracts

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Nominal values				
Currency derivatives				
Option contracts	1,812	-	1,812	-
Futures	9,958	2,259	9,958	2,259

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Current values				
Currency derivatives				
Option contracts	-11	-	-11	-
Futures	-91	115	-91	115

Currency derivative contracts are used only as a hedge against exchange rate fluctuations.

21.5 Other Contingent Liabilities

	Group		Parent Company	
	2001	2000	2001	2000
	TEUR	TEUR	TEUR	TEUR
Guarantees given on behalf of others	431	775	185	449
Repurchase commitments	5,895	2,519	4,495	1,971
Other commitments	462	133	462	133
Total	6,788	3,427	5,142	2,553

KEY RATIOS AND ECONOMIC INDICATORS

	2001	2000	1999	1998	1997
<i>Extent of operations</i>					
Turnover, TEUR	123,828	119,286	118,414	103,379	84,049
Change, %	3.8	0.7	14.5	23.0	34.2
Foreign business operations and exports, %	61.7	56.4	48.5	45.3	46.8
Research and development expenditure, TEUR	2,619	2,689	2,274	1,876	1,526
% of turnover	2.2	2.3	1.9	1.8	1.8
Gross capital expenditure on fixed assets, TEUR	1,394	1,536	4,385	8,536	3,282
% of turnover	1.2	1.3	3.7	8.3	3.9
Average number of staff	518	481	482	394	300
Turnover per employee, TEUR	239	248	246	262	280
Order stock MEUR	23.2	24.6	16.0	17.5	26.9
<i>Profitability</i>					
Operating profit, TEUR	9,723	12,536	7,557	10,977	9,945
% of turnover	7.9	10.5	6.4	10.6	11.8
Profit before extraordinary items, TEUR	9,168	12,048	7,255	10,847	9,931
% of turnover	7.4	10.1	6.1	10.5	11.8
Profit after extraordinary items, TEUR	9,168	12,048	4,434	10,847	9,931
% of turnover	7.4	10.1	3.7	10.5	11.8
Profit for the financial year, TEUR	6,366	8,511	3,082	7,463	6,942
% of turnover	5.1	7.1	2.6	7.2	8.3
Return on equity (ROE), %	18.0	26.8	20.3	28.0	31.6
Return on investment (ROI), %	19.2	24.3	16.5	31.9	38.4
<i>Financial position</i>					
Current ratio	2.8	2.8	3.0	2.8	2.7
Equity ratio, %	53.3	54.7	44.0	55.5	65.2
Gearing, %	31.2	26.7	32.0	20.9	-10.2
Interest-bearing liabilities, TEUR	20,172	15,846	24,988	11,069	3,076
Interest-free liabilities, TEUR	11,725	12,809	12,091	12,245	10,451

KEY RATIOS FOR SHARES

	2001	2000	1999	1998	1997
Earnings per share (EPS), EUR	0.91	1.22	0.84	1.07	0.99
Shareholders' equity per share, EUR	5.18	4.92	4.16	4.15	3.47
Nominal dividend per share, EUR	0.65 ¹⁾	0.65	0.45	0.42	0.38
Share-issue-adjusted dividend per share, EUR	0.65 ¹⁾	0.65	0.45	0.42	0.38
Dividend per earnings, %	71.5	53.3	53.3	39.4	38.2
Effective dividend yield, %	7.0	5.9	3.9	3.0	3.0
Price-earnings ratio (P/E)	10.2	9.0	13.6	13.3	12.7
Share prices					
Lowest of the year	8.61	10.12	9.01	12.61	7.27
Highest of the year	12.07	15.00	15.23	23.21	12.61
Closing price of the year	9.25	11.00	11.50	14.21	12.61
Average of the year	10.03	12.78	10.00	17.25	9.62
Market capitalization, MEUR	64.8	77.0	80.5	99.5	88.3
Total dividends paid, MEUR	4.6 ¹⁾	4.6	3.2	2.9	2.6
Share turnover, number of shares	251,012	787,982	1,141,476	1,116,350	987,316
Share turnover, %	3.6	11.3	16.3	15.9	14.1
Weighted average share-issue-adjusted number of shares during the financial year					
	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Share-issue-adjusted number of shares on the closing day					
	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000

1) The proposal of the Board of Directors to the Annual General Meeting

1. Return on equity (ROE), %

$$\frac{\text{Result before extraordinary items - income taxes} \\ \text{(incl. change in deferred tax assets)}}{\text{Shareholders' equity + minority interest (average)}} \times 100$$

2. Return on investment (ROI), %

$$\frac{\text{Result before extraordinary items + interest expenses and other financial expenses}}{\text{Balance sheet total - interest-free liabilities (average)}} \times 100$$

3. Equity ratio, %

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advance payments received}} \times 100$$

4. Gearing, %

$$\frac{\text{Interest-bearing liabilities - cash in hand and at bank and investments}}{\text{Shareholders' equity + minority interest}} \times 100$$

5. Average number of staff during financial year

The average of the month-end staff numbers. The calculation is adjusted for part-time employees.

6. Earnings per share (EPS)

$$\frac{\text{Result before extraordinary items - income taxes} \\ \text{(incl. change in deferred tax liabilities and deferred tax assets) -/+ minority interest}}{\text{Average share-issue-adjusted number of shares during financial year}}$$

7. Shareholders' equity per share

$$\frac{\text{Shareholders' equity}}{\text{Share-issue-adjusted number of shares on closing day}}$$

8. Share-issue-adjusted dividend per share

$$\frac{\text{Dividend per share}}{\text{Adjustment coefficients for share issues after financial year}}$$

9. Dividend per earnings, %

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

10. Effective dividend yield, %

$$\frac{\text{Dividend per share}}{\text{Share-issue-adjusted closing price of financial year}} \times 100$$

11. Price per earnings (P/E)

$$\frac{\text{Share-issue-adjusted closing price of financial year}}{\text{Earnings per share}}$$

12. Market value of share capital

Number of shares on closing day x share-issue-adjusted closing price of financial year

13. Share turnover, %

$$\frac{\text{Shares traded during financial year}}{\text{Average number of shares during financial year}} \times 100$$

The general instructions issued on 17 December 1999 by the Finnish Accounting Board for the preparation of financial statement bulletins and interim reports referred to in resolution (390/1999) of the Finnish Ministry of Finance have been followed when calculating key indicators.

SHARE CAPITAL AND SHARES

Ponsse Oyj's share capital is EUR 3,500,000 divided into 7,000,000 shares. The minimum share capital is EUR 3,000,000 and the maximum share capital is EUR 12,000,000, within which limits the share capital may be raised or decreased without amending the Articles of Association. All shares are of the same series and each share entitles its holder to one vote in the shareholders' meeting and gives an equal right to dividends. The par value of the company's shares is EUR 0.50. The value of the share was con-

verted to euros at the Annual General Meeting on 16 March 2000.

Ponsse Oyj has issued neither convertible bonds nor bonds with warrants nor option rights

Own Shares

The company or its subsidiaries does not own the company's own shares. Ponsse Oyj's board is not currently authorized to acquire its own shares.

Increases in share capital 1994 - 2001

Subscription date	Method of increase	Par value (EUR)	Number of new shares	Increase in share capital (EUR)	New share capital (EUR)
31 Aug. 1994	Bonus issue	0.84	1,300,000	1,093,221.52	2,489,181.31
9 - 22 March 1995	Bonus issue	0.84	148,000	124,459.07	2,613,640.38
9 - 22 March 1995	New issue targeted at general public	0.84	392,000	329,648.34	2,943,288.71
16 March 2000	Split 1: 2	0.42	-	0.00	2,943,288.71
16 March 2000	Bonus issue	0.50	-	556,711.29	3,500,000.00

Authorization to Raise Share Capital

The company's Board of Directors is not currently authorized to raise share capital or to issue convertible bonds or option rights.

Taxation Value of Shares

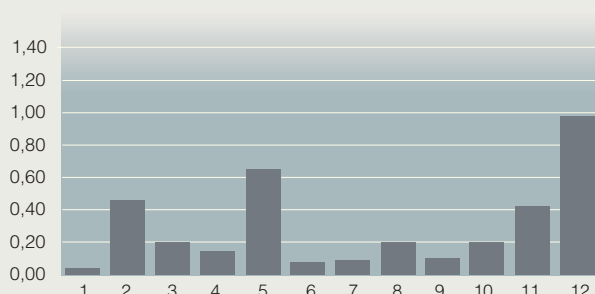
For the 2001 tax year in Finland, the confirmed taxation value of Ponsse Oyj's shares was EUR 6.685 per share.

Share Prices and Turnover

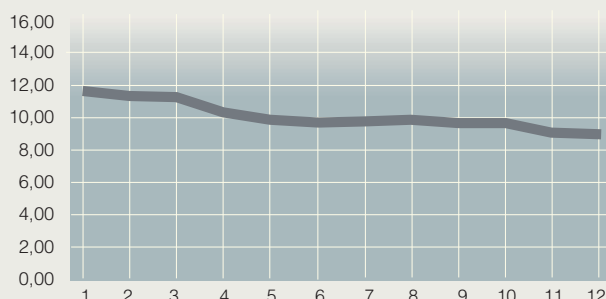
Ponsse Oyj is quoted on the main list of the Helsinki Exchanges. In the Helsinki Exchanges' transactions, the company's share code is PON1V and the shares are registered in the book-entry securities system.

Share turnover from 1 January to 31 December 2001 totaled 251,012 shares, accounting for 3.6 % of the total number of shares. The value of share turnover amounted to EUR 2.5 million. The lowest price of the year was EUR 8.61 and the highest was EUR 12.07. The closing share price on the last trading day of the financial year was EUR 9.25. The market value of the shares was EUR 64.8 million on 31 December 2001.

Monthly Relative Share Turnover in 2001
Percent/Month



Average Monthly Share Price in 2001
EUR/Month



At the end of 2001, Ponsse Oyj had 1,182 shareholders. The number of nominee-registered and foreign-owned shares totaled 338,328, accounting for 4.83 % of the shares and votes.

Distribution of Share Ownership by Owner Category on 31 December 2001

Owner category	Number of shares	Percentage of shares and votes
Private enterprises	121,432	1.74
Financial institutions and insurance companies	161,960	2.31
Public enterprises	14,000	0.20
Non-profit organizations	30,800	0.44
Households	6,330,008	90.43
Abroad ⁽¹⁾	341,800	4.88
Total	7,000,000	100.00

1) Includes 338 238 nominee-registered shares.

Distribution of Share Ownership by Size of Shareholding on 31 December 2001

Shares per shareholder	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares and votes
1 - 100	302	25.55	20,342	0.29
101 - 1 000	704	59.56	271,504	3.88
1 001 - 10 000	148	12.52	370,318	5.29
10 001 - 100 000	21	1.78	856,904	12.24
over 100 001	7	0.59	5,480,932	78.30
Total	1,182	100.00	7,000,000	100.00

Shareholders on 31 December 2001

	Number of shares	Percentage of shares and votes
Einari Vidgrén	3,386,844	48.38
Juha Vidgrén	677,568	9.68
Harri Suutari	612,512	8.75
Esa Rannila	190,200	2.72
Matti Eestilä	151,260	2.16
Curt Lindbom	148,540	2.12
Mikko Vidgrén	98,854	1.41
Mari Vidgrén	97,270	1.39
Minna Vidgrén	84,850	1.21
Placeringsfonden Aktia Capital	80,000	1.14
Jonna Vidgrén	75,970	1.09
Soile Suutari	52,200	0.75
Jukka Vidgrén	46,880	0.67
Jarmo Vidgrén	40,480	0.58
Janne Vidgrén	40,080	0.57
Tarja Rannila	35,000	0.50
OP-metsä sijoitusrahasto	33,560	0.48
Fortel Invest Oy	24,700	0.35
Sijoitusrahasto Nordea Forestra	22,000	0.31
Eero Suutari	21,920	0.31
Nominee-registered shares	338,328	4.83
Other shareholders	631,884	15.42
Total	7,000,000	100.00

Management Shareholders

As of 31 December 2001 the members of the Board of Directors and the President owned a total of 4,095,192 shares of Ponsse Oyj, representing 58.50 % of the share capital and votes.

Insider Register

Ponsse Oyj's insider register pursuant to Section 5, Chapter 5 of the Securities Market Act is open to public inspection at Finnish Central Securities Depository Ltd., located at Eteläesplanadi 20, FIN-00130 Helsinki, Finland (P.O. Box 1260, FIN-00101 Helsinki, Finland).

Ponsse Oyj complies with the insider regulation approved by the Board of Directors of the Helsinki Exchanges by virtue of stock exchange regulation A6.24 on 28 October 1999.

Notifications to Disclose Pertaining to Section 9 of Chapter 2 of the Securities Market Act

Henderson Global Investors Limited's share in Ponsse Oyj's votes and share capital decreased to less than one-twentieth on 9 Feb-

ruary 2001. The company received notification on 19 February 2001 and issued a stock exchange bulletin concerning the matter.

Redemption Obligation Clauses

According to Ponsse Oyj's Articles of Association, Section 14, a shareowner whose proportion of the company's entire share capital, or votes created by share capital, either alone or together with other shareholders, achieves or exceeds an ownership share of 33 1/3 % or 50 %, shall be obligated, according to the requirements set by shareholders, to redeem their shares as well as other securities entailed by the Companies Act, according to the more detailed instructions contained in the company's Articles of Association, Section 14.

Shareholder Agreements

Ponsse Oyj is not aware of any shareholder agreements related to the ownership of the company's shares or the use of the right to vote that would essentially affect the share price.

The parent company's distributable funds totals EUR 28,289,947.03 and the Group's distributable funds are EUR 26,941,000.00.

The Board of Directors proposes that the distributable funds be disposed as follows:

- dividend of EUR 0.65 per share to be paid to shareholders, totalling	EUR	4,550,000.00
- shareholders equity to be left	EUR	23,739,947.03
	EUR	28,289,947.03

The matching date for dividend payments is 27 March 2002. The dividend will be paid 5 April 2002.

Vieremä 12th of February 2002

Einari Vidgrén Chairman of the Board	Ilkka Kylävainio
Heikki Ojala	Samuli Perttala
Orvo Siimestö	Juha Vidgrén
Mika Vidgrén	Tommi Ruha President, CEO

*PROPOSAL OF
THE BOARD OF
DIRECTORS FOR
THE DISPOSAL
OF PROFIT*

To the shareholders of Ponsse Plc

We have audited the accounting, the financial statements and the corporate governance of Ponsse Plc for the period 1.1.2001 – 31.12.2001. The financial statements, which include the report of the Board of Directors, consolidated and the parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted our audit in accordance with Finnish Standards on Auditing. These standards require, that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion, the financial statements have been prepared in accordance with Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and the parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Vieremä 12th of February 2002

Tilintarkastajien Oy - Ernst & Young
Authorised Public Accountants

Heikki Laitinen
Authorised Public Accountant

**AUDITOR'S
REPORT**

BOARD OF DIRECTORS 12 FEB. 2002

Chairman

Einari Vidgrén, b. 1943

- Founder and Director of Ponsse Oyj
- Chairman of the Board since 1993

Members

Ilkka Kylävainio, b. 1946

Technician

- President and Chairman of the Board of Keitele Forest Oy
- Board Member of Suomen Sahat r.y.
- Member of Ponsse Oyj Board since 1999

Heikki Ojala, b. 1957

B.Sc. (Eng.)

- Employed by Ponsse Oyj since 1992
- Head of Factory, Vieremä
- Board Member of Sunit Oy
- Member of Ponsse Oyj Board since 2001

Samuli Perttala, b. 1946

M.Sc. (Econ.)

- Chief Financial Officer (CFO) of Ponsse Oyj
- Tax expert at Attorneys-at-Law Krogerus & Piriälä Oy since 1995

- Board Member of Pumpulohja Oy since 1993
- Finance Manager and Board Member of Oy Lohja Ab 1984 - 1990
- Finance Manager and Board Member of Metra Oy Ab 1991 - 1995
- Finance Manager of Elcoteq Hungary Ltd. 1998 - 1999
- Member of Ponsse Oyj Board since 2000

Orvo Siimestö, b. 1943

M.Sc. (Econ.)

- A. Ahlström Osakeyhtiö, Financial Manager 1970-75
- Kone Oy, CFO 1975-1983
- Oy Wilhelm Schauman Ab, CFO 1983-1988
- Interpolator Oy, Executive Vice President 1988
- A. Ahlström Osakeyhtiö, CFO 1988-1998
- Leonia Corporate Bank Oyj, Managing Director 1988-2000
- Leonia Pankki Oyj, Executive Vice President 2000-2001
- CapMan Capital Management Oy, Senior Advisor since 2001
- Member of Ponsse Oyj Board since 2001

Juha Vidgrén, b. 1970

M.Sc. (Educ.)

- Public Relations Manager of Ponsse Oyj
- Stand-in President, CEO of Ponsse Oyj
- Communication Manager of Ponsse Oyj 1998 - 2000
- Member of Ponsse Oyj Board since 2000

Mika Vidgrén, b. 1960

Doctor of Pharmacology, Docent

- Chemist
- Activities at Orion Pharma and Astra Zeneca in tasks relating to research, product development and commercial product applications since 1983
- Professor at University of Kuopio 1991 - 2000
- Member of Ponsse Oyj Board since 1996

The Board of Directors was elected in the Annual General Meeting held 15 March 2001.

Selection of Board Members

According to its Articles of Association, Ponsse Oyj's Board of Directors consists of no less than five, and no more than eight, members. Board members are elected at the Annual General Meeting, which according to the Articles of Association is to be held on a date before the last day of June. The Board member's term expires at the next Annual General Meeting. The Board elects a Chairman from among its members for one term at a time.

Board Meetings

In 2001 the Board convened 14 times.

Heikki Ojala

Juha Vidgrén

Samuli Perttala

Tommi Ruha



Mika Vidgrén

Ilkka Kylävainio

Einari Vidgrén

Orvo Siimestö

Tommi Ruha, b. 1969

M.Sc. (For.)

- President of Ponsse USA Inc.
since 2000
- Director, Information Systems
1998 – 2000
- Member of Ponsse
Management Team 1998 – 2000
- Ponsse Oyj's Product Manager
1995 – 1998
- USDA Forest Service,
Researcher 1994 – 1995

The President, CEO was elected in the Board Meeting held 20 October 2001.

MANAGEMENT TEAM

Tommi Ruha, b. 1969, Chairman

M.Sc. (For.)

- President, CEO of Ponsse Oyj
from 22 October 2001
- President of Ponsse USA Inc.
- Employed by Ponsse since 1995

Mikko Laurila, b. 1970

B.Sc. (For.)

- Area Export Manager
- Employed by Ponsse since 1999

Tapio Mertanen, b. 1965

Technician

- After Sales Manager
- Employed by Ponsse since 1994

Heikki Ojala, b. 1957

B.Sc. (Eng.)

- Head of Factory, Vieremä
- Employed by Ponsse since 1992

Samuli Perttala, b. 1946

M.Sc. (Econ.)

- Chief Financial Officer of
Ponsse Oyj from 22 October 2001
- Member of Ponsse Oyj Board since 2000

Ari Särkiniemi, b. 1963

Technician

- Director, Information Systems
- Employed by Ponsse since 1987

Jarmo Vidgrén, b. 1975

Commercial College Graduate in Marketing

- District Headman
- Ponsse AB, Warranty Manager
1999 – 2001
- Employed by Ponsse since 1997

Juha Vidgrén, b. 1970

M.Sc. (Educ.)

- Public Relations Manager of Ponsse Oyj
- Stand-in President, CEO of Ponsse Oyj
- Employed by Ponsse since 1998

Ponsse AB

Eero Lukkarinen

M.Sc. (For.)

- President since 2000

Ponsse AS

Lyder Hove Ellevoid

Agriculture and Forestry Technician

- President since 1998

Ponssé S.A.

Heikki Tallgren

M.Sc. (Eng.)

- President since 1995

Ponsse UK Ltd.

Jukka Karjalainen

B.Sc. (Production Economy)

- President since 2001

Ponsse USA, Inc.

Tommi Ruha

M.Sc. (For.)

- President since 2000

*PRESIDENTS OF
SUBSIDIARIES***Tilintarkastajien Oy – Ernst & Young**

Authorized Public Accountant

Heikki Laitinen

AUDITORS



Business Mission

Ponsse Oyj's business mission is to develop and market effective and durable forest machinery for the cut-to-length method of mechanized logging. The Company's goal is to ensure the success of its customers by supplying the market's most attractive package solutions for the cut-to-length method on the market. Besides efficiency and durability, the Company's premium products are designed to offer its customers more value-producing features than are found in other forest machines and related products on the market.

The Company's objective is to be a desirable partner and employer, register above-average growth, and be the most profitable business in the sector.

Customer orientation is a basic value of the Company. Ponsse strives to maintain the closest possible contact with its customers, marketing its products independently through its own organization or through representatives committed to the Company's operations and products. The Company aims at achieving strong reactivity and effective customer service through its localized expertise.

The Company does not actively seek alliances, preferring growth within the framework of its resources and positive cash flow. Corporate growth has brought with it new demands on employees in the form of multitasking as well as the awareness and acceptance of cultural differences. Personnel are encouraged to accept responsibility and pursue continuous learning. The Company strives to offer its highly professional staff fresh challenges and possibilities for advancement within the house.

Branch of Business

The Ponsse Group manufactures forest machines for cut-to-length harvesting as well as harvesting-related information technology and loader scales. The product range includes two harvesters, three forwarders, three different harvester heads and information technology applications.

Product features include an intensive utilization of information technology as a provider of added value as well as a respect for customer-driven wood harvesting. In cus-



tomer-specific wood procurements, the tree is cut to the end user's requirements while still in the forest. Utilizing the harvester's computer and measurement device, the driver cuts the logs to exactly the right sizes, significantly enhancing the extent of value added; the automated trunk cutting gives the driver more time for quality inspections. In the cut-to-length method, wood handling is reduced and different assortments can be transported directly to the appropriate production plants.

Nearly 30 % of the world's mechanical logging is carried out as cut-to-length harvesting. Machines designed for cut-to-length harvesting were first developed in Scandinavia, where they currently account for over 90 % of annual felling. An essential factor in contemporary wood harvesting is the improved controllability and overall economy of the harvester chain's logistics. The management of wood harvesting logistics also requires the effective utilization of information technology.

Forest machines designed for the cut-to-length method have also rapidly increased their share of mechanical logging outside Scandinavia. Compared to other types of mechanized wood harvesting, the cut-to-length method's advantages include high work productivity and low environmental impact. Mechanized wood harvesting using the cut-to-length method also facilitates cost-effective wood procurements from small stands and thinned areas. Wood can be utilized more precisely, and small-diameter timber can also be harvested economically. The productivity per machine unit is high. The method's economy is increased significantly by the less manpower needed compared to the competing full-tree method, which normally requires twice the amount of manpower and machinery to carry out the same tasks.

Adopting the cut-to-length harvesting method means diversified felling operations and additional demands on the machines' users. Besides the felling itself and daily

machine servicing, drivers' professional responsibilities include the principles of forest economy, particularly, when planning of stands marked for cutting, the consideration of environmental values complying with forest management guidelines.

The data system technology utilized in the Company's products is based on standard PC computers and the Windows operating system; this enables the use of data transfer and mapping applications during felling operations. The Ponsse-designed devices process large quantities of data, are flexible and are linked easily to add-on equipment. Above all, they are always easily updated when new PC applications are launched on the market.

Ponsse forest machines can be linked to the Internet and are provided with capabilities that allow, for example, the sending and receiving of e-mail. Two-way data communications in real time enable both the machine's driver as well as the felling organization to stay continuously abreast of the felling's objectives and results. Felling instructions, including attached map and wood quality preference files, can also be transmitted conveniently by e-mail.

The new technology also aids in the identification of protected areas in forests. Using satellite positioning and maps showing marked timber, the driver's large-sized color monitor displays the location of the machine, the boundaries of stands marked for cutting, as well as possible protected natural features.

Products

Ponsse has concentrated its production on modern harvester technology, as well as the design and production of its related information technology. Product features include high productivity and reliability, as well as a high utilization of information technology providing added value. Ponsse's forest machines are suited to thinning as well as final felling. Continuous and purposeful





product development is carried out in cooperation with customers.

In 2001 Ponsse continued to develop its new product family. With the introduction of the new product family, the engine supplier for Ponsse's machines changed. Beginning in 2001, the power source for all production models has been an Mercedes-Benz 900-series fuel injection engine. The extensive range of Mercedes-Benz's engines enabled the optimum alternative for the Ponsse machines' size and load classes to be found. Incorporating the same manufacturer's engines throughout the entire product line also benefits customers. The new engines already comply with the more stringent emissions standards that will go into effect in 2002. Thanks to modern technology the engines feature, besides their low environmental impact, excellent fuel economy, efficiency, ease of servicing and user-friendliness.

The Company itself developed Ponsse Opticontrol, a digital control system for the new product family's forest machines. In the control system, now standard equipment in all harvesters and forwarders, all parts relating to the machine's control – crane, power transmission, diesel engine control and measuring device – have been integrated to form a single system that optimizes the machine's operation. Opticontrol, working with Mercedes-Benz's responsive and electrically controlled fuel injection tech-

nology, significantly improves the engine's performance/consumption ratio and draws only the power needed for the machine's functions without taxing the engine unnecessarily. All of Opticontrol's measurements, instructions and observations are simultaneously visible on a clear display. The system is based on the proven measuring device technology that has long been utilized in the Company's products.

At the Elmia Wood forestry fair in June, Ponsse introduced its new data transmission and tracking system for forwarders to the international public, the first manufacturer of forest machines to do so. The system, PC-based and integrated with the machine's control system, includes an optional reverse mode camera whose transmitted picture can be observed on the same Opti display; the system also allows the forwarder's driver to utilize GPS positioning and data transmission. Identical working instructions and felling maps can now be sent to forwarders as well as harvesters. The system boosts the efficiency of forwarder's operations as well as the flow of information along the harvesting chain.

Ponsse continued product development on its Opti 4G information system during the year under review. Besides an increased diversity of functions and efficiency, technological progress can also be seen in the system's enhanced ease of use.



The new OptiPlan software package, released by Ponsse in 2000 and designed to monitor and enhance wood harvesting performance, was well received in markets in 2001. OptiPlan software is aimed primarily at private sawmills that do not employ their own data management system for the planning of harvesting. Besides utilizing the possibilities of modern technology to boost operational efficiency at a reasonable cost, the system speeds up the acquisition and verification of information required for wood procurements while reducing the chances for error. Most importantly, the new system improves the effectiveness of the wood harvesting organization. A significant factor is its ability to store and comprehensively document the information required for wood procurements, environmental considerations and forest certifications. The system's software for forest machines, procurement supervisors and sawmills' on-site offices keeps all members of the wood procurement chain up-to-date. The system consists of several fully compatible programs that can be packaged according to user-specific needs. For example a private contractor can utilize the program's mapping sections, the OptiGIS program's maps of stands marked for cutting, storage monitoring and machine positioning without having to procure other software.

A wood buyer can utilize the system by inspecting a property map superimposed upon an aerial photograph. The transmission of optimization calculation files and harvesting maps from the office, as well as job site instructions directly to the harvester's driver, is fast and convenient using e-mail. Landscape features to be avoided can also activate the system. For example the program can alert a driver if the machine is approaching a protected biotope or dangerous power lines.

Environmental Considerations in Products and Operations

Ponsse Oyj's environmental system is integrated with the company's ISO 9001-certified quality assurance system already in use to form a continuously evolving operational system. The system generates new objectives and development targets for the comprehensive environmental program, covering all our domestic branches' operations and based on the ISO 14001 standard's format that defines objectives, responsible individuals and implementation schedules.

The Management Team's involvement is emphasized in the system's operations. One of the company administration's most important tasks are the decisions made by the Management Team that directly affect environmental improvements as well as the staff's motivation to ensure that the system performs at the practical level.

Ponsse Oyj's environmental policy guides daily operations according to the company's stated values. Besides fulfilling these obli-

gations we continuously strive to improve operations and reduce environmental impact. The environmental system creates a congruent model for all company operations that are significant from the environmental standpoint. The goal of the system is to guarantee the entire staff's commitment to operations consistent with the principles of sustainable development. The consideration of environmental issues is an important part of the entire Group's manufacturing and financial operations.

From the environmental standpoint several general guidelines are observed at Ponsse Oyj to ensure the creation of sound operational methods. Environmental viewpoints are taken into consideration in process planning, decision-making and implementation at all organizational levels. Continuous investments aim at minimizing the environmental impacts of manufacturing and functional processes while improving the overall quality of operations. In materials procurements we monitor our suppliers' operations and their development from the environmental perspective. Besides tracking environmental quality indicators and feedback, the Management Team also oversees the workability of the environmental program and sets goals for the handling of environmental issues. The environmental system's operation is supervised and maintained through internal audits. Every Ponsse employee is responsible for his or her own jobs' environmental impacts and consequences. Employees can activate an analysis of environment-related problems and corrective measures by notifying their superiors. To ensure the implementation of its environmental policy Ponsse Oyj's environmental program complies with the international ISO 14001 standard. This requires that all company operations comply with the requirements defined in its specifications, instructions, regulations or standards. Environmental issues are communicated openly and actively.

Ponsse Oyj's environmental perspectives have been identified and assessed department-specifically. The most important of these serve as the point of departure for stated environmental objectives and goals. From the environmental standpoint documentation related to the most essential functions are defined as environmental files. Responsibilities for the management of environmental issues are specified in department- and branch-specific accountability matrices.

The main emphasis in the system's implementation has been at the Vieremä factory, from where it has expanded to cover all domestic branches. Owing to the Ponsse plant's size and quality of production, normal operations produce no significant negative environmental impacts. Nevertheless, we take environmental perspectives into account in all our operations. At Vieremä the system covers all functions from administration to production. During the year under





review special development areas included boosted efficiency for waste sorting as well as the systematic depiction of all processes.

Because steel is the material used primarily in production, the waste created by the production flow is for the most part recyclable scrap metal. Other waste results primarily from packing materials that are however reused whenever possible. Ponsse Oyj has joined the PYR Register and manages the utilization of packing materials according to Council of State Decision No. 962/97.

Modern surface treatment technologies, as well as the paints employed, facilitate operations with low environmental impacts. Efforts are made to minimize the quantity of paint waste by mixing the paint's plastic component and hardening agent at the spraying stage; the paint's high concentration (70%) of dry substances reduces solvent emissions. Calculated VOC emissions are approximately half of the projected boundary values that will go into effect in 2007. Wastewater resulting from the phosphating performed in surface treatment is monitored according to connection agreements concluded with water and sewerage authorities.

In the machine shop efforts have been made to reduce cutting coolant waste by joining machine tools to a system through

which the same cutting fluid continuously recirculates. The grease and heavy metals removed by the continuous filtering are transported to hazardous waste facilities for the appropriate treatment.

Product development aims at the design and manufacture of effective and durable forest machines with low environmental impacts. In materials selections we make every attempt to enhance machines' recyclability efficiencies and ease of disassembly at the conclusion of their service lives. To reduce particle and carbon dioxide emissions Ponsse machines are equipped with Mercedes-Benz engines supplied by DaimlerChrysler that comply with EU directives' requirements. The engines' advanced control technology provides sufficient power exactly when it is needed, minimizing fuel consumption and airborne exhaust gases. The low surface pressures resulting from the machines' wide tires minimize any damage to the landscape resulting from wood harvesting operations. Considering their efficiency, Ponsse forest machines are relatively lightweight, their weight is evenly distributed and surface pressures are low thanks to the wide tires. Damage to growing stock is minimized by such measures as shaping the machines' outermost sections so they cause no damage to trees left standing after thinning.



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