

**PONSSE**

*ANNUAL REPORT 2000*



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## Annual General Meeting

Ponsse Oyj's Annual General Meeting will be held on 15 March 2001 at 10.00 a.m. at the Iisalmi Raatihuone, address Kauppakatu 22, FIN-74100 Iisalmi, Finland.

All shareholders listed not later than 5 March 2001 as Company shareholders in the shareholder register held by Finnish Central Securities Depository Ltd. are entitled to participate in the Annual General Meeting.

Shareholders wishing to participate in the Annual General Meeting must notify the Company about their participation no later than 4.00 p.m. on 13 March 2001 either in writing to Ponsse Oyj, Share Register, FIN-74200 Vieremä, Finland, by telephone at +358 17 768 461 or by fax at +358 17 768 4690. Written notifications must arrive before the above-mentioned deadline. Any letters of attorney should also be received before the deadline.

## Dividend Distribution

The Board of Directors has decided to propose to the Annual General Meeting that a dividend of EUR 0.65 per share be paid for 2000. Dividends will be paid to shareholders listed on the matching day, 20 March 2001, as Company shareholders in the shareholder register held by Finnish Central Securities Depository Ltd. The Board of Directors will propose to the Annual General Meeting that the dividends be paid after the matching period on 27 March 2001.

## Share Register

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

## Financial Reports in 2001

Ponsse Oyj will issue three Interim Reports during the year 2001.

- The first, covering the period 1 January to 31 March 2001, will be published on 9 May 2001.
- The second, covering the period 1 January to 30 June 2001, will be published on 8 August 2001.
- The third, covering the period from 1 January to 30 September, will be published on 29 October 2001.

Interim Reports will be published in Finnish and English on Ponsse's home pages at the Internet address [www.ponsse.com](http://www.ponsse.com).

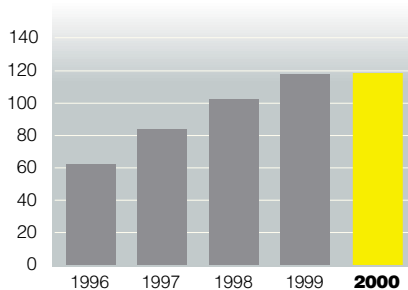
This Annual Report is available in both the Finnish and English languages. Annual Reports may be ordered from Ponsse Oyj, FIN-74200 Vieremä, Finland, by telephone at +358 17 768 461, by fax at +358 17 768 4690, or by E-mail from [corporate.communications@ponsse.com](mailto:corporate.communications@ponsse.com).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

**INFORMATION  
FOR SHARE-  
HOLDERS**

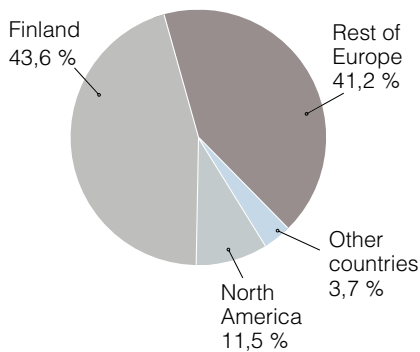


## 2000 IN BRIEF

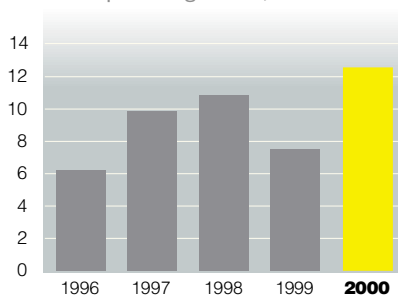
Turnover, MEUR



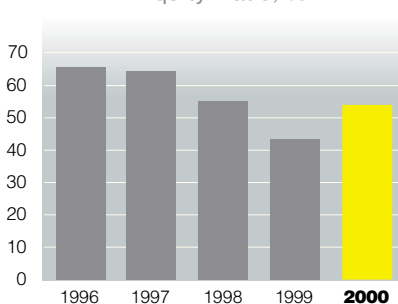
Turnover by Market Area



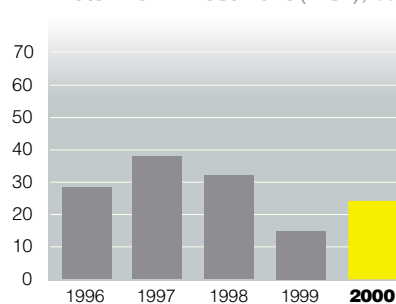
Operating Profit, MEUR



Equity Ratio, %



Return on Investment (ROI), %



The Group's turnover totaled EUR 119.3 million (EUR 118.4 million in 1999). After-sales functions accounted for 12.4% (11.0% in 1999) of Group turnover. Shutdowns for earlier forest machine models and production startups for the new product family were the primary reason behind the moderate increase in turnover. Foreign business operations and exports grew to account for 56.4% (48.5% in 1999) of Group turnover. New retail distributor agreements and increased demand, particularly in Central Europe, were responsible for the strong growth registered in foreign activities. At the end of the period under review the order stock was EUR 24.6 million (EUR 16.0 million on 31 December 1999).

The Group's operating profit was EUR 12.5 million (EUR 7.6 million in 1999), accounting for 10.5% (6.4% in 1999) of turnover. The growth in profits resulted primarily from increased production efficiency as well as other streamlining operations implemented throughout the organization. The consolidated balance sheet total on 31 December 2000 was EUR 63.1 million (EUR 66.2 million on 31 December 1999). The equity ratio was 54.7% (44.0% on 31 December 1999), and liquidity was good.

Foreign business operations and exports were strengthened during the period under review. In February the Company concluded two agreements covering the sales and service of forest machines in Canada, as well as an agreement for representation in Estonia and Latvia. During November a sales and servicing agreement was signed for representations in Switzerland and Liechtenstein.

Ponsse celebrated its 30<sup>th</sup> Anniversary on 1 October 2000. In early November, during a cruise arranged in the Gulf of Finland to mark the occasion, the Company unveiled its new product family to a group of assembled guests that included customers, partners and employees.

The new product family consists of two harvester and three forwarder models powered by Mercedes-Benz diesel engines. Besides the machines' modern design, particular attention has been paid to their fuel economy, ease of servicing and user-friendliness. All models feature a spacious cab offering excellent ergonomics and improved working visibility. One of the most dramatic changes, compared to previous models, was a significant reduction in the cab's noise level. Another innovation was the new digital control system developed by Ponsse.

### Key Indicators

	2000	1999
Turnover, MEUR.....	119.3	118.4
Operating profit, MEUR.....	12.5	7.6
Profit before extraordinary items, MEUR.....	12.0	7.3
Earnings per share, EUR.....	1.22	0.84
Dividend per share, EUR.....	0.65 <sup>1)</sup>	0.45
Shareholders' equity per share, EUR.....	4.92	4.16
Equity ratio, %.....	54.7	44.0
Return on investment, % (ROI).....	24.3	16.5
Average number of staff.....	481	482

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

### Ponsse Group

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

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



## REVIEW BY THE CHAIRMAN OF THE BOARD

The year 2000 was an extremely eventful period for Ponsse. It was also a highly significant milestone in our company's history. We celebrated Ponsse's 30<sup>th</sup> Anniversary by unveiling our new product family during a cruise arranged for our staff, customers and partners.

Besides an inventive nature, creating the new also requires tenacity and a steadfast belief in one's own abilities. Neither the passing of years nor the changing of millennia will ever alter this true fact. Although times have changed, the same basic qualities that were needed when building the first Ponsse machine in the late 1960s have also served us well in the creation of Ponsse's new product family. Back then components were obtained from wherever they were available. The result was what it was, an "ugly duckling", the first Ponsse.

Happily, the refinements in technology and esthetics that have taken place over the past three decades are also readily apparent in the latest designs. Thanks to intensive product development, as well as spectacular advances in production routines and materials technologies, the Ponsse machines of the 2000s are anything but ugly. Besides the trademark qualities of efficiency and durability that were already emphasized in the very first machines, the five new Ponsse models will delight even the most demanding eye. Their pleasing appearance gives these "Mercedes of the Forests", created from years of product development processes, the stamp of quality they deserve.

From its modest beginnings, Ponsse has risen to become a major force in forest

machine markets. As if to signify its 30<sup>th</sup> Anniversary, the expansion of the Ponsse product family suitably coincided with the manufacture of the 2000<sup>th</sup> machine in the history of the Company; this was handed over festively in early spring to one of our major customers, the Forestry Commission in Scotland. It has taken over thirty years to assemble the Ponsse family that now extends to almost 20 countries. When speaking of Ponsse's development it must however be kept in mind that all our accomplishments have been team efforts; for that reason all our cooperating partners deserve special thanks.

After considerable effort we succeeded in launching our new product family; it is now on the market and expectations are high. In the future as well, we will endeavor to meet these expectations by building the world's best forest machines.

Ponsse intends to uphold its reputation as a generous payer of dividends. Thanks to successful production investments it will not be necessary for the company to undertake sizeable investments within the foreseeable future; this is visible to shareholders as the proposed dividend for the year under review.

Finally I would like to express my most humble thanks to Ponsse's entire staff.

*Einari Vidgrén*



## REVIEW BY THE PRESIDENT, CEO



During the period under review the Ponsse Group's turnover increased only slightly, but the operating profit increased significantly compared to the previous year. Profits rose to an unprecedented EUR 12.5 million and the equity ratio rose to 54.7%. The development of our export markets and boosted production efficiency were the main reasons for the favorable results. For the first time in our history turnover from foreign operation and exports, in this case 56.4%, exceeded turnover for domestic operations.

From the standpoint of future growth, we must be able to increase export sales. With our position solidly established in the domestic sector, growth expectations will focus primarily on international markets. Our aim will be to pay closer attention to market-specific differences around the world. Along with the new models and new market areas, we are anticipating a clear growth in turnover during the next few years.

Another essential factor behind the favorable profit result has been improved operational efficiency. During the year 2000 we paid special attention to more effective resource utilization and the streamlining of organizational procedures.

On the festive cruise held in November to celebrate Ponsse's 30<sup>th</sup> Anniversary, we presented a completely new product family to our customers. The design and implementation of the new product family has been the largest single product development project in the history of the Company. During the past two years we have tested our new products intensively, and the renewal of the product line has required considerable effort on the part of our staff. In the new models, incorporating the integrated control system for forest machines developed by Ponsse has introduced increased value added derived from the Company's own development work and production.

Even after launching our new product family, we cannot lose sight of the fact that wood harvesting solutions will continue to be created by combining experience with new ideas, and that every successful product always requires systematic research and

product development work. In this area we possess excellent prerequisites; 11% of our employees work full-time in research and product development tasks.

During the period under review we also began a wide-ranging value discussion in our Company. At the same time we have intensified our investments in personnel resource development and continuous learning. The globalization of our business operations and rapidly fluctuating markets require flexibility throughout the entire organization. I believe that our organizational adaptability will enable us to cope more successfully with future challenges. Ponsse's customer-oriented approach and ability to provide comprehensive package solutions will ensure our continued success in the centralized and growing markets for the forest machines required for cut-to-length harvesting.

The new models whose serial production began early this year have been extremely well received throughout the world. The clear improvement in the order stock at the end of last year provided ample proof. It is also worth noting that export deliveries for the new models will only begin in March. We believe that sales in export areas will pick up appreciably after the first new models have been delivered.

As we began producing the new models during the first months of the year, the production rate was slightly lower than usual. I however believe that we will be able to increase the production speed to the level required by demand. Our large-scale plant investments enable us to substantially increase our future production capacity if necessary.

Finally I would like to thank the sector's best customers, partners, as well as our professional and committed staff, for an excellent year.

*Tommi Lindbom*

## Operating Environment

The demand for machines was strong in Central Europe, particularly in storm-damaged areas of Germany and France. In North America the cut-to-length harvesting method continued to proliferate rapidly and the demand for forest machines grew towards the end of the year. In Finland strikes and rising fuel costs affecting the sector inhibited sales growth during the spring. Machine sales developed favorably in the Baltic States.

## Turnover

The Group's turnover totaled EUR 119.3 million (EUR 118.4 million in 1999). After-sales functions accounted for 12.4% (11.0% in 1999) of Group turnover. Shutdowns for earlier forest machine models and production start-ups for the new product family were the primary reason behind the moderate increase in turnover.

Foreign business operations and exports grew to account for 56.4% (48.5% in 1999) of Group turnover. New retail distributor agreements and increased demand, particularly in Central Europe, were responsible for the strong growth registered in foreign activities. Finland accounted for 43.6% (51.5% in 1999), the rest of Europe for 41.2% (36.7% in 1999), North America for 11.5% (9.9% in 1999) and the rest of the world for 3.7% (1.9% in 1999) of Group turnover.

During the year under review, new orders were obtained in the amount of EUR 128.5 million, up by 9.5% on the previous year (EUR 117.4 million in 1999). The order book at the end of the financial year was EUR 24.6 million (EUR 16.0 million on 31 December 1999). The launching of new forest machine models in early November significantly stimulated the demand for Ponsse's products.

## Profit

The Group's operating profit was EUR 12.5 million (EUR 7.6 million in 1999), accounting for 10.5% (6.4% in 1999) of turnover. The growth in profits resulted primarily from increased production efficiency as well as other streamlining operations implemented throughout the organization. Profit before extraordinary items was EUR 12.0 million (EUR 7.3 million in 1999), accounting for 10.1% (6.1% in 1999) of turnover.

Profit after extraordinary items was EUR 12.0 million (EUR 4.4 million in 1999). Customs charges and penalty duties demanded retroactively for forwarders exported to the United States of America during the period 1995 – 1998 have been entered as extraordinary expenses in 1999.

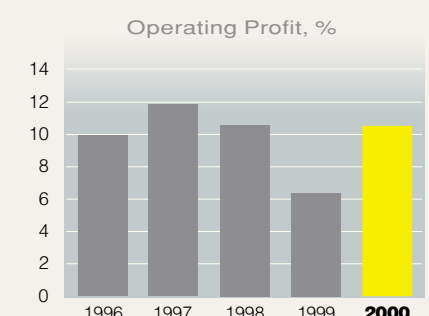
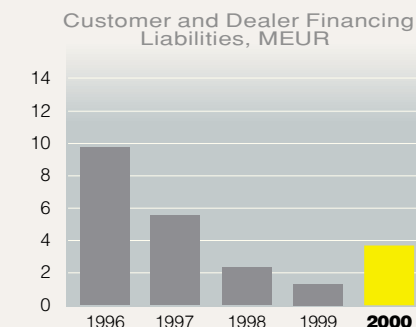
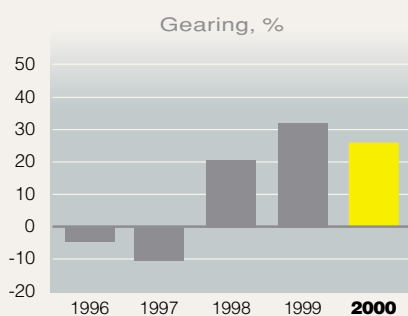
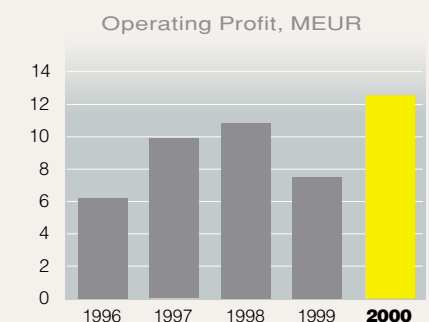
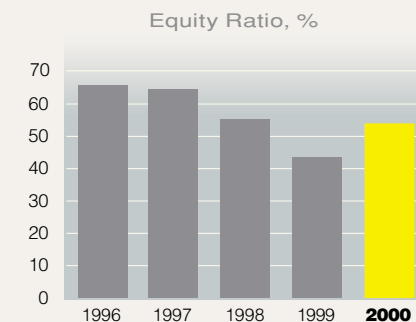
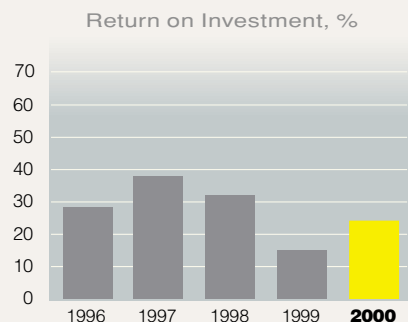
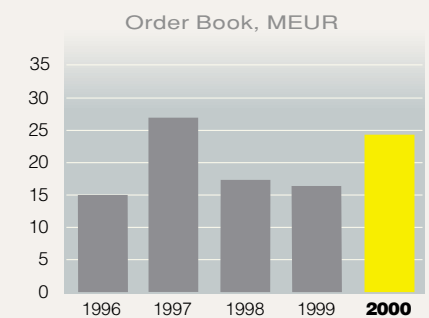
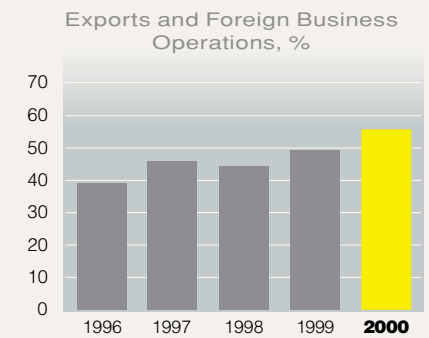
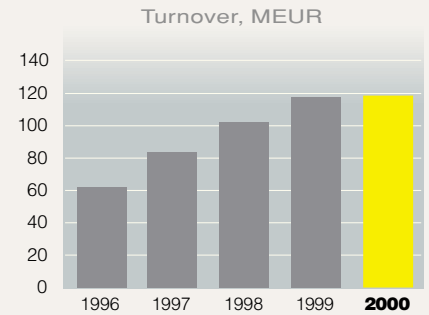
The Group's profit for the financial year totaled EUR 8.5 million (EUR 3.1 million in 1999).

## Balance Sheet

The consolidated balance sheet total on 31 December 2000 was EUR 63.1 million (EUR 66.2 million on 31 December 1999). Interest-bearing debt totaled EUR 15.8 million (EUR 25.0 million on 31 December 1999). The equity ratio was 54.7% (44.0% on 31 December 1999), and liquidity was good. Cash assets totaled EUR 6.6 million (EUR 15.7 million on 31 December 1999). To maintain financing flexibility, Ponsse has the use of finance credit agreements in the amount of EUR 20.4 million.

Total contingent liabilities related to customer and dealer financing amounted to EUR 3.8 million on 31 December 2000 (EUR 1.3 million on 31 December 1999). The growth in liabilities resulted from dealers' financing arrangements.

# REPORT BY THE BOARD OF DIRECTORS 1 JAN. – 31 DEC. 2000



## Capital Expenditure

The Group's gross capital expenditure on fixed assets was EUR 1.5 million (EUR 4.4 million in 1999) of which EUR 1.5 million (EUR 4.1 million in 1999) focused on intangible and tangible assets. Investments focused primarily on after-sales and information systems.

## Strengthening of Marketing

In February, the Tampere branch responsible for servicing, spare parts and forest machine sales moved to modern facilities at Pirkkala. In March the opening of an equivalent branch in Jyväskylä further strengthened the domestic service network, and the central warehouse at Iisalmi was significantly expanded in October. These measures significantly improve Ponsse's after-sales servicing capabilities in Finland.

Foreign business operations and exports were also strengthened during the year under review. In February, the company concluded two sales and servicing agreements in Canada. Équiment Lacroix Inc. represents Ponsse in most parts of Quebec province, while A.L.P.A. Équiment Company Limited will represent Ponsse in Quebec's easternmost sections, New Brunswick, Nova Scotia and the Prince Edward Islands. Both companies are well-known and respected retail distributors of forest machinery.

Also in February a contract was concluded with Balti Metsamasina AS for representations in Estonia and Latvia. The owners of the company have several years of experience in the buying and selling of forest machines. Balti Metsamasina AS is one of the region's largest, most well known and respected companies in the forest machine industry.

MSc. (For.) Eero Lukkarinen (35) was appointed the new president of the Swedish subsidiary Ponsse AB effective 1 May 2000. He was previously Ponsse Oyj's Product Manager. Earlier he functioned in forest industry-related research and teaching tasks at Metsäteho and the University of Helsinki. A Canadian consulting company for the forest industry and a papermaking company in Switzerland also employed Lukkarinen, who joined Ponsse in 1999.

Effective 1 August 2000, MSc. (Econ.) Mikko Tahkola (25) was appointed Ponsse Oyj's Manager of Marketing Development and member of the Management Team. He assumed his new position after having served as Ponsse UK Ltd.'s Financial Manager. Mikko Tahkola joined Ponsse in 1997.

MSc. (For.) Tommi Ruha (31) was named President of Ponsse USA, Inc. effective 1 November 2000. Ruha assumed his new position after having served as Ponsse Oyj's Director of Information Systems and a member of the Management Team, where he has

functioned since 1998. Tommi Ruha joined Ponsse in 1995. Previously he was involved with forestry-related research in Finland and the USA.

In November Ponsse concluded an agreement covering the sales and servicing of forest machines with the Swiss firm of Aebi Sugiez AG for representations in Switzerland and Liechtenstein. The company has operated in the forest machine sector since 1979. The agreement will strengthen Ponsse's position in Central Europe's developing forest machine markets.

## Research and Development

A total of 54 staff (51 in 1999) were employed in the Group's product development work at the end of the financial year, accounting for 11.2 % (11.4 % in 1999) of the Group's personnel. The Group's product research and development expenses totaled EUR 2.7 million (EUR 2.3 million in 1999), accounting for 2.3 % (1.9% in 1999) of Group turnover.

In November, Ponsse launched a new product family consisting of two different harvester and three different forwarder models. The new products, powered by Mercedes-Benz engines and designed to meet the needs of the 2000s, went into production at the start of the current year. The engines' air-to-air cooling system improves their efficiency and dependability while reducing injurious exhaust fumes. Besides the machines' modern design, particular attention has been paid to their fuel economy, ease of servicing and user-friendliness. All models feature a completely redesigned cab whose new shape offers more space, improved working visibility and excellent ergonomics. One of the most dramatic changes has been a significant reduction in the cab's noise level. Another important innovation was the new Ponsse-designed digital control system. The crane, drive, engine, harvester head control and measuring device have been combined into a single system that optimizes the machine's operation. The control system is based on the certifiably high-performance measuring technology that has been utilized in the company's products.

Intensified cooperation with universities continued to focus on forest machines' hydraulics and power transmissions as well as on the development of quality and manufacturing. Cooperation with several leading forestry companies, concentrating on solutions for wood harvesting logistics, was also stepped up during the year under review.

## Personnel

During the financial year, the average number of staff employed by the Group was 481 persons (482 persons). The Group employed 484 persons (449 persons) on 31 December 2000. During the period under review particular emphasis was placed on staff training, skill strengthening, enhanced versatility and the effective utilization of resources.

## Management and Auditors

During the financial year, the members of Ponsse Oyj's Board of Directors were Einari Vidgrén (Chairman), Martti Huttunen (until 16 March 2000), Ilkka Kylävainio, Tommi Lindbom (from 16 March 2000), Samuli Perttala (from 16 March 2000), Veikko Lesonen (until 16 March 2000), Harri Suutari, Juha Vidgrén (from 16 March 2000) and Mika Vidgrén.

Shipbuilding Engineer Tommi Lindbom (31) was named Ponsse Oyj's new President, CEO effective 1 May 2000. Lindbom assumed his new duties after having served as President of Ponsse AB in Sweden. Previously he was President of Ponsse UK Ltd. as well as a District Sales Manager in the Southern Finland and Baltic areas. Lindbom joined Ponsse in 1995. Former President, CEO Harri Suutari continued as a member of the Board of Directors.

Effective 1 January 2001, the newly elected members of the Management Team are President, CEO Tommi Lindbom (Chairman), Chief Financial Officer Marko Karppinen, and Head of Factory Heikki Ojala, Manager of Marketing Development Mikko Tahkola and Public Relations Manager Juha Vidgrén.

The company's auditors are the authorized public accountants SVH Pricewaterhouse Coopers Oy.

## Ponsse 30 Years

Ponsse celebrated its 30<sup>th</sup> anniversary on 1 October 2000. In early November, during a cruise arranged in the Gulf of Finland to mark the occasion, the company unveiled its new product family to a group of assembled guests that included customers, partners and employees. An account of Ponsse's corporate history was published in honor of the event.

## Group Relations

Ponsse Oyj is the parent company of the Ponsse Group. The Group also includes Ponsse AB in Västerås, Sweden; Ponsse AS in Kongsvinger, Norway; Ponsse S.A. in Gondreville, France; Ponsse UK Ltd. in Lockerbie, UK and Ponsse USA, Inc. in Rhinelander, Wisconsin, USA.

## Outlook for the Current Year

During the current year European forest machine markets are expected to remain at their present levels. The degree of mechanization is expected to increase, particularly in Central and Eastern Europe. The proliferation of the cut-to-length harvesting method continues favorably in North America.

A clear increase in Group turnover is expected during the current year. Operating Profit is expected to remain at a favorable level. Turnover and profit performance will however be weaker at the beginning of year due to the production start-ups of new forest machine models.



	Appendix <sup>(1)</sup>	2000 TEUR	1999 TEUR
<b>Turnover</b>	2, 3	<b>119,286</b>	<b>118,414</b>
Increase (+)/ decrease (-) in stocks of finished goods and work in progress		873	-532
Other operating income		416	406
Raw materials and services	4	-72,245	-78,774
Staff expenses	5, 6	-20,239	-18,950
Depreciation	8	-2,741	-2,462
Other operating charges		-12,814	-10,545
<b>Operating profit</b>		<b>12,536</b>	<b>7,557</b>
Share of results of associated undertakings	14.2	55	-47
Financial income and expenses	9	-543	-255
<b>Profit before extraordinary items</b>		<b>12,048</b>	<b>7,255</b>
Extraordinary items	10	0	-2,821
<b>Profit after extraordinary items</b>		<b>12,048</b>	<b>4,434</b>
Direct taxes	12	-3,536	-1,352
Minority interest		-1	0
<b>Profit for the financial year</b>		<b>8,511</b>	<b>3,082</b>

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Appendix <sup>(1)</sup>	2000 TEUR	1999 TEUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	13.1	2,010	2,136
Tangible assets	13.2	14,913	16,024
Investments	13.3, 14	331	309
		<b>17,254</b>	<b>18,469</b>
<b>Current assets</b>			
Stocks	15	26,790	21,209
Non-current receivables	16.1	14	34
Current receivables	16.2	12,418	10,776
Cash in hand and at banks		6,632	15,685
		<b>45,854</b>	<b>47,704</b>
<b>Assets total</b>		<b>63,108</b>	<b>66,173</b>

## CONSOLIDATED BALANCE SHEET

	Appendix <sup>(1)</sup>	2000 TEUR	1999 TEUR
<b>LIABILITIES</b>			
<b>Capital and reserves</b>	17		
Share capital		3,500	2,943
Share premium account		2,555	3,113
Translation difference		332	-99
Retained earnings		19,554	20,055
Profit for the financial year		8,511	3,082
		<b>34,452</b>	<b>29,094</b>
<b>Minority interest</b>		<b>1</b>	<b>0</b>
<b>Creditors</b>			
Non-current	19	12,226	21,015
Current	20	16,429	16,064
		<b>28,655</b>	<b>37,079</b>
<b>Liabilities total</b>		<b>63,108</b>	<b>66,173</b>

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

**CONSOLIDATED  
FUNDS  
STATEMENT**

	2000	1999
	TEUR	TEUR
<b>Business operations</b>		
Operating profit	12,536	7,557
Depreciation and reduction in value	2,741	2,462
Unrealized exchange profits and losses	0	-5
Other adjustment items	153	-146
Cash flow before change in working capital	15,430	9,868
Change in working capital		
Increase (-)/ decrease (+) in current interest-free receivables	-1,720	-2,022
Increase (-)/ decrease (+) in stocks	-5,581	1,265
Increase (-)/ decrease (+) in current interest-free creditors	-1,053	-207
Cash flow from operations before financial items and income taxes	7,076	8,904
Interest received	302	473
Interest paid	-834	-577
Other financial income and expenses	9	-15
Income taxes paid	-1,843	-2,105
Cash flow before extraordinary items	4,710	6,680
Net cash inflow from operations' extraordinary items	0	-2,821
<b>Net cash flow from operations (A)</b>	<b>4,710</b>	<b>3,859</b>
Capital expenditure		
Investments in tangible and intangible assets	-1,536	-4,050
Income from sales of tangible and intangible assets	32	141
Investments in other financial assets	0	-335
<b>Cash outflow for investments (B)</b>	<b>-1,504</b>	<b>-4,244</b>
<b>Financing</b>		
Drawing of current creditors	0	5,220
Amortization of current creditors	-432	-1,846
Increase (-)/ decrease (+) in interest-bearing receivables	13	31
Drawing of non-current creditors	1,682	17,116
Amortization of non-current creditors	-10,392	-6,570
Increase (-)/ decrease (+) in non-current receivables	20	69
Dividend distribution	-3,150	-2,943
<b>Financing total (C)</b>	<b>-12,259</b>	<b>11,077</b>
<b>Increase (+)/ decrease (+) in liquid assets (A+B+C)</b>	<b>-9,053</b>	<b>10,692</b>
Liquid assets 1 January	15,685	4,993
<b>Liquid assets 31 December</b>	<b>6,632</b>	<b>15,685</b>

	Appendix <sup>(1)</sup>	2000 TEUR	1999 TEUR
<b>Turnover</b>	2	<b>100,707</b>	<b>96,210</b>
Increase (+)/ decrease (-) in stocks of finished goods and work in progress		36	-467
Other operating income		463	464
Raw materials and services	4	-61,406	-64,330
Staff expenses	5, 6	-15,791	-15,104
Depreciation	8	-2,227	-5,291
Other operating charges		-9,907	-7,836
<b>Operating profit</b>		<b>11,875</b>	<b>3,646</b>
Financial income and expenses	9	341	626
<b>Profit before appropriations and taxes</b>		<b>12,216</b>	<b>4,272</b>
Appropriations	11	272	-194
Direct taxes	12	-3,641	-1,046
<b>Profit for the financial year</b>		<b>8,847</b>	<b>3,032</b>

*PONSSE OYJ  
PROFIT AND  
LOSS  
ACCOUNT*

	Appendix <sup>(1)</sup>	2000 TEUR	1999 TEUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	13.1	1,387	1,429
Tangible assets	13.2	14,280	15,326
Investments	13.3	697	697
		<b>16,364</b>	<b>17,452</b>
<b>Current assets</b>			
Stocks	15	15,227	13,893
Non-current receivables	16.1	228	573
Current receivables	16.2	26,638	20,778
Cash in hand and at banks		3,579	11,986
		<b>45,672</b>	<b>47,230</b>
<b>Assets total</b>		<b>62,036</b>	<b>64,682</b>

*PONSSE OYJ  
BALANCE  
SHEET*

	Appendix <sup>(1)</sup>	2000 TEUR	1999 TEUR
<b>LIABILITIES</b>			
<b>Capital and reserves</b>	17		
Share capital		3,500	2,943
Share premium account		2,545	3,102
Retained earnings		17,405	17,524
Profit for the financial year		8,847	3,032
		<b>32,297</b>	<b>26,601</b>
<b>Appropriations</b>	18	<b>4,384</b>	<b>4,655</b>
<b>Creditors</b>			
Non-current	19	10,895	19,601
Current	20	14,460	13,825
		<b>25,355</b>	<b>33,426</b>
<b>Liabilities total</b>		<b>62,036</b>	<b>64,682</b>

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

**PONSSE OYJ**  
**FUNDS**  
**STATEMENT**

	2000	1999
	TEUR	TEUR
<b>Business operations</b>		
Operating profit	11,875	3,646
Depreciation and reductions in value	2,227	5,291
Unrealized exchange profits and losses	1,129	-1,030
Other adjustment items	0	-28
Cash flow before change in working capital	15,231	7,879
Change in working capital		
Increase (-)/ decrease (+) in current interest-free receivables	-7,647	-2,688
Increase (-)/ decrease (+) in stocks	-1,334	1,910
Increase (-)/ decrease (+) in current interest-free creditors	-623	-981
Cash flow from operations before financial items and income taxes	5,627	6,120
Interest received	1,536	1,312
Interest paid	-834	-560
Other financial income and expenses	17	-24
Income taxes paid	-1,652	-1,606
<b>Net cash flow from operations (A)</b>	<b>4,694</b>	<b>5,242</b>
<b>Capital expenditure</b>		
Investments in tangible and intangible assets	-1,155	-3,674
Income from sales of tangible and intangible assets	16	86
Investments in other financial assets	0	-3,625
<b>Cash outflow for investments (B)</b>	<b>-1,139</b>	<b>-7,213</b>
<b>Financing</b>		
Drawing of current creditors	0	5,220
Amortization of current creditors	-438	-1,825
Increase (-)/ decrease (+) in interest-bearing receivables	-12	19
Drawing of non-current creditors	1,682	17,113
Amortization of non-current creditors	-10,388	-6,573
Increase (-)/ decrease (+) in non-current receivables	345	-175
Dividend distribution	-3,150	-2,943
<b>Financing total (C)</b>	<b>-11,961</b>	<b>10,836</b>
<b>Increase (+)/ decrease (-) in liquid assets (A+B+C)</b>	<b>-8,406</b>	<b>8,865</b>
Liquid assets 1 January	11,985	3,120
<b>Liquid assets 31 December</b>	<b>3,579</b>	<b>11,985</b>



## 1. Accounting Principles Applied

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

### 1.1 Change in accounting principles applied

#### Fixed assets

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

#### Intangible assets

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

#### Tangible assets

Buildings	20 years
Machinery and equipment	3 - 10 years.

#### Determination of stocks

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

#### Cash in hand and at bank

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

#### Research and development expenses

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

#### Guarantee expenses

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

#### Pension expenses

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

## Taxes

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

### 1.2 Foreign currency items

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

### 1.3 Accounting principles for consolidated accounts

#### Extent of consolidated accounts

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

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

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

#### Calculation principles for consolidated accounts

##### 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 presented in the balance sheet under goodwill, which will be depreciated over 10 years according to plan.

##### Internal business transactions and balances

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

##### Depreciation difference

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

#### Minority interests

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

#### Translation differences

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

#### Associated undertakings

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

#### Deferred tax liabilities and assets

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

**2. Turnover by Market Area**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Finland	51,963	60,928	51,941	60,923
Other countries	67,323	57,486	48,766	35,287
Total	119,286	118,414	100,707	96,210

**3. Market Areas' Share of Turnover**

	Group	
	2000	1999
	%	%
Finland	43.6	51.5
Rest of Europe	41.2	36.7
United States of America	11.5	9.9
Other countries	3.7	1.9
Total	100.0	100.0

**4. Raw Materials and Services**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Raw materials and consumables				
Purchases during the period	76,852	77,166	62,704	62,886
Increase in stocks	-4,607	1,608	-1,298	1,444
Materials and services total	72,245	78,774	61,406	64,330

**5. Staff Expenses**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Wages and salaries	15,708	14,701	12,170	11,690
Pension expenses	2,021	1,827	1,864	1,673
Other staff expenses	2,510	2,422	1,757	1,741
Total	20,239	18,950	15,791	15,104

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

**6. Management Wages and Salaries**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Presidents	566	1,007	132	337
Board members	75	69	75	69
Pension expenses	39	98	30	84
Other staff expenses	99	153	50	51
Total	779	1,327	287	541

Management wages and salaries include both compulsory and voluntary staff costs on an accrual basis. Presidents' wages and salaries include wages and salaries for the company's Stand-in President.

**7. Staff**

	Group		Parent Company	
	2000	1999	2000	1999
	persons	persons	persons	persons
<b>7.1 Average Number of Staff</b>				
Employees	288	289	249	242
Clerical personnel	193	193	152	168
Total	481	482	401	410

	Group		Parent Company	
	2000	1999	2000	1999
	persons	persons	persons	persons
<b>7.2 At End of Financial Year</b>				
Employees	287	277	244	224
Clerical personnel	197	172	153	148
Total	484	449	397	372

**8. Depreciation and Reduction in Value**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Depreciation according to plan	2,741	2,462	2,227	2,000
Reduction in value of fixed assets and non-current investments	0	0	0	3,291
Total	2,741	2,462	2,227	5,291

The Parent Company's reductions in value for fixed assets and other non-current investments for the year 1999 includes the write-down of EUR 3,291 thousand, made on Ponsse USA Inc.'s shares resulting from customs matters, entered as the Group's extraordinary expenses. A specification of depreciation by balance sheet item is contained in Article 13 "Fixed Assets and Other Non-current Investments"

**9. Financial Income and Expenses**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Income from participating interests	-	-	46	0
Other interest and financial income				
From group companies				
Interest income	-	-	905	921
From others				
Interest expenses	302	473	228	425
Other financial income	215	27	215	18
Total	517	500	1,348	1,364
Interest and other financial expenses				
For others				
Interest expenses	854	713	855	696
Other financial expenses	206	42	198	42
Total	1,060	755	1,053	738
Financial income and expenses total	-543	-255	341	626

**10. Extraordinary Items**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Extraordinary expenses	0	3,254	0	0
Income taxes	0	-433	0	0
Total	0	2,821	0	0

The Group's extraordinary expenses for the year 1999 include retroactive customs charges and penalty duties totalling EUR 3,254 thousand for forwarders exported to the United States of America during the period 1995 - 1998.

**11. Appropriations**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Increase (-)/decrease (+) in depreciation reserve	-	-	272	-194

**12. Direct Taxes**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Income taxes	3,832	1,547	3,641	1,046
Increase in deferred tax liability	-79	108	-	-
Increase in tax assets	-217	-303	-	-
Total	3,536	1,352	3,641	1,046

**13. Fixed Assets and Other Non-current Investments**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
<b>13.1 Intangible Assets</b>				
<i>Formation expenses</i>				
Acquisition cost 1 Jan.	85	51	85	51
Increases	0	34	0	34
Acquisition cost 31 Dec.	85	85	85	85
Accumulated depreciation 1 Jan.	-30	-15	-30	-15
Depreciation for the financial year	-16	-15	-16	-15
Accumulated depreciation 31 Dec.	-46	-30	-46	-30
Book value 31 Dec.	39	55	39	55
<i>Goodwill</i>				
Acquisition cost 1 Jan. and 31 Dec.	2,219	2,219		
Accumulated depreciation 1 Jan.	-1,597	-1,366		
Depreciation for the financial year	-218	-231		
Accumulated depreciation 31 Dec.	-1 815	-1,597		
Book value 31 Dec.	404	622		
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
<i>Other capitalized long-term expenses</i>				
Acquisition cost 1 Jan.	2,154	1,307	2,345	1,589
Foreign exchange profits and losses	1	4	0	0
Increases	565	785	409	756
Decreases	-295	0	-295	0
Transfers between items	0	58	0	0
Acquisition cost 31 Dec.	2,425	2,154	2,459	2,345
Accumulated depreciation 1 Jan.	-695	-461	-971	-771
Foreign exchange profits and losses	-1	-1	0	0
Accumulated depreciation on decreases and transfers	194	-14	193	0
Depreciation for the financial year	-356	-219	-333	-200
Accumulated depreciation 31 Dec.	-858	-695	-1,111	-971
Book value 31 Dec.	1,567	1,459	1,348	1,374
<b>13.2 Tangible Assets</b>				
<i>Land and waters</i>				
Acquisition cost 1 Jan.	332	332	332	332
Increases	13	0	13	0
Decreases	-6	0	-6	0
Acquisition cost and book value 31 Dec.	339	332	339	332
<i>Buildings</i>				
Acquisition cost 1 Jan.	9,979	8,899	9,979	8,899
Increases	200	1,080	200	1,080
Acquisition cost 31 Dec.	10,179	9,979	10,179	9,979
Accumulated depreciation 1 Jan.	-2,305	-1,782	-2,305	-1,782
Depreciation for the financial year	-555	-523	-555	-523
Accumulated depreciation 31 Dec.	-2,860	-2,305	-2,860	-2,305
Revaluation	841	841	841	841
Book value 31 Dec.	8,160	8,515	8,160	8,515



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

In 1999, according to the Finnish Act concerning increased depreciation on investments in development areas (17 December 1993/1262), increased depreciation has been made on production facility investments in 1997. The amount of this depreciation is the maximum amount of the depreciation prescribed in the Finnish Act concerning business income taxation plus a further 50 per cent. The Group's and Parent Company's additional depreciation is EUR 22 thousand.

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
<b><i>Machinery and equipment</i></b>				
Acquisition cost 1 Jan.	12,024	9,763	10,861	8,837
Foreign exchange profits and losses	46	102	0	0
Increases	953	2,333	760	2,082
Decreases	-659	-116	-591	-58
Transfers between items	0	-58	0	0
Acquisition cost 31 Dec.	12,364	12,024	11,030	10,861
Accumulated depreciation 1 Jan.	-5,002	-3,572	-4,537	-3,316
Foreign exchange profits and losses	-5	-39	0	0
Accumulated depreciation on decreases and transfers	606	83	563	41
Depreciation for the financial year	-1,596	-1,474	-1,323	-1,262
Accumulated depreciation 31 Dec.	-5,997	-5,002	-5,297	-4,537
Book value 31 Dec.	6,367	7,022	5,733	6,324

The book value of production machinery and equipment included in the Group's and Parent Company's machinery and equipment on 31 December 2000 was EUR 4,517 thousand (EUR 4,948 on 31 December 1999).

In 1999, according to the Finnish Act concerning increased depreciation on investments in development areas (17 December 1993/1262), increased depreciation has been made on productional machine and equipment investments in 1997. The amount of this depreciation is the maximum amount of the depreciation prescribed in the Finnish Act concerning business income taxation plus a further 50 per cent. The Group's and Parent Company's additional depreciation is EUR 14 thousand.

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
<b><i>Advance payments and construction in progress</i></b>				
Acquisition cost 1 Jan.	155	473	155	473
Increases	337	980	337	980
Decreases	-444	-1,298	-444	-1,298
Acquisition cost and book value 31 Dec.	48	155	48	155

### 13.3 Investments

#### *Holdings in group companies*

Acquisition cost 1 Jan.	-	-	3,632	341
Increases	-	-	0	3,291
Acquisition cost 31.Dec.	-	-	3,632	3,632
Accumulated depreciation 1 Jan.	-	-	-3,291	0
Reduction in value	-	-	0	-3,291
Accumulated depreciation 31 Dec.	-	-	-3,291	-3,291
Book value 31 Dec.	-	-	341	341

	Group		Parent Company	
	2000 TEUR	1999 TEUR	2000 TEUR	1999 TEUR
<b>Participating interests</b>				
Acquisition cost 1 Jan.	335	0	335	0
Increases	0	335	0	335
Acquisition cost 31 Dec.	335	335	335	335
Accumulated depreciation 1 Jan.	-47	0	-	-
Depreciation on goodwill	0	-47	-	-
Accumulated depreciation 31 Dec.	-47	-47	-	-
Share of associated companies' equity 31 Dec.	22	0	-	-
Book value 31 Dec.	310	288	335	335
See Article 14.2				
<b>Other shares and similar rights of ownership</b>				
Acquisition cost and book value 1 Jan. and 31 Dec.	21	21	21	21

#### 14 Shares and Similar Rights of Ownership

##### 14.1 Group Companies

Name and location	Group's and Parent Company's percentage of shares and votes %	Number of shares	Shares	
			Par value	Book value (TEUR)
Ponsse AB, Västerås, Sweden	100.00	5,000	500,000.00 SEK	73
Ponsse AS, Kongsvinger, Norway	100.00	500	500,000.00 NOK	61
Ponsse S.A., Gondreville, France	99.20	992	496,000.00 FRF	72
Ponsse UK Ltd., Lockerbie, United Kingdom	100.00	50,000	50,000.00 GBP	61
Ponsse USA, Inc., Rhinelander, U.S.A.	100.00	50,000	100,000.00 USD	74
Group companies total				341

##### 14.2 Associated Undertakings

Nimi ja kotipaikka	Group's and Parent Company's percentage of shares and votes %	Number of shares	Shares owned by Parent Company	
			Par value	Book value (TEUR)
Sunit Mobile Oy, Kajaani, Finland	34.00	3 400	10,200.00 EUR	335
Associated undertakings total				335

##### 14.3 Other Shares and Similar Rights of Ownership

	Share owned by Parent Company Book value (TEUR)
Other shares and similar rights of ownership	21
Shares and similar rights of ownership owned by Parent Company, EUR (14.1 + 14.2 + 14.3)	697
Shares and similar rights of ownership owned by Group, TEUR	331

#### 15. Stocks

	Group		Parent Company	
	2000 TEUR	1999 TEUR	2000 TEUR	1999 TEUR
Raw materials and consumables	15,015	12,079	11,922	9,702
Work in progress	153	168	153	168
Finished products/goods	2,003	1,063	164	113
Other stocks	9,619	7,899	2,988	3,910
Total	26,790	21,209	15,227	13,893

<b>16 Receivables</b>	Group		Parent Company	
	2000	1999	2000	1999
<b>16.1 Non-current</b>	TEUR	TEUR	TEUR	TEUR
Receivables from Group companies				
Loan receivables	-	-	214	565
Delivery credit receivables	6	26	6	0
Loan receivables	8	8	8	8
Non-current total	14	34	228	573
<b>16.2 Current</b>	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Trade receivables	11,240	9,689	5,399	4,105
Receivables from Group companies				
Trade receivables	-	-	20,739	16,101
Delivery credit receivables	147	145	115	103
Loan receivables	0	15	0	0
Other receivables	214	149	198	75
Prepayments and accrued income				
Tax receivables	89	380	53	366
Contributions receivable	133	25	133	25
Other prepayments and accrued income	75	70	1	3
Total	297	475	187	394
Deferred tax assets				
Tax assets arising from timing differences	126	0	0	0
Tax assets resulting from consolidation	394	303	0	0
Total	520	303	0	0
Current total	12,418	10,776	26,638	20,778
<b>17. Capital and Reserves</b>	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
<b>Restricted equity</b>				
Share capital 1 Jan.	2,943	2,943	2,943	2,943
Transfer from share premium account	557	0	557	0
Share capital 31 Dec.	3,500	2,943	3,500	2,943
Share premium account 1 Jan.	3,113	3,111	3,102	3,102
Transfer to restricted equity	-557	0	-557	0
Foreign exchange profits and losses	-1	2	0	0
Share premium account 31 Dec.	2,555	3,113	2,545	3,102
Total restricted equity	6,055	6,056	6,045	6,045
<b>Translation difference</b>	332	-99	0	0
<b>Non-restricted equity</b>				
Retained earnings 1 Jan.	23,137	23,006	20,555	20,467
Dividend distribution	-3,150	-2,943	-3,150	-2,943
Foreign exchange profits and losses	-433	-8	0	0
Retained earnings 31 Dec.	19,554	20,055	17,405	17,524
Profit for the financial year	8,511	3,082	8,847	3,032
Total non-restricted equity	28,065	23,137	26,252	20,556
Capital and reserves total	34,452	29,094	32,297	26,601
Portion of depreciation reserve and untaxed reserves booked under shareholders' equity	3,133	3,326	-	-
Distributable funds from non-restricted equity	24,932	19,811	26,252	20,556

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

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

### 18. Appropriations

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Depreciation reserve	-	-	4,384	4,655

### 19. Non-current Creditors

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	10,586	19,269	10,535	19,214
Pension loans	360	387	360	387
Deferred tax liability	1,280	1,359	-	-
Non-current total	12,226	21,015	10,895	19,601

### Debts payable after five years or longer

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	1,818	4,403	1,818	4,403
Pension loans	269	290	269	290
Total	2,087	4,693	2,087	4,693

### 20. Current Creditors

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	4,873	5,303	4,838	5,274
Pension loans	27	29	27	29
Advances received	98	0	72	0
Trade creditors	3,259	4,645	2,394	3,773
Creditors for Group companies				
Accruals and deferred income	-	-	18	75
Other creditors	1,416	1,692	944	801
Accruals and deferred income				
Staff cost creditors	2,982	2,253	2,744	2,041
Interest creditors	238	217	238	217
Income tax liability	1,829	50	1,675	0
Accruals and deferred income in respect of stocks	488	439	488	439
Other accruals and deferred income	1,219	1,436	1,022	1,176
Total	6,756	4,395	6,167	3,873
Current total	16,429	16,064	14,460	13,825



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

	Group		Parent Company	
	2000	1999	2000	1999
<i>Debts for which mortgages have been pledged as collateral</i>	TEUR	TEUR	TEUR	TEUR
Loans from credit institutions	10,143	12,667	10,143	12,667
Given mortgages on land and buildings	3,322	3,409	3,322	3,409
Given chattel mortgages	2,220	2,388	2,220	2,388
Mortgages given as pledges total	5,542	5,797	5,542	5,797

**21.2 Leasing commitments**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Nominal amount of leasing payments falling due next year	360	286	70	50
Nominal amount of leasing payments falling due in subsequent years	298	298	68	62
Total	658	584	138	112

**21.3 Contingent liabilities on behalf of Group companies**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Guarantees given on behalf of Group companies	499	94	499	94

**21.4 Liabilities arising from derivative contracts**

	Group		Parent Company	
	2000	1999	2000	1999
Nominal values	TEUR	TEUR	TEUR	TEUR
Currency derivatives				
Foreign exchange forward contracts	2,259	0	2,259	0

	Group		Parent Company	
	2000	1999	2000	1999
Fair values	TEUR	TEUR	TEUR	TEUR
Currency derivatives				
Foreign exchange forward contracts	115	0	115	0

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

**21.5 Other Contingent Liabilities**

	Group		Parent Company	
	2000	1999	2000	1999
	TEUR	TEUR	TEUR	TEUR
Guarantees given on behalf of others	775	645	449	585
Repurchase commitments	2,519	638	1,971	514
Other liabilities	133	0	133	0
Total	3,427	1,283	2,553	1,099

The guarantees and repurchase commitments given on behalf of others are related to machines sold to contractors. The security for the above-mentioned liabilities consisted of 48 items of machinery and equipment on 31 December 2000 (32 items of machinery and equipment on 31 December 1999).

**FINANCIAL  
KEY  
INDICATORS**

	2000	1999	1998	1997	1996
<i>Extent of operations</i>					
Turnover, TEUR	119,286	118,414	103,379	84,049	62,648
Change, %	0.7	14.5	23.0	34.2	18.7
Foreign business operations and exports, %	56.4	48.5	45.3	46.8	39.0
Research and development expenditure, TEUR	2,689	2,274	1,876	1,526	1,427
% of turnover	2.3	1.9	1.8	1.8	2.3
Gross capital expenditure on fixed assets, TEUR	1,536	4,385	8,536	3,282	1,730
% of turnover	1.3	3.7	8.3	3.9	2.8
Average number of staff	481	482	394	300	251
Turnover per employee, TEUR	248	246	262	280	250
Order stock, MEUR	24.6	16.0	17.5	26.9	15.0
<i>Profitability</i>					
Operating profit, TEUR	12,536	7,557	10,977	9,945	6,199
% of turnover	10.5	6.4	10.6	11.8	9.9
Profit before extraordinary items, TEUR	12,048	7,255	10,847	9,931	6,191
% of turnover	10.1	6.1	10.5	11.8	9.9
Profit after extraordinary items, TEUR	12,048	4,434	10,847	9,931	6,191
% of turnover	10.1	3.7	10.5	11.8	9.9
Profit for the financial year, TEUR	8,511	3,082	7,463	6,942	4,300
% of turnover	7.1	2.6	7.2	8.3	6.9
Return on equity (ROE), %	26.8	20.3	28.0	31.6	22.6
Return on investment (ROI), %	24.3	16.5	31.9	38.4	27.3
<i>Financial position</i>					
Current ratio	2.8	3.0	2.8	2.7	3.2
Equity ratio, %	54.7	44.0	55.5	65.2	65.4
Gearing, %	26.7	32.0	20.9	-10.2	-2.1
Interest-bearing liabilities, TEUR	15,846	24,988	11,069	3,076	3,729
Interest-free liabilities, TEUR	12,809	12,091	12,245	10,451	6,008

**KEY  
INDICATORS  
FOR  
SHARES**

	2000	1999	1998	1997	1996
Earnings per share (EPS), EUR	1.22	0.84	1.07	0.99	0.61
Shareholders' equity per share, EUR	4.92	4.16	4.15	3.47	2.81
Nominal dividend per share, EUR	0.65 <sup>(1)</sup>	0.45	0.42	0.38	0.34
Share-issue-adjusted dividend per share, EUR	0.65 <sup>(1)</sup>	0.45	0.42	0.38	0.34
Dividend per earnings, %	53.3	53.3	39.4	38.2	55.5
Effective dividend yield, %	5.9	3.9	3.0	3.0	4.5
Price-earnings ratio (P/E)	9.0	13.6	13.3	12.7	12.4
Share prices					
Lowest of the year	10.12	9.01	12.61	7.27	4.29
Highest of the year	15.00	15.23	23.21	12.61	7.57
Closing price of the year	11.00	11.50	14.21	12.61	7.48
Average of the year	12.78	10.00	17.25	9.62	5.76
Market capitalization, MEUR	77.0	80.5	99.5	88.3	52.4
Total dividends paid, MEUR	4.6 <sup>(1)</sup>	3.2	2.9	2.6	2.4
Share turnover, number of shares	787,982	1,141,476	1,116,350	987,316	2,493,320
Share turnover, %	11.3	16.3	15.9	14.1	35.6
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), %**

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

**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)**

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

**7. Shareholders' equity per share**

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

**8. Share-issue-adjusted dividend per share**

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

**9. Dividend per earnings, %**

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

**10. Effective dividend yield, %**

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

**11. Price per earnings (P/E)**

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

**12. Market value of share capital**

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

**13. Share turnover, %**

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

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

## SHARE CAPITAL AND SHARES

According to the proposal of the Board of Directors, the Annual General Meeting decided on 16 March 2000 to reduce the par value of the company's shares by splitting the share into two shares with a par value of FIM 2.50 (EUR 0.420469816). The Annual General Meeting amended the Articles of Association to express the par value of shares, as well as share capital and its minimum and maximum limits, as euro-denominated and that the limits for share capital be raised. The par value of the company's shares, FIM 2.50 (EUR 0,420469816) was rounded off upwards to the nearest tenth percent as EUR 0.50, increasing the share capital with a bonus issue by transferring EUR 556,711.29 from a share premium account to share capital, after which the company's share capital is EUR 3,500,000 divided into 7,000,000 shares. 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's 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. The decisions of the Annual General Meeting were entered into the trade register on 28 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 - 2000

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 of Shares

For the 2000 tax year in Finland, the confirmed taxation value of Ponsse Oyj's shares was EUR 7.56 per share.

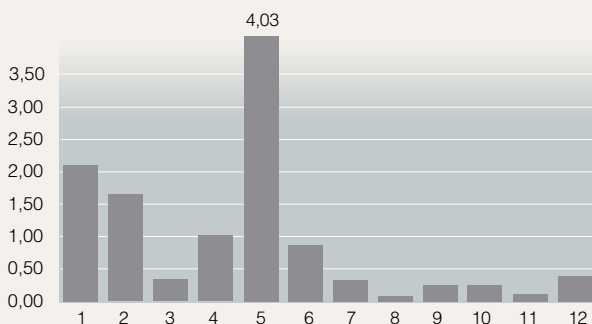
### Share Prices and Turnover

Ponsse Oyj is quoted on the main list of the Helsinki Exchanges. In the Helsinki Exchang-

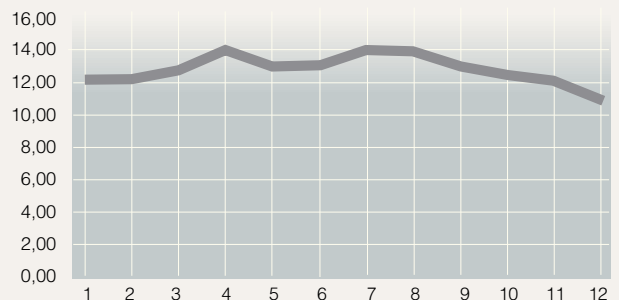
es' transactions, the company's share code is PON1V and the shares are registered in the book-entry securities system. Trading in the split shares began on 29 March 2000.

Share turnover from 1 January to 31 December 2000 totaled 787,982 shares, accounting for 11.3% of the total number of shares. The value of share turnover amounted to EUR 10.1 million. The lowest price of the year was EUR 10.12 and the highest was EUR 15.00. The closing share price on the last trading day of the financial year was EUR 11.00. The market value of the shares was EUR 77.0 million on 31 December 2000.

Monthly Relative Share Turnover in 2000  
Percent/Month



Average Monthly Share Price in 2000  
EUR/Month



At the end of 2000, Ponsse Oyj had 1,079 shareholders. The number of nominee-registered and foreign-owned shares totaled 429,940, accounting for 6.14% of the shares and votes.

#### Distribution of Share Ownership by Owner Category on 31 December 2000

Owner category	Number of shares	Percentage of shares and votes
Private enterprises	148,632	2.12
Financial institutions and insurance companies	171,700	2.45
Public enterprises	14,000	0.20
Non-profit organizations	30,280	0.43
Households	6,205,448	88.66
Abroad <sup>(1)</sup>	429,940	6.14
Total	7,000,000	100.00

1) Includes 425,948 nominee-registered shares.

#### Distribution of Share Ownership by Size of Shareholding on 31 December 2000

Shares per shareholder	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares and votes
1 - 100	263	24.37	18,088	0.26
101 - 1 000	655	60.71	246,998	3.53
1 001 - 10 000	135	12.51	346,198	4.95
10 001 - 100 000	19	1.76	833,424	11.91
over 100 001	7	0.65	5,555,292	79.35
Total	1079	100.00	7,000,000	100.00

#### Shareholders on 31 December 2000

	Number of shares	Percentage of shares and votes
Einari Vidgrén	3,378,064	
Holdings comparable to ownership		
Jukka Vidgrén	38,480	
Total	3,416,544	48.81
Juha Vidgrén	677,568	9.68
Harri Suutari	628,132	
Holdings comparable to ownership		
Antti Suutari	200	
Sari Suutari	200	
Total	628,532	8.98
Esa Rannila	167,100	2.39
Matti Eestilä	154,260	2.20
Curt Lindbom	148,540	2.12
Mikko Vidgrén	98,854	1.41
Mari Vidgrén	97,270	1.39
Minna Vidgrén	85,550	1.22
Jonna Vidgrén	75,970	1.09
OP-Metsä Sijoitusrahasto	58,320	0.83
Placeringsfonden Aktia Capital	55,000	0.79
Fortel Invest Oy	54,220	0.77
Soile Suutari	52,200	0.75
Jarmo Vidgrén	37,000	0.53
Janne Vidgrén	36,600	0.52
Merita Foresta Investment Fund	32,000	0.46
Eero Suutari	21,920	0.31
Apotrade Consulting Oy	16,520	0.24
Livförsäkringsaktiebolaget	14,200	0.20
Metsämiesten Säätiö	14,000	0.20
Nominee-registered shares	425,948	6.08
Other shareholders	631,884	9.03
Total	7,000,000	100.00

### Management Shareholders

As of 31 December 2000 the members of the Board of Directors and the President owned a total of 4,744,564 shares of Ponsse Oyj, representing 67,8 % of the share capital and votes.

### Insider Register

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

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

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

During the period under review, there were no company-related notifications to disclose filed pertaining to Section 9 of Chapter 2 of the Securities Market Act, the subject of

which is the achievement or exceeding of 1/20, 1/10, 3/20, 1/5, 1/4, 1/3, 1/2 or 2/3 of the ownership share or votes, or the decrease of the ownership share or votes below the stated limits.

### Redemption Obligation Clauses

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

### Shareholder Agreements

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



The parent company's distributable funds totals EUR 26,252,025.55 and the Group's distributable funds are EUR 24,932,000.00.

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

- dividend of EUR 0.65 per share to be paid to shareholders, totalling	EUR	4,550,000.00
- shareholders equity to be left	EUR	21,702,025.55
	EUR	26,252,025.55

The matching date for dividend payments is 20 March 2001. The dividend will be paid 27 March 2001.

Vieremä, 6 February 2001

Einari Vidgrén

Tommi Lindbom  
President, CEO

Ilkka Kylävainio

Samuli Perttala

Harri Suutari

Juha Vidgrén

Mika Vidgrén

### To the shareholders of Ponsse Corporation

We have audited the accounting, the financial statements and the corporate governance of Ponsse Corporation for the period 1.1.-31.12.2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

In our opinion the financial statements have been prepared in accordance with the 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 parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies' Act.

Vieremä, February 6, 2001

SVH Pricewaterhouse Coopers Oy  
Authorised Public Accountants

Pekka Loikkanen  
Authorised Public Accountant

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

## AUDITOR'S REPORT

## BOARD OF DIRECTORS 6 FEB. 2001

### Chairman

#### Einari Vidgrén (57)

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

### Members

#### Ilkka Kylävainio (54)

Technician

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

#### Tommi Lindbom (31)

Shipbuilding Engineer

- President, CEO of Ponsse Oyj
- District Manager for Ponsse Oyj's South Finland and Baltic areas 1995 - 1998
- President of Ponsse UK Ltd. 1998 - 1999
- President of Ponsse AB 1999 - 2000
- Member of Ponsse Oyj Board since 2000

#### Samuli Perttala (54)

MSc. (Econ.)

- Tax expert at Attorneys-at-Law Krogerus & Piriälä Oy since 1995

- Board Member of Pumpulohja Oy since 1993
- system planner, tax expert and financial manager at Oy Lohja Ab 1973 - 1984
- CFO and Board Member of Oy Lohja Ab 1984 - 1990
- CFO and Board Member of Metra Oy Ab 1991 - 1995
- Financial Manager of Elcoteq Hungary Ltd. 1998 - 1999
- Member of Ponsse Oyj Board since 2000

#### Harri Suutari (41)

BSc. (Eng.)

- Founder and President, CEO of Kajaani Automaatiikka Oy 1984 - 1994
- President, CEO of Ponsse Oyj 1994 - 2000
- Member of Ponsse Oyj Board since 1995

#### Juha Vidgrén (30)

MSc. (Educ.)

- Public Relations Manager of Ponsse Oyj
- Board Member of Sunit Mobile Oy
- Communication Manager of Ponsse Oyj 1998 - 2000
- Member of Ponsse Oyj Board since 2000

#### Mika Vidgrén (40)

Doctor of Pharmacology, Docent

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

Juha Vidgrén

Tommi Lindbom

Harri Suutari

Mika Vidgrén



Ilkka Kylävainio

Einari Vidgrén

Samuli Perttala

The Board of Directors was elected in the Annual General Meeting held 16 March 2000.

### Selection of Board Members

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

### Board Meetings

In 2000 the Board convened 13 times.

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**PRESIDENT, CEO**
**MANAGEMENT**  
*6 FEB. 2001*
**Tommi Lindbom (31)**

Shipbuilding Engineer  
 - President, CEO since 2000

The President, CEO was elected in the General Meeting held 29 February 2000.

**MANAGEMENT TEAM****Tommi Lindbom (31), Chairman**

Shipbuilding Engineer  
 - President, CEO  
 - Employed by Ponsse since 1995

**Mikko Tahkola (25)**

MSc. (Econ.)  
 - Manager of Marketing Development  
 - Employed by Ponsse since 1997

**Marko Karppinen (29)**

MSc. (Econ.)  
 - Chief Financial Officer  
 - Employed by Ponsse since 1994

**Juha Vidgrén (30)**

MSc. (Educ.)  
 - PR Manager  
 - Employed by Ponsse since 1998

**Heikki Ojala (43)**

BSc. (Eng.)  
 - Head of Factory  
 - Employed by Ponsse since 1992

**Ponsse AB****Eero Lukkarinen (35)**

MSc. (For.)  
 - President since 2000

**Ponsse UK Ltd.****Hannu Tuukkala (35)**

MSc. (For.)  
 - President since 1999

**PRESIDENTS OF  
 SUBSIDIARIES**
**Ponsse AS****Lyder Hove Ellevold (56)**

Agriculture and Forestry Technician  
 - President since 1998

**Ponsse USA, Inc.****Tommi Ruha (31)**

MSc. (For.)  
 - President since 2000

**Ponssé S.A.****Heikki Tallgren (35)**

MSc. (Eng.)  
 - President since 1995

**SVH Pricewaterhouse Coopers Oy**

Authorised Public Accountant  
 Pekka Loikkanen

**AUDITORS**

## COMPANY AND PRODUCTS

### Business Mission

Ponsse Oyj's business mission is to develop and market the most effective and durable forest machinery for cut-to-length logging. The Company's goal is to supply the market's most attractive solutions for successful forest harvesting operations. Besides efficiency and durability, the Company's premium products offer its customers more value-producing features than are found in other forest machines and related products on the market.

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

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

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

### Branch of Business

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

Product features include an intensive utilization of information technology as a provider of added value as well as a respect for customer-driven wood harvesting. In customer-specific wood procurement, the stem is cut to the end user's requirements while still in the forest. Utilizing the harvester's computer and measurement device, the driver cuts the logs to exactly the right lengths, significantly enhancing the extent of value added; the automated trunk cutting gives the driver more time for quality inspections. In the cut-to-length method, wood



**BEAVER**



handling is reduced and different assortments can be transported directly to the appropriate production plants.

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

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

Adopting the cut-to-length harvesting method means diversified felling operations and additional demands on the machines' users. Besides the felling itself and daily machine servicing, drivers' professional responsibilities include the principles of forest economy, particularly, when planning of stands marked for cutting, the consideration of environmental values complying with forest management guidelines.

The data system technology utilized in the Company's products is based on PC computers and the Windows operating system; this enables the use of data transfer and mapping applications during felling operations. The Ponsse-designed devices process large quantities of data, are flexible



**ERGO**

and are linked easily to add-on equipment. Above all, they are always easily updated when new PC applications are launched on the market.

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

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

## Products

Ponsse has concentrated its production on demanding harvester technology, as well as the design and production of its related information technology. Product features include high productivity and reliability, as well as a high utilization of information technology providing added value. Ponsse's forest machines are suited to thinning as well as clear felling. Continuous and purposeful product development is carried out in cooperation with customers.

The year 2000 was significant for Ponsse's product development. Following the most extensive product development project ever undertaken in the Company's history, Ponsse launched a new product family in late autumn. The new product family consists of two different harvester and three different forwarder models, and has been planned to meet the demands of the 2000s. Besides the machines' modern design and efficiency, attention has been paid to their fuel economy, ease of servicing and user-friendliness. The new product family's models take advantage of modern production technology as well as the potential for innovative design and technical solutions offered by today's state-of-the-art materials. All models feature a spacious cab with excellent ergonomics and improved working visibility.

With the introduction of the new product family, the engine supplier for Ponsse's machines changed. Beginning in 2001, the power source for all production models will



**BUFFALO**



be an ultramodern Mercedes-Benz 900-Series fuel injection engine. The extensive range of Mercedes-Benz's engines enabled the optimum alternative for the Ponsse machines' size and load classes to be found. The new engines already comply with the more stringent emissions standards that will go into effect in 2002. Thanks to modern technology the engines feature, besides their low environmental impact, excellent fuel economy, efficiency, ease of servicing and user-friendliness.

The Company itself developed Ponsse Opticontrol, a digital control system for the new product family's machines. In the control system, now standard equipment in all harvesters and forwarders, all parts relating to the machine's control – crane, power transmission, diesel engine control and measuring device – have been integrated to form a single system that optimizes the machine's operation. Opticontrol, working with Mercedes-Benz's responsive and electrically controlled fuel injection technology, significantly improves the engine's performance/consumption ratio and draws only the power needed for the machine's functions without taxing the engine unnecessarily. All of Opticontrol's measurements, instructions and observations are simultaneously visible on a clear display. The system is based on the proven measuring device technology that has long been utilized in the Company's products.

All new models feature a completely redesigned cab whose new shape offers improved working visibility as well as more space for the driver and personal equipment. Except for electrification, all harvesters and forwarders employ the same new cab model that seats two persons in addition to the

driver. One of the most dramatic changes affecting user comfort has been an average 50% reduction in the cab's noise level.

Machines were renamed in conjunction with the launching of the new product family. The model names' letter and number combinations were discontinued, and therefore the models' type designations were simplified. Despite the numerous improvements, the models' basic technology, including the power transmission, is largely based on the previous product family's solutions.

As part of the product family's renewal, Ponsse introduced a completely new and more agile harvester model, the Ponsse Beaver, on the market. The Beaver has been designed specifically to meet the demands of thinning operations. The Beaver's six-wheeled chassis makes it an extremely agile machine and its rigid articulated frame and forward swing axle ensure a stable working environment for the cab. Despite its compact size and agility, the Beaver is suitable for final felling as well as thinning, making it a full-fledged general-purpose machine on an equal par with the Company's other products. High-performance working hydraulics enables the Beaver to handle even large stems. The Beaver replaces the HS 10 Cobra model formerly in production.

The Company itself manufactures its machines' harvester heads. Because they are easily installed, Ponsse harvester heads can be acquired separately and can be installed, for example, on excavators. Ponsse has three different harvester heads in production. Each device is suited to clear felling as well as thinning. From the standpoint of their performance, Ponsse's lightweight and narrow harvester heads do not unnecessarily scrape against trees left standing.

Development work has focused on the dimensional accuracy of processed trunks.

At the SkogsNolia Wood and Forestry Fair held in June, Ponsse introduced its new K90 crane to the Buffalo and Bison forwarder models. Compared to its predecessors, the K70 and K80 models, the new crane is a reinforced version. To improve performance, particularly when working on slopes or processing larger stems, the crane's essential turning power has been significantly increased in the new models. All main components, cylinders, gear racks and posts have been strengthened in the crane's turning gear and base.

At the Metko 2000 trade fair Ponsse unveiled the Opti 4 G, a new generation information system whose revised prognosis algorithm and efficient optimization calculation provide visible results. Besides an increased diversity of functions and efficiency, technological progress can also be seen in the system's ease of use. All settings and monitoring routines required in felling can be performed simply and quickly through a clear Windows interface. All essential information is continuously displayed while working without any interruptions. The increased memory capacity enables all processed logs to be traced with clockwork precision, even after months have elapsed, providing additional opportunities to develop quality systems for wood procurements.

**CARIBOU**



During the year 2000, Ponsse also released a new software package designed to monitor and enhance wood harvesting performance. OptiPlan software is aimed primarily at private sawmills that do not employ their own data management system for the planning of harvesting. Besides utilizing the possibilities of modern technology to boost operational efficiency at a reasonable cost, the system speeds up the acquisition and verification of information required for wood procurements and harvesting while reducing the chances for error. Most importantly, the new system improves the effectiveness of the wood harvesting organization. A significant factor is its ability to store and comprehensively document the information required for wood procurements, environmental considerations and forest certifications. The system's software for forest machines, procurement supervisors and sawmills' on-site offices keeps all members of the wood procurement chain up-to-date. OptiPlan's truck version will be released during the spring of 2001. The system can be used to monitor the storage situation; drivers' supervisors can configure a map display to show a storage location on the basis of tree species, lot type or contract number.

The system consists of several fully compatible programs that can be packaged ac-

ording to user-specific needs. For example a private contractor can utilize the program's mapping sections, OptiGis program's maps of stands marked for cutting, storage monitoring and machine positioning without having to procure other software.

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

**BISON**

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