

PONSSE OYJ
INTERIM REPORT 1 JANUARY – 30 JUNE 2001

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Turnover and profit

The Group's turnover during the first six months totaled EUR 55.4 million (EUR 59.8 million). As a result of the completely new product family being taken into production, delivery volumes during the first quarter were significantly lower compared with the corresponding period for the previous year. Delivery volumes reached a fairly good level during the second quarter. Export and foreign business operations accounted for 62.5 % (60.3 %) of turnover.

Operating profit was EUR 3.0 million (EUR 7.9 million). The profit before appropriations and taxes was EUR 2.5 million (EUR 7.6 million). Due to low delivery volumes resulting from production start-up difficulties the Group's result was poor in January-February, but rose to clearly profitable levels in March as production output approached normal levels. The Group's result continued to develop favorably during the second quarter.

Market Situation

Poor prospects for mechanical wood-processing and falling pulp prices have reduced the demand for forest machines worldwide in Ponsse's primary market areas. Yet the demand for Ponsse's new product family has been much keener than expected, and Ponsse has also managed to increase its market share in many areas. Its market share in Scandinavia in particular has developed favorably. The changes that have taken place in wood procurements have for their part slightly increased the demand for forest machines in the North America.

Orders Received and Order Stock

During the period under review, new orders were received worth of EUR 60.8 million (EUR 60.1 million) and the order stock was EUR 29.9 million (EUR 15.7 million) on 30

June 2001. The order stock has remained at a high level following the launching of the new product family late last year.

Marketing

Ponsse is the first forest machine manufacturer in the world to introduce an integrated PC-based machine control and data transfer system for use in forwarders. The system and new products were presented to an international audience for the first time at the Elmia Wood Fair arranged in Jönköping, Sweden, at the beginning of June.

Ponsse Oyj has concluded an agreement with Veho ZAO covering the sales and servicing of forest machines in St.Petersburg and Karelia. The contract marks a major step in Ponsse's long-term, systematic strategy for strengthening its exports to Russia. Established in Russia in 1995, Veho ZAO is a subsidiary of Veho Group Oy Ab.

Balance Sheet

The consolidated balance sheet total on 30 June 2001 was EUR 66.8 million (EUR 61.9 million). Interest-bearing debts totaled EUR 22.7 million (EUR 17.9 million). The equity ratio was 46.6 % (50.1 %) in June and cash assets EUR 7.2 million (EUR 5.7 million).

Investments

Gross investments in fixed assets totaled EUR 0.7 million (EUR 0.5 million). Investments focused primarily on information technology and production.

Personnel

During the first six months of the financial year, the average number of staff employed by the Group was 513 (476 persons).

Annual General Meeting

The Annual General Meeting decided on 15 March 2001 that a dividend of EUR 0.65 per share would be paid to shareholders. Dividends totaling EUR 4.6 million were paid on 27 March 2001.

Einari Vidgrén, Ilkka Kylävainio, Tommi Lindbom, Heikki Ojala, Samuli Perttala, Orvo

Siimestö, Juha Vidgrén and Mika Vidgrén were elected as members of the board of directors.

The authorized public accountants Tilintarkastajien Oy - Ernst & Young were chosen as auditors.

Shares

Share turnover from 1 January 2001 to 30 June 2001 totaled 109,334 shares, accounting for 1.56% of the total number of shares. The value of share turnover amounted to EUR 1.2 million. The lowest trading price during the period under review was EUR 9.49 and the highest EUR 12.07 per share. The closing price at the end of the period under review was EUR 9.49. Market capitalization was EUR 66.4 million on 30 June 2001.

Outlook for the Remainder of the Year

The demand for forest machines is expected to slow down slightly in Europe. In the Nordic countries and in the United States, competition on the market is predicted to become even fiercer. It is believed that Ponsse's market share will continue to improve, thanks to its strong brand and the new value-adding properties of its products.

The Group's turnover is expected to grow significantly during the current year and a good operating profit level is predicted for the entire fiscal year.

Vieremä, 8 August 2001

BOARD OF DIRECTORS

Ponsse Group key indicators

Profit and Loss Account	1-6/2001	1-6/2000	1-12/2000
	TEUR	TEUR	TEUR
Turnover	55,389	59,823	119,286
Increase (+) or decrease (-) in stocks of finished goods and work in progress (-)	605	1,522	873
Other operating income	396	205	416
Raw materials and services	-34,692	-35,667	-72,245
Staff expenses	-10,838	-10,233	-20,239
Depreciations	-1,397	-1,360	-2,741
Other operating charges	-6,417	-6,354	-12,814
Operating profit	3,046	7,936	12,536
Share of results of associated undertakings	41	-17	55
Financial income and expenses	-628	-329	-543
Result before extraordinary items and taxes	2,459	7,590	12,048
Income taxes	-1,741	-2,869	-3,832
Change in deferred tax liability	468	266	296
Minority interest	0	-1	-1
Result for the period under review	1,186	4,986	8,511
Balance Sheet	30 June 2001	30 June 2000	31 December 2000
	TEUR	TEUR	TEUR
Assets			
Non-current assets			
Intangible assets	1,793	1,982	2,010
Tangible assets	14,441	15,339	14,913
Investments	344	259	331
Current assets			
Stocks	31,256	25,635	26,790
Receivables	11,799	12,931	12,432
Cash in hand and at banks	7,207	5,723	6,632
Assets total	66,840	61,869	63,108
Liabilities			
Capital and reserves			
Share capital	3,500	3,500	3,500
Other equity	27,555	27,477	30,952
Minority interest	0	5	1
Creditors			
Non-current	18,749	16,642	12,226
Current	17,036	14,245	16,429
Liabilities total	66,840	61,869	63,108

Receivables on 30 June 2001 contain deferred tax assets of EUR 918 thousand (EUR 481 thousand on 30 June 2000; EUR 520 thousand on 31 December 2000). Non-current creditors on 30 June 2001 contains a deferred tax liability of EUR 1,206 thousand (EUR 1,358 thousand on 30 June 2000; EUR 1,280 thousand on 31 December 2000).

Given Pledges, Contingent Liabilities and Other Liabilities

	30 June 2001 TEUR	30 June 2000 TEUR	31 December 2000 TEUR
1. For own debt			
Debts for which mortgages have been pledged as collateral			
Loans from credit institutions	16,083	9,829	10,143
Given mortgages on land and buildings	3,826	3,157	3,322
Given chattel mortgages	2,893	2,220	2,220
Mortgages given as pledges total	6,719	5,377	5,542
2. Leasing commitments	1,075	826	658
3. Contingent liabilities on behalf of Group companies			
Guarantees given on behalf of Group companies	543	93	499
4. Liabilities arising from derivative contracts			
4.1 Nominal values			
Currency derivatives			
Foreign exchange forward contracts	0	0	2,259
4.2 Fair values			
Currency derivatives			
Foreign exchange forward contracts	0	0	115
5. Other contingent liabilities			
Guarantees given on behalf of others	580	927	775
Repurchase commitments	4,547	1,917	2,519
Other liabilities	479	0	133
Total	5,606	2,844	3,427

Key Indicators

	30 June 2001	30 June 2000	31 December 2000
Research and development expenditure, MEUR	1.6	1.5	2.7
Gross capital expenditure on fixed assets, MEUR	0.7	0.5	1.5
% of turnover	1.3	0.8	1.3
Average number of staff	513	476	481
Order stock, MEUR	29.9	15.7	24.6
Equity ratio, %	46.6	50.1	54.7
Earnings per share, EUR	0.17	0.71	1.22
Shareholders' equity per share, EUR	4.44	4.43	4.92

Taxes corresponding to profit for the period under review have been included as income taxes in the Profit and Loss Account and in earnings per share.

Orders Received

	1-6/2001 TEUR	1-6/2000 TEUR	1-12/2000 TEUR
Ponsse Group	60,791	60,135	128,560

Information by Four-Month Period

	4-6/2000 TEUR	7-9/2000 TEUR	10-12/2000 TEUR	1-3/2001 TEUR	4-6/2001 TEUR
Turnover	30,011	23,028	36,435	23,988	31,401
Operating profit	3,260	1,314	3,286	-778	3,824
Result before appropriations and taxes	3,030	941	3,517	-1,082	3,541

The figures in the Interim Report are unaudited.