



PONSSE PONSSE

PONSSE

Annual Report

2002

CONTENTS

Information for Shareholders	2
2002 in Brief	3
Review by the Chairman of the Board	4
Review by the President, CEO	5
Financial Statements 2002	
Report by the Board of Directors 1 January – 31 December 2002	6
Consolidated Profit and Loss Account for 2002 and 2001	9
Consolidated Balance Sheet for 2002 and 2001	9
Consolidated Cash Flow Statement for 2002 and 2001	10
Ponsse Oyj Profit and Loss Account for 2002 and 2001	11
Ponsse Oyj Balance Sheet for 2002 and 2001	11
Ponsse Oyj Cash Flow Statement for 2002 and 2001	12
Notes to the Accounts.....	13
Key Ratios and Financial Indicators.....	22
Key Ratios for Shares	22
Calculation of Key Ratios	23
Share Capital and Shares	24
Shareholders	25
Proposal of the Board of Directors for the Disposal of Profit.....	27
Auditor's Report.....	27
Board of Directors	28
Management	29
Company and Products	30
Review of Operational System and Quality Management in 2002	34
Addresses	35

INFORMATION FOR SHARE- HOLDERS

Annual General Meeting

Ponsse Oyj's shareholders are invited to attend the Annual General Meeting to be held on Thursday 20 March 2003 at 10am at Iisalmi Cultural Centre, Kirkkopuistonkatu 9, FIN-74100 Iisalmi, Finland.

The following matters will be taken up at the meeting: matters belonging to the Annual General Meeting according to Section 13 of the Articles of Association as well as the Board's proposal that a bonus in the amount of EUR 25 be paid to the staff of Ponsse Oyj for each complete working month during the year 2002. Bonuses will not be paid for employment relationships that ended before 27 February 2003.

To be eligible to attend the meeting, shareholders should be registered by 10 March 2003 in the company's share register kept by the Finnish Central Securities Depository (APK).

Shareholders wishing to attend the Annual General Meeting should notify the company of their intention to do so by 4pm Finnish time on 17 March 2003 either in writing to Ponsse Oyj, Share Register, FIN-74200 Vieremä, Finland, by telephone at +358 (0)17 768 461 or by telefacsimile at +358 (0)17 768 4690. Written notifications must arrive before the deadline above. Any proxy forms should also be received before the deadline.

Dividend

The Board of Directors has decided to recommend to the Annual General Meeting that a dividend of EUR 0.65 per share be paid for 2002. The dividend will be paid to shareholders registered in the share register kept by the Finnish Central Securities Depository at the record date, 25 March 2003. The Board of Directors is to recommend to the Annual General Meeting that the dividend be paid after the record period on 1 April 2003.

Share register

Ponsse Oyj's shares and shareholders are listed in the share register kept by the Finnish Central Securities Depository. Shareholders are requested to notify any changes of name and address or other matters relating to their shareholding to the book-entry securities

register where they have their book-entry account.

Financial Reports in 2003

Ponsse Oyj will publish three interim reports in 2003.

- The first, covering the period 1 January to 31 March 2003, will be published on 24 April 2003.
- The second, covering the period 1 January to 30 June 2003, will be published on 24 July 2002.
- The third, covering the period from 1 January to 30 September 2003, will be published on 23 October 2003.

Interim reports are published in Finnish and English on Ponsse's website at www.ponsse.com.

This annual report is published in Finnish and English. Copies of annual reports may be ordered from Ponsse Oyj, FIN-74200 Vieremä, Finland, by telephone +358 (0)17 768 461, by telefacsimile +358 (0)17 768 4690, by email at corporate.communications@ponsse.com. The annual report is also posted on the company's website at www.ponsse.com.

During the year under review, Ponsse's turnover rose by 7.5 per cent on the year to EUR 133.2 million (EUR 123.8m in 2001). Turnover growth predominated during Q1 and especially during Q4 in all the company's markets. In 2002, the number of machines manufactured rose to 330 (306), a new record. Quality targets and production volumes of the new range of models were successfully met during the year.

Exports and foreign business operations accounted for 57.8 per cent (61.7%) of turnover. Finland accounted for 42.2 per cent (38.3%), the rest of Europe for 37.0 per cent (35.1%), North America for 18.7 per cent (20.7%) and the rest of the world for 2.1 per cent (5.9% in) of group turnover. Exports were down mainly owing to changes taking place in the dealer organization, business expectations in the forest sector - especially in certain export countries - and general economic uncertainty, which was also reflected on the market for forest machines. At year-end, the group's order stock was EUR 32.1 million (EUR 23.2m).

Group operating profit amounted to EUR 9.4 million (EUR 9.7m), equivalent to 7.0 per cent (7.9%) of turnover. The operating profit was depressed mostly because of fiercer competition on an already slack machinery market and by higher R&D costs than in 2001.

The consolidated balance sheet total at 31 December 2002 was EUR 73.9 million

(EUR 68.2m). The group's interest-bearing debts totalled EUR 22.2 million (EUR 20.2m). Ponsse's equity ratio remained at a healthy 52.4 per cent (53.3%). Liquidity remained good throughout the entire year under review. At year-end, the Group's cash assets stood at EUR 12.0 million (EUR 8.9m).

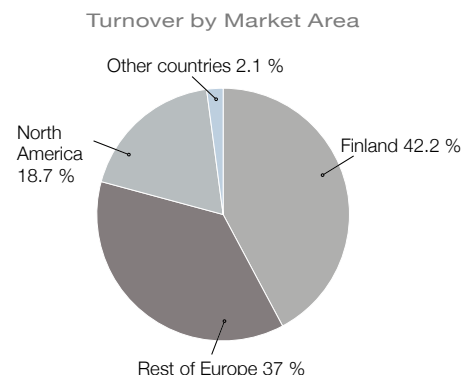
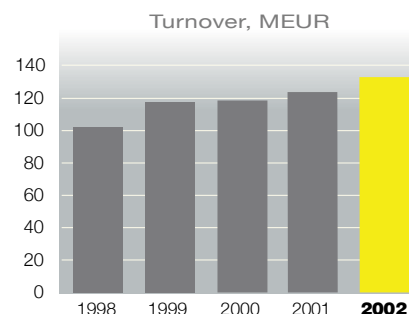
Feedback received from contractors shows the new machine models launched in 2001 to be dependable. Likewise machine economy and productivity remained high. Two new machine models were launched during the year under review.

The Buffalo Dual can be used as both a harvester and a forwarder. The front load gate and load bunks are removed for harvesting and the loader grapple is replaced by a harvester head.

The other forest machine innovation launched during the year under review was the Wisent forwarder. This new model is available in six- and eight-wheel versions and has been engineered for manoeuvrability and a high net weight and load-carrying capacity ratio.

In summer, Ponsse's information system unit presented map software and a data transfer system designed for the North American market. This new application enables full utilization of the coordination used in the United States and digital maps in harvesting.

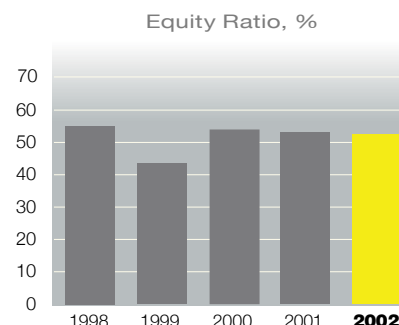
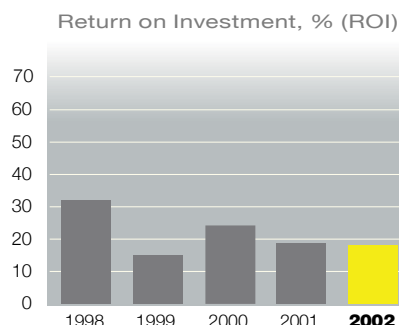
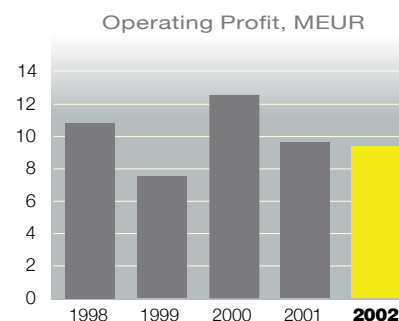
In addition, the year under review saw various functional changes and improvements made to Opti 4G software.



Key Data

	2002	2001
Turnover, MEUR	133.2	123.8
Operating profit, MEUR	9.4	9.7
Profit before extraordinary items, MEUR	9.8	9.2
Earnings per share, EUR.....	0.99	0.91
Dividend per share, EUR.....	0.65 ¹⁾	0.65
Shareholders equity per share, EUR	5.51	5.18
Equity ratio, %	52.4	53.3
Return on investment, % (ROI).....	18.1	19.2
Average number of staff.....	521	518

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



*REVIEW BY
THE CHAIRMAN
OF THE BOARD*



Einari Vidgrén
Chairman of the Board

The market conditions for forest machines were extremely difficult throughout 2002. Given the exceptionally challenging market, Ponsse's improved turnover and earnings were achieved on the back of extremely hard work. For this we must thank contractors, stakeholders, forest companies and dedicated employees.

This economic downturn on the global market, the first signs of which were in evidence two-years ago, is the first of its kind in Ponsse's history. However, the situation has led us to profile our own operations within the Group, as a result of which focusing on our core business has again risen to the fore in these difficult trading conditions.

We have high hopes and expectations for 2003. Nevertheless, it will remain difficult to anticipate the global market.

We strengthened our dealer network and as Ponsse increases its market share in Sweden, for example, we believe we will be able to increase turnover. Ponsse's record order stock at the turn of the year also confirms that we are heading in the right direction. The outstanding quality and productivity of our products provide a sound marketing platform. The new range of products successfully launched in 2001 has been the best statement of new machine sales.

Ponsse's operations and production in particular have been now finely tuned in response to market needs, enabling us to react quickly to any rise in demand for machines. The Road Show 2003 intended for domestic customers has been full of promise. The new Wisent forwarder and Buffalo Dual harwarder launched in 2002 have also been on the road. These machines translate into efficient capacity for Ponsse's customers. The Dual harwarder has been especially engineered with contractor needs in mind. It is both an efficient harvester and a full-blooded forwarder. No compromises were made in R&D of the Ponsse Dual; our mission was to design a forest machine that contractors would feel at home with.

Ponsse pays a decent dividend to shareholders. I consider the company has a healthy balance sheet and that this should be taken into account in dividend payment. Nor do I see any reason for this policy to change in the future.





Tommi Ruha
President, CEO

With profitable growth up by 7.5 per cent in 2002, Ponsse Group showed resilience in weak overall trading conditions. Despite tougher competition, the most encouraging progress was made on the domestic market. On the exports front, sales through our dealers were somewhat down, primarily owing to a reorganization of our dealer network in Canada. Improved profitability was achieved on the back of our acclaimed products and effective distribution channels. Systematic R&D is delivering results in all our core operations. The differences between various players in the industry are becoming increasingly apparent as the competitive situation becomes increasingly fiercer.

Throughout the company's existence, Ponsse's strength has been a deep insight into customer needs coupled with prompt, flexible solutions. Our new products launched in 2002 were better received by the market than we dared anticipate. We have continually devoted ever-greater resources to R&D. This is the best guarantee of retaining the competitive edge of our products. R&D investments particularly address solutions to build on contractor efficiency and to improve business continuity. The products Ponsse delivers to its customers enable them to prosper on the timber harvesting market now and in the future.

An effective maintenance and spare parts service is of major benefit to our customers in their drive for operational efficiency. We have further improved our network and services in all our principal market areas. The growth in machines stock, especially in new markets, provides a good platform on which to improve the level of service and on which to build effective after-sales services.

Cost-effectiveness is vital to profitability in a competitive market. Systematic work to enhance production has led to major improvements in our competitiveness and we will continue to take additional action to achieve even greater efficiency. Extremely competent and highly motivated employees are our most valuable resource.

In 2003, we shall be looking to further consolidate our position in our existing market area and to expand our distribution channels in North America and in neighbouring European territories. There is potential for profitable growth on all the above markets. Ponsse's outstanding products, strategic work aimed at continual development by Ponsse's committed people and dealers will help us to achieve our objectives.



REPORT BY THE BOARD OF DIRECTORS 1 JAN. – 31 DEC. 2002

General

Despite a highly challenging year on the forest machine market at home and abroad, Ponsse Group's operations remained steady and profitable during 2002. The year under review saw two new additions to the new range of models launched in 2001: the Buffalo Dual harwarder and the Wisent forwarder. Although the operating profit for the year under review was slightly below that of 2001, it can still be termed good as a whole. The Group had a very healthy order stock at year-end.

Turnover and Result

Group turnover rose by 7.5 per cent on the year to EUR 133.2 million (EUR 123.8m). Turnover growth was weighted towards Q1 and Q4 in all the company's markets. Although an air of expectation marked the forest machine markets during the spring and summer, September saw the home market in particular pick up strongly after a lackadaisical summer.

Exports and foreign business operations accounted for 57.8 per cent (61.7%) of turnover. Analysis shows that Finland accounted for 42.2 per cent (38.3%), the rest of Europe for 37.0 per cent (35.1%), North America for 18.7 per cent (20.7%) and the rest of the world for 2.1 per cent (5.9% in) of Group turnover. Exports were down mainly owing to changes taking place in the dealer organization,

business expectations in the forest sector - especially in certain export countries - and general economic uncertainty, which was also reflected on the market for forest machines.

During the year under review, Ponsse secured new orders worth EUR 142.0 million (EUR 122.5m). At year-end, the Group's order stock was EUR 32.1 million (EUR 23.2m). In keeping with common practice, dealers' minimum purchase commitments are included in order stock.

Group operating profit amounted to EUR 9.4 million (EUR 9.7m), equivalent to 7.1 per cent (7.8%) of turnover. Compared to 2001, the operating profit was depressed by higher R&D costs, investments in expanding distribution channels and increasingly fierce competition in our main market areas.

The Group's net financing expenses totalled EUR 0.2 million (- MEUR 0.6m) during the year under review. The result after financial items was EUR 9.8 million (EUR 9.1m). There were no extraordinary items for 2002 or for the comparison year.

Group profit for the 2002 financial year was EUR 6.9 million (MEUR 6.4m). The parent company's profit for the 2002 financial year was EUR 7.2 million (EUR 6.6m).

Financial Situation

The consolidated balance sheet total at 31 December 2002 was EUR 73.9 million (EUR 68.2m). The balance sheet total rose owing to major machine deliveries scheduled for the turn of the year and fairly high stocks.

The Group's interest-bearing debts totalled EUR 22.2 million (EUR 20.2m). The equity ratio was 52.4 per cent (53.3%).

Liquidity remained good throughout the year under review. At year-end, the Group's

cash assets totalled EUR 12.0 million (EUR 8.9m). To maintain financing flexibility and balance seasonal fluctuations, Ponsse has the use of finance credit agreements of which EUR 7.5 million remained unexercised at the end of the year.

Total contingent liabilities related to outside customer financing and refinancing commitments amounted to EUR 7.4 million (EUR 6.8m) at year-end.

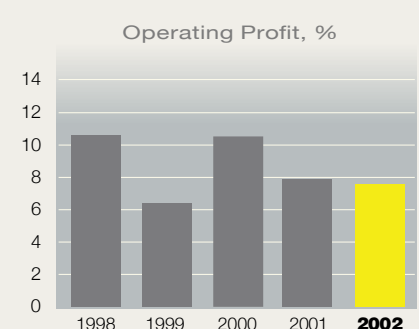
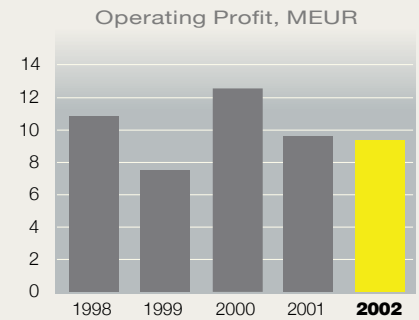
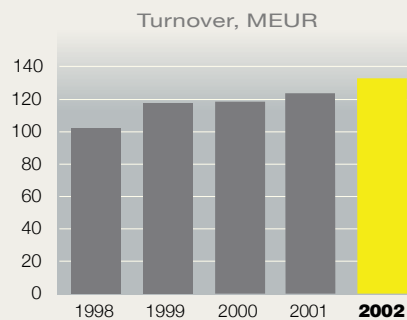
Investments

Fixed asset investments totalled EUR 2.5 million (EUR 1.4m). Investments were primarily in the purchase of an R&D building, that was earlier leased, in the immediate vicinity of the Vieremä plant, information technology and the construction of new business premises for the company's US subsidiary.

Market and Sales

Uncertainty in the global economy continued throughout 2002, with greatly conflicting views as to how long the downturn is likely to last and when economic recovery will begin. Ponsse's business was not immune to the downturn, which was evidenced by slowing demand in some markets and fiercer competition in general.

Production volumes of the new range of models introduced in 2001 and quality targets were successfully met during the year under review. In 2002, the number of machines manufactured rose to 330 (306). These new forest machines met the criteria set and feedback from contractors has been unreservedly enthusiastic. Customers particularly appreciate the superior productivity and dependability



of new models. Another positive note from customers is the considerably improved fuel economy brought about by the use of Mercedes-Benz engines.

The year under review saw Ponsse further strengthen its position as a supplier of choice of dependable forest machines. Despite a difficult year on the sales front, the number of forest machines sold was encouraging and the company successfully maintained its good financial performance in the face of fiercer competition.

The company's distribution channels abroad are subsidiaries focusing on sales and after-sales on the one hand and dealers on the other. Changes in the Canadian dealer network took place towards the end of 2002. In October 2002, Ponsse signed a dealer agreement with ReadyQuip Sales & Services Ltd of the province of Ontario. Notice to terminate the agreement with Equipement Lacroix Inc. of the province of Quebec was given in September and Tanquay Industries began as Ponsse's new dealer in Quebec in January 2003. Alpa Equipment Company Ltd continues to be Ponsse's dealer in the province of New Brunswick.

Other major dealers operate in Germany, the Baltic area, St Petersburg in Russia, Spain, Portugal, Chile and New Zealand. Aside from these, Ponsse also makes direct sales to other countries. Ponsse has subsidiaries in Sweden, Norway, France, the UK and the USA.

Ponsse AB

Despite an overall decline in the Swedish forest machine market, Ponsse AB successfully increased the number of machines delivered

compared to 2001. The company's turnover was EUR 13.0 million (EUR 10.5m). Benny Sondell was appointed the company's new managing director effective 1 January 2003. Mr Sondell previous worked as regional sales manager in North Sweden. Ponsse AB's previous managing director, Eero Lukkarinen, took up the post of export manager in the parent company. The company has been in business since 1994 and strengthened its sales and after-sales organization during the year under review.

Ponsse AS

Ponsse's Norwegian subsidiary reported a 2002 turnover of EUR 6.2 million, the same as in 2001. The subsidiary has been operating since 1998 and the year under review saw a review of its organization in a bid to respond better to the needs and wishes of its customers. Environmental conditions place tough demands on machine quality, efficiency and dependability. Customers have highly commended Ponsse's forest machines for their performance. The company's managing director is Lyder Hove Ellevold.

Ponssé S.A.

Ponsse's French subsidiary has been operating since 1995 and is headquartered in Gondreville in Northeast France. Ponssé S.A. reported a turnover EUR 9.8 million (EUR 10.3m) for 2002. The new range of forest machines has been very favourably received also in France. Designed by the subsidiary, regional contractors and Ponsse's product development division, the new harvester head for felling deciduous trees has responded well to special local needs. Tapio Ingervo assumed

the post of Ponssé S.A.'s new managing director effective 1 September 2002.

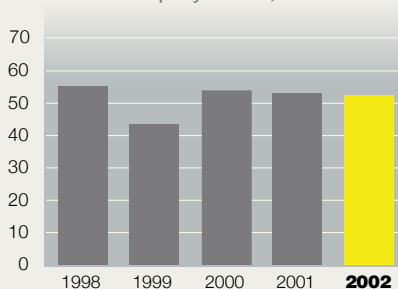
Ponsse UK Ltd

Encouraging progress was made in the UK forest machine market during the year under review. Ponsse UK Ltd was established in 1996 and its turnover rose to EUR 10.2 million (EUR 7.3m) on the year. The year before last, Ponsse UK moved to new office facilities at Lockerbie in Scotland. These new premises have been shown to be both practical and well located. The UK subsidiary strengthened its sales organization during the year under review. The company's managing director is Jukka Karjalainen

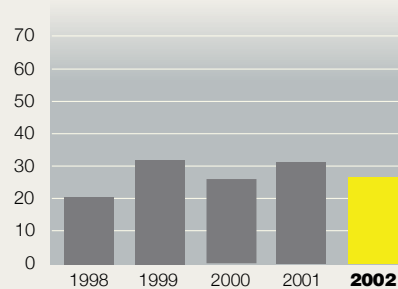
Ponsse USA Inc

As expected, the cut-to-length harvesting method prevalent in the Nordic countries continued to spread during the year under review. The company's turnover rose to EUR 20.8 million (EUR 19.2m). Founded in 1995, the subsidiary is headquartered in the city of Rhinelander in the state of Wisconsin. Ponsse Inc.'s main market areas are in the area around the Great Lakes and the southern states of Alabama and Georgia. There is excellent potential to further increase sales also in future years. Mikko Laurila has served as the company's managing director since 1 March 2002.

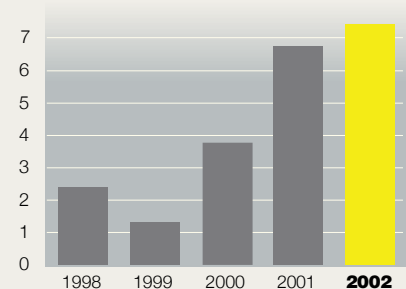
Equity Ratio, %



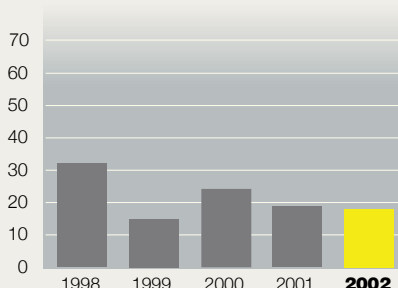
Gearing, %



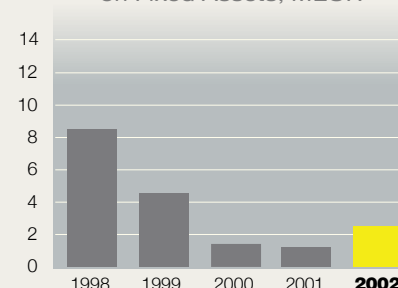
Customer and Dealer Financing Liabilities, MEUR



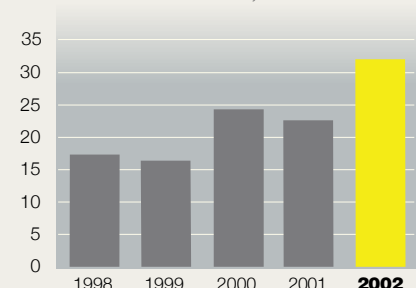
Return on Investment-%



Gross Capital Expenditure on Fixed Assets, MEUR



Order Book, MEUR



Research and Development

The Group's R&D costs rose by 23.1 per cent on the year to EUR 3.2 million (EUR 2.6m), accounting for 2.4 per cent (2.1%) of Group turnover.

At the end of the financial year, a total of 51 people (48), 9.5 per cent (9.5%) of Group personnel, were employed in R&D.

The year under review saw the launch of two new machine models. The Buffalo Dual, unveiled at the Silva forestry fair held in Liperi in late May 2002. This machine is both a harvester and a forwarder, hence the term harwarder. The front load gate and load bunks are removed for harvesting and the loader grapple is replaced by an H53 harvester head. Transforming the machine from a harvester to a forwarder or vice versa takes less than 10 minutes and can be done on site.

The Wisent forwarder, the other novelty launched during the year under review, was shown at the Metko forest machine fair held in Jämsänkoski in August 2002. The new model is available in six- and eight-wheel versions and was engineered for manoeuvrability and a high net weight and load-carrying capacity ratio.

In summer, Ponsse's information system unit announced mapping software and a data transfer system designed for the North American market. This new application enables full utilization of the coordination used in the United States and local digital maps in harvesting. Data transfer from a forestry company's office to the harvester and vice versa works in the same way as in the Nordic countries, using Ponsse's Opti software. The project was tested in practice in cooperation with Stora Enso North America (SENA).

In addition, the year under review saw various functional changes and improvements made to Opti 4G software. The most important of these relate to the precision of reporting produced by the hardware and a practical improvement to mapping software, with diversification and improvements to the function of control software integrated into the system. A version using inches was innovated for the export market.

No R&D costs were capitalized.

Intense cooperation between universities, forestry colleges and forestry companies remained steady during the year.

Personnel

The Group employed an average of 521 (518) persons during the period under review. At 31 December 2002, the Group employed 536 (507) people.

The principal training themes during the year under review were strengthening professional competence and improving teamwork skills. Highlighting the importance of occupational safety and the prevention of workplace accidents in particular were also under major consideration in 2002.

Quality

The operations development project launched in 2001 was completed during the year under review. The project depicted the company's various operations as a detailed process.

Ponsse is committed to complying with the ISO 9001 quality and ISO 14001 environmental management systems. In 2002 we decided to seek certification in compliance with ISO 9001/2000.

Our main goal in 2003 is to improve operational quality by developing cooperation between various units in the organization.

Management and Auditors

Einari Vidgrén (chairman), Ilkka Kylävaio, Heikki Ojala, Samuli Perttala, Orvo Siimestö, Heikki Tallgren, Juha Vidgrén and Mika

Vidgrén served as members of the Board of Directors during the financial year.

The Board of Directors convened eight times during the year.

The company's president and CEO is Tommi Ruha MSc (For) and his deputy is PR manager Juha Vidgrén MSc (Educ).

Mikko Paananen LLM was appointed the company's new CFO effective 1 August 2002. Mr Paananen is also a member of the Management Team.

The Annual General Meeting of 22 March 2002 appointed Authorised Public Accountants Ernst & Young as the company's auditors, with Heikki Laitinen APA as the principal auditor.

Group Relations

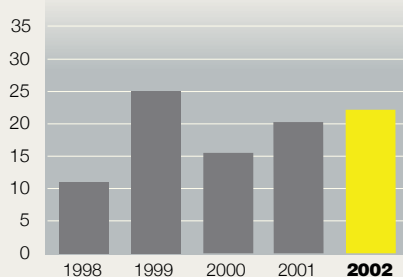
There were no changes in Group structure during the year under review. The Group includes the subsidiaries Ponsse AB in Sweden, Ponsse AS in Norway, Ponsse S.A. in France, Ponsse UK Ltd. in the UK and Ponsse USA Inc. in the USA. Sunit Mobile Oy in Kajaani is an associated company in which Ponsse has a 34 per cent stake.

Outlook for the Current Year

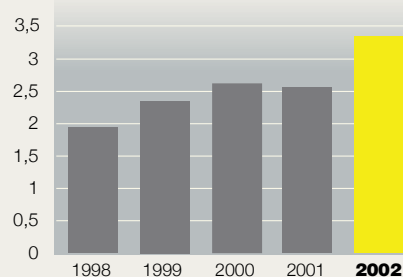
The overall market for forest machines is expected to develop encouragingly, although somewhat modestly compared to last year. It is thought the mechanisation rate will rise, especially in Eastern and Central Europe. A more extensive distribution network and increasingly widespread cut-to-length harvesting are expected to trigger higher demand in North America.

Ponsse expects turnover to rise in main markets during the current year. Nevertheless, growth is expected to remain modest given the current uncertainty surrounding the global economic climate. The company expects the result for the current year to be better than that for 2002. Owing to the seasonal fluctuations typical of the forest machine market, the current year's accumulated profits will be weighted towards the end of the year.

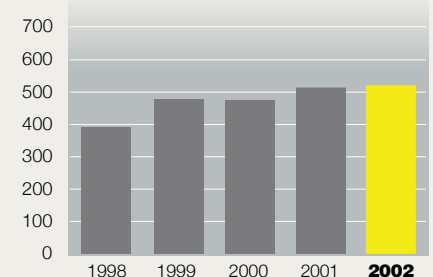
Interest – Bearing Liabilities, MEUR



Research and Development Expenditure, MEUR



Average Number of Staff



**CONSOLIDATED
PROFIT AND
LOSS ACCOUNT**

	Note ⁽¹⁾	2002 TEUR	2001 TEUR
Turnover	2, 3	133,171	123,828
Increase (+)/ or decrease (-) in stocks of finished goods and in work in progress		1,776	-1,013
Other operating income		1,199	776
Raw materials and services	4	-87,510	-75,831
Staff expenses	5, 6	-22,714	-22,060
Depreciation	8	-2,766	-2,768
Other operating charges		-13,776	-13,209
Operating profit		9,380	9,723
Share of results of associated undertakings	13.2	157	68
Financial income and expenses	9	265	-623
Profit before appropriations and taxes		9,802	9,168
Direct taxes	11	-2,894	-2,801
Minority interest		-1	-1
Profit for the financial year		6,907	6,366

**CONSOLIDATED
BALANCE SHEET**

ASSETS	Note ⁽¹⁾	2002 TEUR	2001 TEUR
Non-current assets			
Intangible assets	12.1	1,157	1,549
Tangible assets	12.2	13,987	13,960
Investments	12.3, 13	495	371
		15,639	15,880
Current assets			
Stocks	14	33,920	30,157
Non-current receivables	15.1	102	76
Current receivables	15.2	12,256	13,191
Cash in hand and at banks		11,950	8,865
		58,228	52,289
Assets total		73,867	68,169

LIABILITIES	Note ⁽¹⁾	2002 TEUR	2001 TEUR
Capital and reserves	16		
Share capital		3,500	3,500
Share premium account		2,555	2,551
Other reserves		0	2
Translation difference		-86	547
Retained earnings		25,696	23,304
Profit for the financial year		6,907	6,366
		38,572	36,270
Minority interest		3	2
Creditors			
Non-current	18	10,930	13,410
Current	19	24,362	18,487
		35,292	31,897
Liabilities total		73,867	68,169

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

**CONSOLIDATED
CASH FLOW
STATEMENT**

	2002	2001
	TEUR	TEUR
Business operations		
Operating profit	9,380	9,723
Depreciation and value adjustment	2,766	2,768
Unrealized exchange profits and losses	0	0
Other adjustment items	0	1
Cash flow before change in working capital	12,146	12,492
Change in working capital		
Increase (-)/ decrease (+) in current interest-free receivables	913	-873
Increase (-)/ decrease (+) in stocks	-3,763	-3,367
Increase (-)/ decrease (+) in current interest-free creditors	3,240	422
Cash flow from operations before financial items and income taxes	12,536	8,674
Interest received	211	224
Interest paid	-844	-984
Other financial income and expenses	330	122
Income taxes paid	-4,047	-4,160
Net cash flow from operations (A)	8,186	3,876
Capital expenditure		
Investments in tangible and intangible assets	-2,525	-1,394
Income from sales of tangible and intangible assets	0	0
Investments in other financial assets	0	0
Cash outflow for investments (B)	-2,525	-1,394
Financing		
Amortization of current creditors	4,323	3,119
Increase (-)/ decrease (+) in interest-bearing receivables	15	60
Drawing of non-current creditors	-2,175	1,349
Change in non-current deferred tax liability	-163	-165
Increase (-)/ decrease (+) in non-current receivables	-26	-62
Dividend distribution	-4,550	-4,550
Financing total (C)	-2,576	-249
Increase (+)/ decrease (+) in liquid assets (A+B+C)	3,085	2,233
Liquid assets on 1 January	8,865	6,632
Liquid assets on 31 December	11,950	8,865

*PONSSE OYJ
PROFIT AND
LOSS
ACCOUNT*

	Note ⁽¹⁾	2002 TEUR	2001 TEUR
Turnover	2	106,428	97,422
Increase (+)/ or decrease (-) in stocks of finished goods and in work in progress		1,158	-93
Other operating income		327	269
Raw materials and services	4	-69,855	-61,203
Staff expenses	5, 6	-17,496	-17,059
Depreciation	8	-2,208	-2,245
Other operating charges		-10,159	-9,096
Operating profit		8,195	7,995
Financial income and expenses	9	1,437	735
Profit before appropriations and taxes		9,632	8,730
Appropriations	10	560	584
Direct taxes	11	-2,972	-2,727
Profit for the financial year		7,220	6,587

	Note ⁽¹⁾	2002 TEUR	2001 TEUR
ASSETS			
Non-current assets			
Intangible assets	12.1	936	1,147
Tangible assets	12.2	12,043	12,932
Investments	12.3, 13	1,059	905
		14,038	14,984
Current assets			
Stocks	14	18,049	16,793
Non-current receivables	15.1	29	220
Current receivables	15.2	31,009	29,473
Cash in hand and at banks		7,243	4,921
		56,330	51,407
Assets total		70,368	66,391
LIABILITIES			
Capital and reserves	Note ⁽¹⁾ 16		
Share capital		3,500	3,500
Share premium account		2,545	2,545
Retained earnings		23,739	21,702
Profit for the financial year		7,220	6,587
		37,004	34,334
Appropriations	17	3,239	3,800
Creditors			
Non-current	18	8,703	12,155
Current	19	21,422	16,102
		30,125	28,257
Liabilities total		70,368	66,391

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

PONSSE OYJ
CASH FLOW
STATEMENT

	2002	2001
	TEUR	TEUR
Business operations		
Operating profit	8,195	7,995
Depreciation and value adjustment	2,153	2,245
Unrealized exchange profits and losses	1,702	-638
Other adjustment items	0	0
Cash flow before change in working capital	12,050	9,602
Change in working capital		
Increase (-)/ decrease (+) in current interest-free receivables	-3,257	-2,283
Increase (-)/ decrease (+) in stocks	-1,257	-1,565
Increase (-)/ decrease (+) in current interest-free creditors	2,018	-107
Cash flow from operations before financial items and income taxes	9,554	5,648
Interest received	1,299	1,365
Interest paid	-832	-978
Other financial income and expenses	933	333
Income taxes paid	-3,959	-4,024
Net cash flow from operations (A)	6,995	2,343
Capital expenditure		
Investments in tangible and intangible assets	-1,208	-865
Income from sales of tangible and intangible assets	0	0
Investments in other financial assets	0	0
Cash outflow for investments (B)	-1,208	-865
Financing		
Amortization of current creditors	4,326	3,114
Increase (-)/ decrease (+) in interest-bearing receivables	19	32
Drawing of non-current creditors	-3,452	1,349
Amortization of non-current creditors	0	-90
Increase (-)/ decrease (+) in non-current receivables	192	8
Dividend distribution	-4,550	-4,550
Financing total (C)	-3,465	-136
Increase (+)/ decrease (-) in liquid assets (A+B+C)	2,322	1,342
Liquid assets on 1 January	4,921	3,579
Liquid assets on 31 December	7,243	4,921

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 comply with the expense-specific Profit and Loss Account and Balance Sheet formats.

1.1 Change in accounting principles applied

Fixed assets

Fixed assets are shown in the Balance Sheet as acquisition costs less depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis over expected economic life. Depreciation times 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.

Valuation 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 booked during the year in which they occur.

Guarantee expenses

Likely guarantee expenses in respect of forest machines delivered have been booked under 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 booked 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 accounts

Basis of consolidation

The consolidated accounts include the parent company and all those companies in which the parent company has over 50 per cent of the votes, either directly or indirectly, at the end of the accounting period.

Associated undertakings have been consolidated 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 is provided in the following notes to the accounts, Section 13 "Shares and similar rights of ownership".

Accounting policies

Internal 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 shown 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.

NOTES TO THE ACCOUNTS

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 uncapitalized 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 Area

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Finland	56,179	47,451	56,229	47,467
Other countries	76,992	76,378	50,198	49,955
Total	133,171	123,829	106,427	97,422

3. Turnover by Market Area

	Group	
	2002	2001
	%	%
Finland	42.2	38.3
Rest of Europe	37.0	35.1
United States of America	18.7	20.7
Other countries	2.1	5.9
Total	100.0	100.0

4. Raw Materials and Services

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Raw materials and consumables				
Purchases during the period	89,187	79,546	69,047	62,057
Increase in stocks	-3,265	-4,038	-99	-1,658
External services	1,588	323	907	804
Materials and services total	87,510	75,831	69,855	61,203

5. Staff Expenses

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Wages and salaries	17,884	17,290	13,819	13,324
Pension expenses	2,202	2,179	1,929	1,994
Other staff expenses	2,628	2,591	1,748	1,741
Total	22,714	22,060	17,496	17,059

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

6. Management Wages and Salaries

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Presidents	711	819	-	183
Board members	102	93	102	93
Total	813	912	102	276

It has been agreed that the President, CEO of Ponsse Oyj is able to retire at the age of 55.

7. Staff

	Group		Parent Company	
	2002	2001	2002	2001
	persons	persons	persons	persons
7.1 Average Number of Staff				
Employees	314	320	257	263
Clerical personnel	206	198	171	167
Total	520	518	428	430

	Group		Parent Company	
	2002	2001	2002	2001
	persons	persons	persons	persons
7.2 At End of Financial Year				
Employees	323	306	258	250
Clerical personnel	213	201	175	168
Total	536	507	433	418

8. Depreciation and Value Adjustment

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Depreciation according to plan	2,766	2,768	2,208	2,245
Value adjustment of fixed assets and non-current investments	0	0	0	0
Total	2,766	2,768	2,208	2,245

9. Financial Income and Expenses

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Income from participating interests	-	-	47	39
Other interest and financial income				
From group companies				
Interest income	-	-	1,115	1,170
From others				
Interest expenses	211	224	136	155
Other financial income	864	379	1,002	586
Total	1,075	603	2,253	1,912
Interest and other financial expenses				
For others				
Interest expenses	806	969	795	962
Other financial expenses	4	257	68	253
Total	810	1,226	863	1,215
Financial income and expenses total	265	-623	1,437	736

The value of Ponsse USA Inc's shares in the Parent Company has been written down in closing 1999. At the end of 2002 the shareholders' equity in Ponsse USA Inc. has reached 336 TEUR. Due to this the previous writedown has been cancelled by booking 55 TEUR in to account called Value Adjustment of Investments held as Non-current Assets. Now the bookvalue in Parent Company and the shareholders value are equal.

10. Appropriations

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Increase (-)/decrease (+) in depreciation reserve	-	-	560	584

11. Direct Taxes

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Income taxes	3,060	2,862	2,972	2,727
Increase in deferred tax liability	-162	-165	-	-
Increase in tax assets	-4	104	-	-
Total	2,894	2,801	2,972	2,727

12. Fixed Assets and Other Non-current Investments

	Group		Parent Company	
	2002 TEUR	2001 TEUR	2002 TEUR	2001 TEUR
12.1 Intangible Assets				
<i>Formation expenses</i>				
Acquisition cost 1 Jan.	85	85	85	85
Increase	0	0	0	0
Acquisition cost 31 Dec.	85	85	85	85
Accumulated depreciation 1 Jan.	-62	-46	-62	-46
Depreciation for the financial year	-9	-16	-9	-16
Accumulated depreciation 31 Dec.	-71	-62	-71	-62
Book value 31 Dec.	14	23	14	23
<i>Goodwill</i>				
Acquisition cost 1 Jan. and 31 Dec.	2,219	2,219		
Accumulated depreciation 1 Jan.	-2,017	-1,815		
Depreciation for the financial year	-186	-202		
Accumulated depreciation 31 Dec.	-2,203	-2,017		
Book value 31 Dec.	16	202		
	2002 TEUR	2001 TEUR	2002 TEUR	2001 TEUR
<i>Other capitalized long-term expenses</i>				
Acquisition cost 1 Jan.	2,589	2,425	2,594	2,459
Foreign exchange profits and losses	-12	6	0	0
Increase	230	158	178	136
Decrease	0	0	0	-1
Transfers between items	0	0	0	0
Acquisition cost 31 Dec.	2,807	2,589	2,772	2,594
Accumulated depreciation 1 Jan.	-1,265	-858	-1,470	-1,111
Foreign exchange profits and losses	4	-1	0	0
Accumulated depreciation on decreases and transfers	0	0	0	-1
Depreciation for the financial year	-419	-406	-380	-359
Accumulated depreciation 31 Dec.	-1,680	-1,265	-1,850	-1,470
Book value 31 Dec.	1,127	1,324	922	1,124
12.2 Tangible Assets				
<i>Land and water</i>				
Acquisition cost 1 Jan.	339	339	339	339
Increase	46	0	10	0
Decrease	0	0	0	0
Acquisition cost and book value 31 Dec.	385	339	349	339
<i>Buildings</i>				
Acquisition cost 1 Jan.	10,732	10,179	10,403	10,179
Foreign exchange profits and losses	5	0	0	0
Increase	226	505	222	177
Decrease	0	0	0	0
Transfers between items	0	48	0	48
Acquisition cost 31 Dec.	10,963	10,732	10,625	10,403
Accumulated depreciation 1 Jan.	-3,437	-2,860	-3,430	-2,860
Depreciation for the financial year	-598	-577	-583	-570
Accumulated depreciation 31 Dec.	-4,035	-3,437	-4,013	-3,430
Revaluation	841	841	841	841
Book value 31 Dec.	7,769	8,136	7,453	7,814

A revaluation in the amount of EUR 841 thousand was made on 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' likely sales price is permanently and substantially larger than the acquisition cost.

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Machinery and equipment				
Acquisition cost 1 Jan.	13,003	12,364	11,369	11,030
Foreign exchange profits and losses	-92	12	0	0
Increase	956	722	536	339
Decrease	-174	-95	-45	0
Transfers between items	0	0	0	0
Acquisition cost 31 Dec.	13,693	13,003	11,860	11,369
Accumulated depreciation 1 Jan.	-7,524	-5,997	-6,595	-5,296
Foreign exchange profits and losses	57	-11	0	0
Accumulated depreciation on decreases and transfers	102	54	20	0
Depreciation for the financial year	-1,512	-1,570	-1,236	-1,299
Accumulated depreciation 31 Dec.	-8,877	-7,524	-7,811	-6,595
Book value 31 Dec.	4,816	5,479	4,049	4,773

The book value of production machinery and equipment included in the Group's and Parent Company's machinery and equipment on 31 December 2002 was EUR 3,042 thousand (EUR 3,698 on 31 December 2001).

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Advance payments and construction in progress				
Acquisition cost 1 Jan.	6	48	6	48
Increase	1,017	6	192	6
Decrease	-6	-48	-6	-48
Acquisition cost and book value 31 Dec.	1,017	6	192	6

12.3 Investments

Holdings in group companies

Acquisition cost 1 Jan.	-	-	3,631	3,632
Increase	-	-	0	0
Acquisition cost 31 Dec.	-	-	3,631	3,632
Accumulated depreciation 1 Jan.	-	-	-3,082	-3,291
Reduction in value	-	-	0	0
Cancellation of reduction in value	-	-	55	208
Accumulated depreciation 31 Dec.	-	-	-3,027	-3,082
Book value 31 Dec.	-	-	604	549

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Receivables from Group companies				
Subordinated loan	0	0	100	0
Total	0	0	100	0

	Group		Parent Company	
	2002 TEUR	2001 TEUR	2002 TEUR	2001 TEUR
Participating interests				
Acquisition cost 1 Jan.	335	335	335	335
Increase	0	0	0	0
Acquisition cost 31 Dec.	335	335	335	335
Accumulated depreciation 1 Jan.	15	-25	-	-
Depreciation on goodwill	0	0	-	-
Accumulated depreciation 31 Dec.	15	-25	-	-
Share of associated companies' equity 31 Dec.	124	40	-	-
Book value 31 Dec.	474	350	335	335
See note 13.2				
Other shares and similar rights of ownership				
Acquisition cost and book value 1 Jan. and 31 Dec.	21	21	21	21

13. Shares and Similar Rights of Ownership

13.1 Group Companies

Name and location	Group's and Parent Company's percentage of shares and votes %
Ponsse AB, Surahammar, Sweden	100.00
Ponsse AS, Kongsvinger, Norway	100.00
Ponsse S.A., Gondreville, France	99.20
Ponsse UK Ltd., Lockerbie, United Kingdom	100.00
Ponsse USA, Inc., Rhinelander, USA	100.00
Group companies total	

13.2 Associated Undertakings

Name and location	Group's and Parent Company's percentage of shares and votes %
Sunit Mobile Oy, Kajaani, Finland	34.00
Associated undertakings total	

13.3 Other Shares and Similar Rights of Ownership

	Shares owned by Parent Company Book value TEUR
Other shares and similar rights of ownership	21
Shares and similar rights of ownership owned by Group, TEUR	495

14. Stocks

	Group		Parent Company	
	2002 TEUR	2001 TEUR	2002 TEUR	2001 TEUR
Raw materials and consumables	14,585	14,690	11,672	11,706
Work in progress	153	95	153	95
Finished products/goods	2,584	1,150	1,229	130
Other stocks	16,598	14,222	4,994	4,861
Total	33,920	30,157	18,048	16,792

15. Receivables	Group		Parent Company	
	2002	2001	2002	2001
<i>15.1 Non-current</i>	TEUR	TEUR	TEUR	TEUR
Receivables from Group companies				
Loan receivables	-	-	0	221
Delivery credit receivables	5	0	5	0
Loan receivables	0	76	0	0
Other receivables	24	0	23	0
Prepayments and accrued income	73	0	0	0
Non-current total	102	76	28	221
	Group		Parent Company	
	2002	2001	2002	2001
<i>15.2 Current</i>	TEUR	TEUR	TEUR	TEUR
Trade receivables	10,962	11,883	4,243	5,913
Receivables from Group companies				
Trade receivables	-	-	26,156	22,965
Delivery credit receivables	72	87	64	83
Loan receivables	0	0	0	0
Other receivables	108	403	39	329
Prepayments and accrued income				
Tax receivables	101	145	0	1
Contributions receivable	150	121	150	121
Other prepayments and accrued income	425	132	357	63
Total	676	398	507	184
Deferred tax assets				
Deferred tax assets arising from matching items	163	157	0	0
Tax assets resulting from consolidation	275	263	0	0
Total	438	420	0	0
Current total	12,256	13,191	31,009	29,474
16. Capital and Reserves				
	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
<i>Restricted equity</i>				
Share capital 1 Jan.	3,500	3,500	3,500	3,500
Transfer from share premium account	0	0	0	0
Share capital 31 Dec.	3,500	3,500	3,500	3,500
Share premium account 1 Jan.	2,551	2,555	2,545	2,545
Transfer to restricted equity	0	0	0	0
Foreign exchange profits and losses	4	-4	0	0
Share premium account 31 Dec.	2,555	2,551	2,545	2,545
Total restricted equity	6,055	6,051	6,045	6,045
<i>Other reserves</i>	0	2	0	0
<i>Translation difference</i>	-86	547	0	0
<i>Non-restricted equity</i>				
Retained earnings 1 Jan.	29,670	28,065	28,289	26,252
Dividend distribution	-4,550	-4,550	-4,550	-4,550
Foreign exchange profits and losses	576	-211	0	0
Retained earnings 31 Dec.	25,696	23,304	23,739	21,702
Profit for the financial year	6,907	6,366	7,220	6,587
Total non-restricted equity	32,603	29,670	30,959	28,289
Capital and reserves total	38,572	36,270	37,004	34,334
Portion of depreciation reserve and untaxed reserves booked under shareholders' equity	2,331	2,729	-	-
Distributable funds from non-restricted equity	30,272	26,941	30,960	28,289

Ponsse Oyj's registered share capital on 31 December 2002 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.

17. Appropriations

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Depreciation reserve	-	-	3,239	3,800

18. Non-current Creditors

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	9,556	11,820	8,400	11,720
Pension loans	302	333	302	333
Advances received	40	40	-	-
Other creditors	80	102	0	101
Deferred tax liability	952	1,115	-	-
Non-current total	10,930	13,410	8,702	12,155

Debts falling due after five years or more

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	2,120	2,557	1,166	2,557
Pension loans	169	204	169	204
Total	2,289	2,761	1,335	2,761

19. Current Creditors

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	12,311	7,992	12,274	7,952
Pension loans	31	27	31	27
Advances received	187	18	0	0
Trade creditors	5,034	3,865	3,881	2,641
Creditors for Group companies				
Accruals and deferred income	-	-	18	50
Other creditors	2,058	1,259	1,047	773
Accruals and deferred income				
Staff cost creditors	3,142	2,919	2,877	2,687
Interest creditors	184	222	184	222
Income tax liability	-644	362	-662	325
Accruals and deferred income in respect of stocks	91	348	91	348
Other accruals and deferred income	1,968	1,475	1,681	1,078
Total	4,741	5,326	4,171	4,659
Current total	24,362	18,487	21,421	16,102

20. Given Pledges, Contingent Liabilities and Other Liabilities**20.1 For own debt**

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
<i>Debts for which mortgages have been pledged as collateral</i>				
Loans from credit institutions	13,838	14,420	13,838	14,420
Given mortgages on land and buildings	3,866	3,826	3,866	3,826
Given chattel mortgages	2,893	2,893	2,893	2,893
Mortgages given as pledges total	6,759	6,719	6,759	6,719

20.2 Leasing commitments

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Nominal amount of leasing payments falling due next year	546	550	75	23
Nominal amount of leasing payments falling due in subsequent years	1,597	1,675	75	198
Total	2,143	2,225	150	221

20.3 Contingent liabilities on behalf of Group companies

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Guarantees given on behalf of Group companies	1,221	575	1,221	575

20.4 Liabilities arising from derivative contracts

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Nominal values				
Currency derivatives				
Options	1,475	1,812	1,475	1,812
Futures	12,128	9,958	12,128	9,958

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Current values				
Currency derivatives				
Options	11	-11	11	-11
Futures	342	-91	342	-91

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

20.5 Other Contingent Liabilities

	Group		Parent Company	
	2002	2001	2002	2001
	TEUR	TEUR	TEUR	TEUR
Guarantees given on behalf of others	803	431	225	185
Repurchase commitments	6,557	5,895	4,883	4,495
Other commitments	0	462	0	462
Total	7,360	6,788	5,108	5,142

KEY RATIOS AND FINANCIAL INDICATORS

	2002	2001	2000	1999	1998
<i>Extent of operations</i>					
Turnover, TEUR	133,171	123,828	119,286	118,414	103,379
Change, %	7.5	3.8	0.7	14.5	23.0
Foreign business operations and exports, %	57.8	61.7	56.4	48.5	45.3
Research and development expenditure, TEUR	3,151	2,619	2,689	2,274	1,876
% of turnover	2.4	2.2	2.3	1.9	1.8
Gross capital expenditure on fixed assets, TEUR	2,525	1,394	1,536	4,385	8,536
% of turnover	1.9	1.2	1.3	3.7	8.3
Average number of staff	521	518	481	482	394
Turnover per employee, TEUR	256	239	248	246	262
Order stock MEUR	32.1	23.2	24.6	16.0	17.5
<i>Profitability</i>					
Operating profit, TEUR	9,380	9,723	12,536	7,557	10,977
% of turnover	7.1	7.8	10.5	6.4	10.6
Profit before extraordinary items, TEUR	9,802	9,168	12,048	7,255	10,847
% of turnover	7.4	7.4	10.1	6.1	10.5
Profit after extraordinary items, TEUR	9,802	9,168	12,048	4,434	10,847
% of turnover	7.4	7.4	10.1	3.7	10.5
Profit for the financial year, TEUR	6,907	6,366	8,511	3,082	7,463
% of turnover	5.2	5.1	7.1	2.6	7.2
Return on equity (ROE), %	18.5	18.0	26.8	20.3	28.0
Return on investment (ROI), %	18.1	19.2	24.3	16.5	31.9
<i>Financial position</i>					
Current ratio	2.4	2.8	2.8	3.0	2.8
Equity ratio, %	52.4	53.3	54.7	44.0	55.5
Gearing, %	26.6	31.2	26.7	32.0	20.9
Interest-bearing liabilities, TEUR	22,200	20,172	15,846	24,988	11,069
Interest-free liabilities, TEUR	13,092	11,725	12,809	12,091	12,245

KEY RATIOS FOR SHARES

	2002	2001	2000	1999	1998
Earnings per share (EPS), EUR	0.99	0.91	1.22	0.84	1.07
Shareholders' equity per share, EUR	5.51	5.18	4.92	4.16	4.15
Nominal dividend per share, EUR	0.65 ¹⁾	0.65	0.65	0.45	0.42
Share-issue-adjusted dividend per share, EUR	0.65 ¹⁾	0.65	0.65	0.45	0.42
Dividend per earnings, %	65.9	71.5	53.3	53.3	39.4
Effective dividend yield, %	6.0	7.0	5.9	3.9	3.0
Price-earnings ratio (P/E)	10.9	10.2	9.0	13.6	13.3
Share prices					
Lowest of the year	9.45	8.61	10.12	9.01	12.61
Highest of the year	11.40	12.07	15.00	15.23	23.21
Closing price of the year	10.75	9.25	11.00	11.50	14.21
Average of the year	10.18	10.03	12.78	10.00	17.25
Market capitalization, MEUR	75.3	64.8	77.0	80.5	99.5
Total dividends paid, MEUR	4.3 ¹⁾	4.6	4.6	3.2	2.9
Share turnover, number of shares	466,024	251,012	787,982	1,141,476	1,116,350
Share turnover, %	6.7	3.6	11.3	16.3	15.9
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, %

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

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 converted 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 - 2002

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

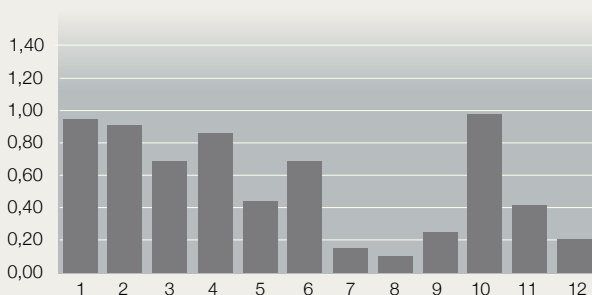
For the 2002 tax year in Finland, the confirmed taxation value of Ponsse Oyj's shares was EUR 7.35 per share.

Share Trading and Prices

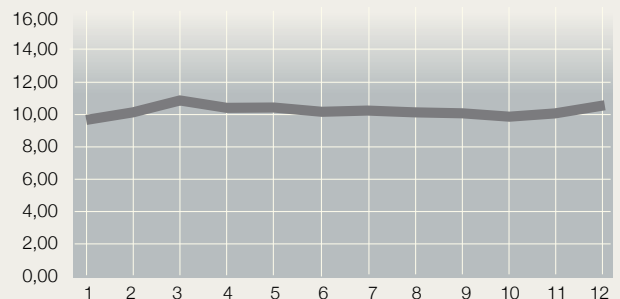
Ponsse Oyj shares are listed on the Main List of the Helsinki Exchanges. The trading code of the company's share on the Helsinki Exchanges is PON1V. The shares are in the book-entry system.

During the year under review, 466,024 Ponsse shares, 6.7 per cent of the total, were traded on the Helsinki Exchanges for a total of EUR 4.7 million. The lowest price was EUR 9.45 and the highest EUR 11.40. The shares closed at EUR 10.75 on the year. The market capitalization value on 31 December 2002 was EUR 75.3 million.

Monthly Relative Share Turnover in 2002 Per cent/Month



Average Monthly Share Price in 2002 EUR/Month



At year-end 2002, Ponsse Oyj has 1,478 shareholders. A total of 228,355 shares, 3.26 per cent of the total shares and votes, were nominee registered shares and held by foreigners.

SHAREHOLDERS

Distribution of Share Ownership by Owner Category on 31 January 2003

Owner group	Number of shares	Percentage of total shares and votes
Private companies	112,244	1.60
Financial institutions and insurance companies	164,560	2.35
Non-profit organizations	29,980	0.43
Private Households	6,464,361	92.35
Abroad ⁽¹⁾	228,855	3.27
Total	7,000,000	100.00

1) Includes 221 023 nominee-registered shares.

Distribution of Share Ownership by Size of Shareholding on 31 January 2003

Shares per shareholder	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares and votes
1 - 100	401	26.64	27,351	0.39
101 - 1,000	896	59.53	364,206	5.20
1,001 - 10,000	182	12.09	445,964	6.37
10,001 - 100,000	20	1.33	891,072	12.73
over 100,001	6	0.40	5,271,407	75.31
Total	1,505	100.00	7,000,000	100.00

Shareholders on December 2002

	Number of shares	Percentage of shares and votes
Einari Vidgrén	3,411,704	48.74
Juha Vidgrén	677,568	9.68
Harri Suutari	604,292	8.63
Esa Rannila	232,600	3.32
Curt Lindbom	148,540	2.12
Matti Eestilä	100,000	1.43
Mikko Vidgrén	98,854	1.41
Mari Vidgrén	97,270	1.39
Placeringsfonden Aktia Capital	80,000	1.14
Minna Vidgrén	79,490	1.13
Jonna Vidgrén	75,970	1.09
Tarja Rannila	54,028	0.77
Jukka Vidgrén	50,180	0.72
Jarmo Vidgrén	40,480	0.58
Janne Vidgrén	40,080	0.57
Pohjola Non-Life Insurance Company Ltd	25,620	0.37
Sijoitusrahasto Nordea Foresta	22,000	0.31
Mikko Laakkonen	20,000	0.29
Eero Suutari	19,360	0.28
Apotrade Consulting Oy	17,000	0.24
Nominee-registered	220,523	3.15
Other shareholders	884,441	12.63
Total	7,000,000	100.00

Management Shareholders

On 31 December 2002, members of the Board of Directors and the company's President, CEO held a total of 4,123,032 Ponsse Oyj shares, representing 58.9 per cent of the total shares and votes.

Insider Register

Under Chapter 5, Section 5 of the Securities Market Act, Ponsse Oyj keeps a list of insider holdings. This list is available for inspection at the Finnish Central Securities Depository Ltd at Fabianinkatu 14, 00130 Helsinki.

Ponsse Oyj complies with the insider holding regulation A6.24 adopted by the Board of Directors of the Helsinki Exchanges on 28 October 1999.

Redemption Obligation Clause

Under Article 14 of Ponsse's Articles of Association, a shareholder whose share of all

the company's shares or the votes conveyed by shares, either alone or together with other shareholders, achieves or exceeds ownership of 33 1/3% or 50% shall be obliged to redeem, on request, the shares of other shareholders and other securities entitling thereto under the Companies Act subject to the more detailed terms and conditions provided for in Article 14.

Shareholder Agreements

Ponsse Oyj is not aware of any shareholder agreements related to ownership of the company's shares or exercising of votes that would materially affect the value of the company's share.

The parent company's distributable funds total EUR 30,959,864.89 and the Group's distributable funds are EUR 30,272,000.

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

- dividend of EUR 0.65 per share to be paid to shareholders, totalling	EUR	4,550,000.00
- shareholders equity to be left	EUR	26,409,864.89
	EUR	30,959,864.89

The record date for dividend payments is 25 March 2003. The dividend will be paid 1 April 2003.

Vieremä, 10 of February 2003

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

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

To the shareholders of Ponsse Plc

**AUDITOR'S
REPORT**

We have audited the accounting, the financial statements and the corporate governance of Ponsse Plc for the period 1 January to 31 December 2002. 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 President, CEO. 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 President, CEO 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 President, CEO 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, 10 of February 2003

Ernst & Young Oy

Heikki Laitinen
Authorised Public Accountant

BOARD OF DIRECTORS 10 FEB. 2003

Chairman

Einari Vidgrén, b. 1943

- Ponsse Oyj's founder and director of the Board of Directors
- Chairman of Ponsse Oyj's Board since 1993

Members

Ilkka Kylävainio, b. 1946

Technician

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

Heikki Ojala, b. 1957

BSc (Eng)

- Joined Ponsse Oyj in 1992
- Head of Ponsse Oyj's Vieremä factory
- Board member, Sunit Oy
- Board member of Ponsse Oyj since 2001

Samuli Perttala, b. 1946

MSc (Econ)

- Finance Manager of Lohjan Puhelin Oy
- Acting CFO, Ponsse Oyj 2001 - 2002
- Tax expert at Attorneys-at-Law Krogerus & Pirilä Oy since 1995
- Board member, Pumppulohja Oy since 1993

- Finance Manager and Board member, Oy Lohja Ab 1984 - 1990
- Finance Manager and Board member, Metra Oy Ab 1991 - 1995
- Finance Manager, Elcoteq Hungary Ltd 1998 - 1999
- Board member of Ponsse Oyj since 2000

Orvo Siimestö, b. 1943

MSc (Econ)

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

Heikki Tallgren, b. 1965

MSc (Tech)

- Managing Director, Ponsse S.A. 1995 - 2002
- Central European Regional Sales Manager, Ponsse Oy 1993 - 1995
- Board member of Ponsse Oyj since 2002

Juha Vidgrén, b. 1970

MSc (Educ)

- Public Relations Manager, Ponsse Oyj
- Deputy President and CEO, Ponsse Oyj

- Communication Manager, Ponsse Oyj 1998 - 2000
- Board member of Ponsse Oyj since 2000

Mika Vidgrén, b. 1960

Doctor of Pharmacology, Docent

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

The Board of Directors was appointed at the Annual General Meeting of 22 March 2002.

Appointment of Board Members

Under the Articles of Association, Ponsse Oyj's Board of Directors comprises no less than five and no more than eight members. Members of the Board of Directors are appointed at the Annual General Meeting, which according to the Articles of Association shall be held by the last day of June. The term of office of Board members expires at the following Annual General Meeting.

The Board elects a chairman from among its members for one term of office at a time.

Board Meetings

The Board of Directors convened eight times in 2002.



PRESIDENT, CEO

*MANAGEMENT
10 FEB. 2003*

Tommi Ruha, b. 1969

MSc. (For)

- President of Ponsse USA Inc.
2000 - 2002
- Director, Information Systems and
member of Ponsse's Management Team
1998 - 2000
- Product Manager, Ponsse Oyj
1995 - 1998
- Researcher, USDA Forest Service
1994 - 1995

Tommi Ruha was appointed President, CEO at the Board Meeting held on 20 October 2001.

MANAGEMENT TEAM

Tommi Ruha, b. 1969, Chairman

MSc. (For)

- President, CEO of Ponsse Oyj
from 22 October 2001
- Joined Ponsse in 1995

Eero Lukkarinen, b. 1965

MSc. (For)

- Export Manager of Ponsse Oyj since
1 January 2003
- Managing Director of Ponsse AB
2000 - 2002
- Joined Ponsse in 1999

Tapio Mertanen, b. 1965

Technician

- After Sales Manager
- Joined Ponsse in 1994

Heikki Ojala, b. 1957

BSc (Eng)

- Head of Ponsse Oyj's Vieremä factory
- Joined Ponsse in 1992

Mikko Paananen, b. 1963

LLM

- Ponsse Oyj, CFO and Secretary to
the Board since 1 August 2002
- Joined Ponsse in 2002

Ari Särkiniemi, b. 1963

Computer technician

- Director, Information Systems
- Joined Ponsse in 1987

Jarmo Vidgrén, b. 1975

Commercial college graduate in marketing

- District Headman
- Ponsse AB, Warranty Manager and sales
of used machines, 1999 - 2001
- Joined Ponsse in 1997

Juha Vidgrén, b. 1970

MSc (Educ)

- Ponsse Oyj, Public Relations Manager
- Deputy President and CEO
of Ponsse Oyj
- Joined Ponsse in 1998

Ponsse AB

Benny Sondell

- Managing Director since 1 January 2003

Ponsse AS

Lyder Hove Ellevold

Agriculture and Forestry Technician

- Managing Director since 1998

Ponssé S.A.

Tapio Ingervo

MSc (Econ)

- Managing Director since 2002

Ponsse UK Ltd.

Jukka Karjalainen

BSc. in Production Economy

- Managing Director since 2001

Ponsse USA, Inc.

Mikko Laurila

Forestry Engineer

- Managing Director since 2002

*MANAGING
DIRECTORS OF
SUBSIDIARIES*

Ernst & Young Oy

Principal auditor
Heikki Laitinen APA

AUDITORS

COMPANY AND PRODUCTS

Mission

Ponsse Oyj's mission is to innovate and market effective, durable forest machines for mechanized cut-to-length logging. The company seeks to ensure the prosperity of its customers by delivering the most attractive turnkey cut-to-length logging solutions on the market. Besides performance and durability, the company's premium products are designed to offer customers more features generating added value than other products found on the market. Ponsse aims to be a highly sought-after partner and employer, to achieve above average growth and to be the most profitable business in the sector.

Customer focus is one of the company's basic values. Ponsse strives to maintain the closest possible contact with its customers, marketing its products independently through its own organization or through representatives committed to Ponsse's operations and products. Using local excellence, Ponsse aims at being able to respond quickly and at providing a high standard of customer service.

The company does not actively seek alliances, preferring growth within the framework of its resources and by maintaining a positive cash flow. Corporate growth has placed new demands on employees in the form of multiple skills and an awareness and acceptance of cultural differences. Our people are encouraged to accept responsibility and to pursue continuous learning. The company endeavours to offer its highly professional people new challenges and opportunities for promotion within the Group.

Business sector

Ponsse Group manufactures forest machines for cut-to-length harvesting, harvesting-related information technology and loader scales. At year-end 2002, Ponsse's product range included two harvesters (Ergo and Beaver), four harvesters (Buffalo, Wisent, Bison and Caribou), Dual combination machines, several models of harvester heads, IT applications and the Load Optimizer loader scales.

Harvesters fell, trim and cut tree trunks into logs. Forwarders transport the logs to the edge of forest truck roads where they are collected for long-distance transportation by timber trucks. The harvester's measurement device measures the trees to the accuracy of one millimetre and, using the databank in the computer memory, predicts the shape of each single trunk, creates a mathematic model for it and helps the driver to cut the trunk in the best possible way to generate ultimate benefit to the forest owner and industry processing the logs.

Ponsse products are synonymous with extensive use of IT to deliver added value and a respect for customer-driven wood harvesting. In customer-focused timber supply, the tree is cut to the end-user's requirements while still in the forest. Using the harvester's computer and measurement device, the driver can cut the logs to exactly the right sizes, thus significantly enhancing added value. Automated trunk cutting leaves the driver more time for quality inspection. In the cut-to-length method, wood handling is reduced and different assortments



BUFFALO DUAL

can be transported directly to the appropriate production plants.

Cut-to-length logging accounts for roughly one third of the world's mechanical logging. The cut-to-length model was first developed in the Nordic countries, where over 90 per cent of annual felling currently takes place in this way. In the Nordic countries, lumberjacks are employed mostly on special sites, where machines cannot be used. Improved logistics controllability and overall economy in the harvesting process are an essential factor in wood harvesting today. Effective use of IT is also a major platform in the management of wood harvesting logistics.

Today, forest machines designed for cut-to-length logging are increasing their share of mechanical logging more rapidly outside the Nordic countries. Benefits of the cut-to-length method include high work productivity and environmental awareness compared to other types of mechanized wood harvesting. Mechanized wood harvesting using the cut-to-length method provides potential for effective timber supply from small stands and thinnings. Wood can be utilized more accurately and small-diameter timber can also be harvested economically. Productivity per machine unit is high. The economy of the cut-to-length method is further enhanced by the need for less manpower compared to the rival full-tree method, which normally requires double the manpower and machinery to do the same work.

Switching to the cut-to-length method means diversified felling operations and ad-

ditional demands on the machine operators. Aside from the felling itself and daily machine maintenance, driver expertise includes basic forest economy and, in particular, a consideration of environmental values in keeping with forest management guidelines when planning stands marked for cutting.

Products

Ponsse has focused production on sophisticated harvester technology and the design, production and marketing of related technology. Product features include high productivity and reliability coupled with advanced use of IT to provide added value. Ponsse forest machines are ideal for both thinning and regeneration felling. We carry out continual, strategic R&D in cooperation with our customers.

In 2002, Ponsse addressed diversification of its 2001 range in the form of new products. Feedback received from various links in the wood harvesting process and needs in the industry resulted in development of the Ponsse Dual combination machine or harwarder, which is suitable for both harvesting and forwarding. Ponsse Dual was launched at the Silva forestry fair held in Liperi on 23-25 May 2002. Ponsse Dual attracted a lot of interest during the summer and at working demonstrations at the autumn Metko forest machine fair held at Jämsänkoski on 5-7 September 2002. This and encouraging feedback given by contractors purchasing the Ponsse Dual have made Dual the most effective combination machine solution on the market. Dual is an



efficient harvester and a full-blooded forwarder. Since its outlay is lower than that for dedicated machinery in the traditional harvest process, Dual can halve transport costs between stands marked for cutting. Moreover, since conventional Ponsse forwarder and harvester heads are compatible with Dual, no expensive special components are required in servicing. Also because the resale value is similar to that of a corresponding forwarder and harvester head, Ponsse Dual is a secure, cost-effective investment.

Innovated in response to the needs of our customers and partners, the Ponsse Wisent forwarder is a pioneer of its own era in terms of lightness and agility and is poised to follow in the footsteps of the legendary Ponsse S15. By combining the latest carefully chosen materials with the potential afforded by modern production technology and quality components, Ponsse has created a more economical, powerful and above all a more dependable, reliable general-purpose machine for variable conditions. The Ponsse Wisent was launched at the Metko trade fair for heavy machine contracting in forestry and construction held in Jämsänkoski on 5-7 September 2002. Wisent was immediately enthusiastically received. Production of the Wisent started in December 2002.

Wisent's unrivalled own weight and load-carrying capacity ratio, unparalleled turning radius for a machine of this size and dimensions that distribute the load evenly on all wheels translate

into minimal pressure on the ground. The tough Mercedes-Benz diesel engine now runs a larger pump, thus enabling versatile efficient use of the crane. The Wisent's high tractive force and excellent cross-country capacity enables loads to be shifted fast and flexibly. In addition, the superb ergonomics of the driving cab provide a pleasant working environment for even the most discerning contractors. This is the first time Ponsse is able to offer its customers an 8-wheel model with the load-carrying capacity of a forwarder in the

**ERGO****BUFFALO****CARIBOU**

12 t range. Wisent further adds to Ponsse's good competitive position on the forwarder market.

In recognition of successful product development and advanced design, Ponsse's new product range received a commendation at the international Fennia Prize design competition in January 2003.

Ponsse also continued active R&D of wood harvesting information systems. A modern complete timber supply system developed in cooperation with timber companies considerably enhances the efficiency of logistics in the timber supply chain. The system comprises software for the timber company office and harvester, wood transportation fleet and a data transmission system managing communications between the components. Featuring software tools covering the entire timber supply chain from planning stands marked for cutting, to long distance transport control, the forest and management of mill stocks, the system can be used by the office to control the entire timber supply chain. Mills report

their need for raw material and logging plans and instructions are drawn up accordingly. The instructions are transmitted in electronic format direct to harvesters and timber trucks and progress can be continually monitored. The instructions can be modified at any time by just transmitting new information to the harvester, thus enabling a rapid response to changing needs. The harvesters produce timber of exactly the right type, which timber trucks transport at the right time to the right place and in the right way. The timber company is constantly aware of the latest situation in real-time throughout the process.

The company's products use computer system technology based on a conventional PC operating in a Windows environment. Windows enables the use of data transmission and mapping applications during harvesting. The hardware is able to efficiently process vast amounts of data, is flexible and peripheral devices are easily available. Above all, the software can be readily updated whenever new PC applications appear on the market.



fenniaprize03
good design grows global
honorary mention



BEAVER



WISENT

REVIEW OF OPERATIONAL SYSTEM AND QUALITY MANAGEMENT IN 2002

During the year under review, the company developed its operational system by updating its quality assurance system to conform to the requirements of ISO 9001, 2000. Likewise the environmental management system was maintained and a start was made on building an occupational health and safety system.

Overhaul of the quality assurance system

On the quality assurance front, Ponsse focused on overhauling its ISO 9001/2000 quality assurance system, at the same time integrating the company's environmental management system ISO 14001 and its occupational health and safety management system OHSAS 18001 into the same operational manual. This work took place in the form of extensive cooperation across the organization. At the same time, processes were enhanced to enable more efficient, safer operations and more dependable product quality. Operations were checked in an extensive internal audit before official certification of the new process approach in December.

Overhaul of the quality management system sought to further intensify and enhance cooperation within the organization whilst enabling rapid actions if required. Ponsse's aims are described in the company's new ISO 9001/2000 quality policy as follows:

- Skilled, cooperative employees are the key to quality. Successful teamwork enables a company to make effective use of its internal resources and excellence. Quality products and operations are seen as a shared goal. Each Ponsse employee is responsible for reporting quality problems and for taking part in collecting feedback - "to make the world's best forest machines together".
- Ponsse Oyj's mission is a customer-driven approach. We listen to our customers and do not play down or consider normal any problems brought up by a customer. We investigate them and take the necessary steps to eliminate them - "if one of our machines is defective, it must be quickly put into working order."
- A key part of our business is the continual improvement of our products and operations. This is how we ensure we retain a competitive edge also in the future - "we should remember to be just that much better".

Environmental issues

Major projects on the environmental front during the year under review related to R&D. Most environmental impacts during the lifecycle of a forest machine occur during machine opera-

tion. Since NO_x emissions account for around 2/3 of environmental impacts during operation, actions to cut these emissions have a significant impact on the condition of the environment. Whilst taking this aspect into account, we were also able to increase engine power. Mercedes-Benz engines are forerunners on the off-road machine engine front, complying with the requirements of international legislation today and far into the future.

The hydraulics system has been designed so that oil and filter changes are now required less frequently. This in turn considerably cuts the amount of problem waste. Greater use of recyclable material is also in evidence in cab upholstery, for example.

The harvester positioning system has been developed so that the machine alerts the driver automatically of any pre-set landscape features (e.g. protected sites) that should be avoided.

The year under review also saw the launch of a new forwarder, Ponsse Wisent, which features a good own weight and load-carrying capacity ratio and an unrivalled turning radius for a machine of its size. Furthermore, the machine's dimensions have been skilfully engineered to distribute the load evenly on the ground. Thanks to these features, the Wisent exerts minimum pressure on the ground.

Occupational health system

Working conditions and safety have traditionally been of paramount importance at Ponsse. We have also upheld the same principle in the development of our products. Our future occupational health and safety management system is built on a platform of the OHSAS 18001 standard. The basic idea and aims of the system are an inherent part of our policy:

We seek to maintain safe equipment and to develop increasingly healthier and safer working conditions and practices and to help uphold the working capacity of our employees. We consider it important to have a good physical, mental and social work environment. The state of our work environment is continually examined, we try to predict changes and to quickly remedy any faults transpiring.

We are committed to the supervision of and compliance with occupational health and safety legislation in our operations and consider the continual improvement of our work environment to be a common goal. We tell our people about the risk factors and impact on health in the work environment. Each Ponsse employee is responsible for remedying any faults and for wearing any protective clothes or using any protective devices required.

Health and safety have always been of paramount importance at Ponsse.



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