

PONSSE OYJ
INTERIM REPORT 1 January – 31 March 2002

The Group's turnover for the first three months was EUR 27.8 million (1-3/2001, EUR 24.0 million). Export and foreign business operations accounted for 56.9 % of turnover (54.6 %). The operating profit was EUR 1.6 million (EUR -0.8 million) and the order stock was EUR 22.1 million (31 March 2001, EUR 24.4 million).

Turnover and Profit

The Group's turnover grew by 16 % over the previous year and totaled EUR 27.8 million (EUR 24.0 million). In early 2001 production rates were lower than usual owing to the change in models.

An expectant mood pervades all market areas, and no significant changes in sales have taken place compared to the previous year. Stocks of finished products have grown as a result of machines sent to the USA by sea transport. The sales of used machines have been brisk during the period under review and the warehouse inventory level is normal. Export and foreign business operations accounted for 56.9 % (54.6 %) of turnover.

The operating profit was EUR +1.6 million (EUR -0.8 million). The profit before appropriations and taxes was EUR 1.4 million (EUR -1.1 million). The operating profit was reduced by the decision, made in the Annual General Meeting of 22 March 2001, to pay bonuses totaling EUR 0.2 million to the company's personnel.

Market Situation

Overall demand in the forest machine industry has been limited, but has remained at a satisfactory level from Ponsse's standpoint. Customers' expectations regarding the economy have strengthened during the period under review but investment decisions have been postponed. Demand is clearly shifting towards deliveries in the fall as anticipated. Except for the USA, where demand has continued favorably, the situation is similar in all of Ponsse's market areas.

Orders Received and Order Stock

New orders were received in the amount of EUR 25.4 million (EUR 23.9 million) and the order stock was EUR 22.1 million (EUR 24.4

million) on 31 March 2002. The order stock remained steady during the entire period under review. Production capacity has been adjusted to seasonal fluctuations in demand with a winter holiday week and by concentrating days off entitled by collective bargaining agreements.

Marketing Subsidiaries

Mikko Laurila, BSc. (For.), was named President of Ponsse USA, Inc. effective 1 March 2002. Laurila, who earlier served as Ponsse Oyj's Area Export Manager, replaced Tommi Ruha, MSc. (For.), who became the President, CEO of the parent company in October of 2001.

No other significant changes took place in subsidiaries' operations or organizations.

Balance Sheet

The consolidated balance sheet total on 31 March 2002 was EUR 69.4 million (EUR 63.7 million). Interest-bearing debts totaled EUR 19.2 million (EUR 20.0 million). The equity ratio was 47.0 % (45.4 %) in March. When calculating the equity ratio, the unpaid dividend has been treated as a non-interest-bearing debt. Cash assets totaled EUR 10.9 million (EUR 4.9 million).

Capital Expenditure

Gross investment in fixed assets totaled EUR 0.6 million (EUR 0.2 million). Investments include the acquisition of a product development building previously leased for Ponsse's use.

Personnel

During the first three months of the financial year, the average number of staff employed by the Group was 493 persons (498 persons). On 31 March 2002 the Group employed 491 persons (504 persons).

Annual General Meeting

The Annual General Meeting decided on 22 March 2002 that a dividend of EUR 0.65 per share would be paid to shareholders. Dividends totaling EUR 4.6 million were paid on 5 April 2002.

The Annual General Meeting also approved the proposal by the Board of Directors that a bonus be paid to Ponsse Oyj's personnel. The amount of bonuses paid totaled EUR 237,650.

Einari Vidgrén, Ilkka Kylävainio, Heikki Ojala, Samuli Perttala, Orvo Siimestö, Heikki Tallgren, Juha Vidgrén and Mika Vidgrén were elected as members of the Board of Directors. The new member of the Board, BSc. (Eng.) Heikki Tallgren is President of Ponsse S.A.

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

Shares

Share turnover from 1 January 2002 to 31 March 2002 totaled 178,670 shares, accounting for 2.6 % of the total number of shares. The value of share turnover amounted to EUR 1.8 million. The lowest trading price during the period under review was 9.45 EUR and the highest was EUR 11.40 per share. The closing price at the end of the period under review was EUR 10.50. Market capitalization was EUR 73.5 million on 31 March 2002.

Outlook for the Remainder of the Year

An expectant yet essentially optimistic situation prevails in the forest industry and its ancillary business areas' markets. Ponsse's first quarter has proceeded as expected. Although the situation is expected to remain unchanged in the second quarter now beginning, demand is expected to pick up during the second half of the year.

Regarding profits, the second quarter is not expected to deviate appreciably from the period under review, but profits at the end of the year are expected to at least attain the previous year's level.

Vieremä 23 April 2002

BOARD OF DIRECTORS

PONSSE GROUP KEY INDICATORS

Profit and Loss Account

	Jan – Mar 2002	Jan – Mar 2001	Jan – Dec 2001
	TEUR	TEUR	TEUR
Turnover	27,763	23,988	123,828
Increase (+) or decrease (-) in stocks of finished goods and work in progress	1,207	530	-1,013
Other operating income	203	174	776
Raw materials and services	-17,929	-16,177	-75,831
Staff expenses	-5,593	-5,556	-22,060
Depreciation	-688	-696	-2,768
Other operating expenses	-3,339	-3,041	-13,209
Operating profit	1,624	-778	9,723
Share of results of associated undertakings	4	24	68
Financial income and expenses	-277	-328	-623
Result before extraordinary items and taxes	1,351	-1,082	9,168
Income taxes	-874	-137	-2,862
Change in deferred tax liability	388	33	61
Minority interest	1	0	-1
Result for the period under review	866	-1,186	6,366

Balance Sheet

	31 March 2002	31 March 2001	31 December 2001
	TEUR	TEUR	TEUR
Assets			
Non-current assets			
Intangible assets	1,457	1,940	1,549
Tangible assets	13,956	14,511	13,960
Investments	375	327	371
Current assets			
Stocks	31,282	30,166	30,157
Receivables	11,393	11,879	13,267
Cash in hand and at banks	10,914	4,912	8,865
Total	69,377	63,735	68,169
Liabilities			
Capital and reserves			
Share capital	3,500	3,500	3,500
Other equity	29,095	25,209	32,770
Minority interest	1	0	2
Creditors			
Non-current	13,370	17,090	13,410
Current	23,411	17,936	18,487
Total	69,377	63,735	68,169

Receivables on 31 March 2002 contain deferred tax assets of EUR 767 thousand (EUR 384 thousand on 31 March 2001; EUR 420 thousand on 31 December 2001). Non-current creditors on 31 March 2002 contains a deferred tax liability of EUR 1,068 thousand (EUR 1,236 thousand on 31 March 2001; EUR 1,115 thousand on 31 December 2001).

Given Pledges, Contingent Liabilities and Other Liabilities

	31 March 2002	31 March 2001	31 December 2001
	TEUR	TEUR	TEUR
1. For own debt			
Debts for which mortgages have been pledged as collateral			
Loans from credit institutions	13,529	14,610	14,420
Given mortgages on land and buildings	3,286	3,658	3,286
Given chattel mortgages	2,893	2,725	2,893
Mortgages given as pledges total	6,719	6,383	6,719
2. Leasing commitments	2,125	1,075	2,225
3. Contingent liabilities on behalf of Group companies			
Guarantees given on behalf of Group companies	219	523	575
4. Liabilities arising from derivative contracts			
4.1 Nominal values			
Currency derivatives			
Foreign exchange forward contracts	2,254		1,812
Foreign exchange options	7,431	768	9,958
4.2 Nominal values			
Currency derivatives			
Foreign exchange forward contracts	-5		-11
Foreign exchange options	2	15	-91
5. Other contingent liabilities			
Guarantees given on behalf of others	1,253	673	431
Repurchase commitments	7,136	3,538	5,895
Other liabilities	465	193	462
Total	8,853	4,404	6,788

Key Indicators

	31 March 2002	31 March 2001	31 December 2001
Research and development expenditure, MEUR	0.6	0.7	2.6
Gross capital expenditure on fixed assets, MEUR	0.6	0.2	1.4
% of turnover	2.1	0.9	1.2
Average number of staff	493	498	518
Order stock, MEUR	22.1	24.4	23.2
Equity ratio, %	47.0	45.4	53.3
Earnings per share, EUR	0.12	-0.17	0.91
Shareholders' equity per share, EUR	4.65	4.10	5.18

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

	Jan-Mar 2002	Jan-Mar 2001	Jan-Dec 2001
	MEUR	MEUR	MEUR
Ponsse Group	25.4	23.9	122.5

Information by Four-Month Period

	Jan-Mar 2001	Apr-Jun 2001	Jul-Sep 2001	Oct-Dec 2001	Jan-Mar 2002
	TEUR	TEUR	TEUR	TEUR	TEUR
Turnover	23,988	31,401	30,000	38,439	27,763
Operating profit	-778	3,824	4,396	2,281	1,624
Result before appropriations and taxes	-1,082	3,541	4,492	2,217	1,351

The figures in the Interim Report are unaudited.