

FINANCIAL STATEMENTS

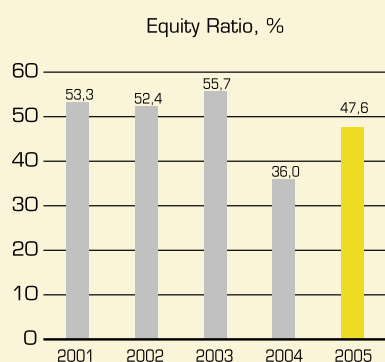
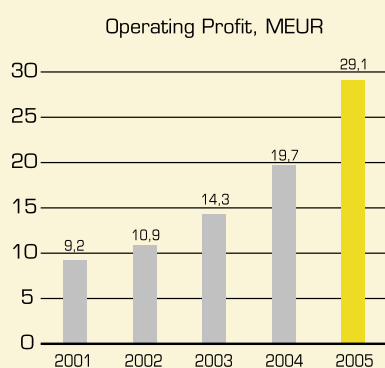
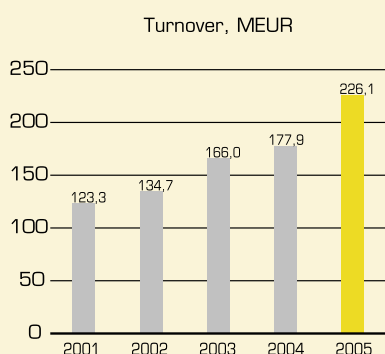


Contents

Report by the Board of Directors' report for the period 1 January – 31 December 2005	48
The most important exchange rates	51
Consolidated financial statements (IFRS)	
- Profit and loss account	52
- Balance sheet	53
- Cash flow statement	54
- Consolidated statement of changes in shareholders' equity	55
- Notes to the consolidated financial statements	56
- Financial indicators	74
- Per share data	75
- Formulae for financial indicators	76
Parent company's financial statements (FAS)	
- Profit and loss account	78
- Balance sheet	79
- Parent company cash flow statement	80
- Notes to the parent company's accounts	81
Share capital and shares	92
Board of directors' proposal for the disposal of profit	95
Auditor's report	95

Ponsse Oyj's financial statements have been prepared in accordance with the International Financial Reporting Standards IFRS. The financial statements of the parent company have been prepared in accordance with the Finnish Accounting Standards FAS, which the company conformed with prior to the 2005 financial period. The notes constitute an essential part of the financial statements. A sum of single figures may differ from the totals presented in the financial statements as all figures have been rounded.

Board of Directors' report for the period 1 January – 31 December 2005



General

Ponsse Group's turnover and profit developed favourably in 2005. Consolidated turnover increased to EUR 226.1 million (EUR 177.9 million in 2004) and the operating profit to EUR 29.1 million (19.7 million in 2004). Earnings per share were EUR 1.40 (EUR 0.97), and Equity ratio stood at 47.6 per cent (36.0 per cent).

Turnover and profit

Consolidated turnover rose by 27.1 per cent year on year, to EUR 226.1 million (EUR 177.9 million). This highly favourable development was due, in particular, to strong growth in international operations

International business operations accounted for 65.4 per cent (62.0 per cent) of turnover. The sales were regionally distributed as follows: Nordic countries, 53.6 per cent (54.9 per cent); the rest of Europe, 31.4 per cent (30.0 per cent); North and South America, 14.7 per cent (15.1 per cent); and other countries, 0.3 per cent (0.0 per cent).

The order intake for the accounting period totalled EUR 236.9 million (EUR 189.3 million), while period-end order books were valued at EUR 54.9 million (EUR 44.4 million). The order books included dealers' minimum purchase commitments, based on previous practice.

Consolidated operating profit for the accounting period came to EUR 29.1 million (EUR 19.7 million), up 47.5 per cent on the previous year, accounting for 12.8 per cent of consolidated turnover (11.1 per cent). Return on investment (ROI) stood at 37.7 per cent (29.5 per cent).

The profit after extraordinary items was EUR 28.1 million (2004, EUR 19.2 mil-

lion). Income and expenses resulting from currency risk hedging were included in financial items. Extraordinary items amounted to EUR -1 thousand (2004, no extraordinary items).

Profit for the financial period totalled EUR 19.6 million (2004, EUR 13.5 million). Earnings per share were EUR 1.40 (EUR 0.97).

Balance sheet and financial position

At the end of the accounting period the consolidated balance sheet total amounted to EUR 108.3 million (EUR 97.5 million). Interest-bearing liabilities totalled EUR 24.4 million (EUR 32.3 million) and net liabilities EUR 11.7 million (EUR 16.3 million). Equity ratio stood at 47.6 per cent (36.0 per cent). Cash in hand and at banks came to EUR 12.3 million (EUR 15.7 million). The Group's liquidity remained at a good level during the financial period, despite a large-scale investment programme. To maintain financial flexibility and balance seasonal fluctuations, the company uses finance credit agreements of which EUR 37.3 remained unused at the end of the financial period.

Reported cash flow from business operations totalled EUR 18.4 million (EUR 22.0 million), while that from investing activities was EUR -11.1 million (EUR -8.9 million).

The external contingent liabilities amounted to EUR 8.5 million (EUR 8.7 million) at the end of the accounting period.

Distribution network

In December 2005 Ponsse signed a distribution agreement with Konekesko Ltd. According to the agreement, Kesko Group's companies will provide sales and

servicing services for PONSSE machines in Estonia, Latvia and Lithuania

The range of operations of our Northern American subsidiary was expanded to include responsibility for providing support to Ponsse's dealers in Canada as well as the comprehensive development of the maintenance and distribution network in North America. Following the expansion of operations, the business name of Ponsse's subsidiary Ponsse USA, Inc. was changed to Ponsse North America, Inc.

Capital expenditure and R&D

The most significant capital expenditure during the financial period came from the construction of a customer service centre in Vieremä. The company also invested heavily in increasing the automation rate of the Vieremä plant and in the equipment of the new assembly plant. In September the company's financial administration moved to the new premises constructed at the Vieremä plant. The remainder comprised routine replacement and maintenance investments.

Capital expenditure totalled EUR 11.2 million (EUR 9.0 million) during the financial period.

R&D expenses totalled EUR 3.7 million (EUR 3.7 million). The amount of activated R&D expenses during the financial period was EUR 461 thousand (EUR 329 thousand).

Quality and environment

Ponsse has committed to comply with the certified ISO 9001:2000 quality standard, ISO 14001 environment management systems and standard, and OHSAS 18001 Occupational Health and Safety standard. The ISO 9001 audit was conducted during the accounting period by DNV.

The company focused heavily on developing quality and quality leadership during the accounting period. The focal points were the systemisation of quality leadership methods, and the development of reporting and operational systems. The quality circle activities and internal audits were used throughout the year and provided good results.

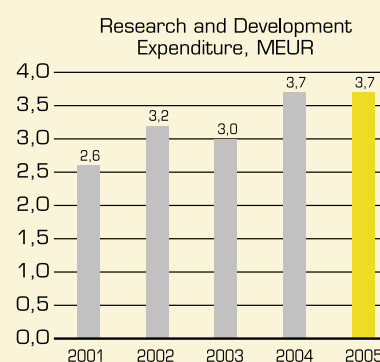
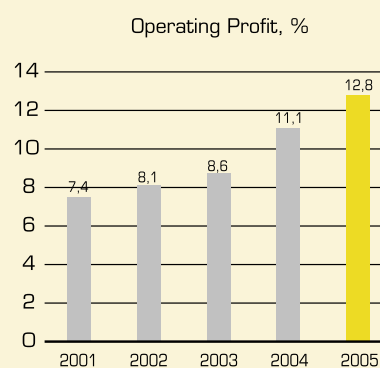
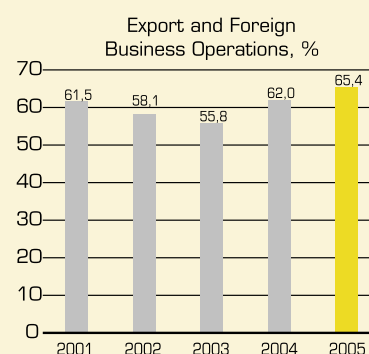
According to Ponsse's environmental policy, the company aims to develop and manufacture products with the smallest possible load on the environment in use. The environmental aspects are taken into consideration in designing, decision-making and implementation on all levels of the organisation.

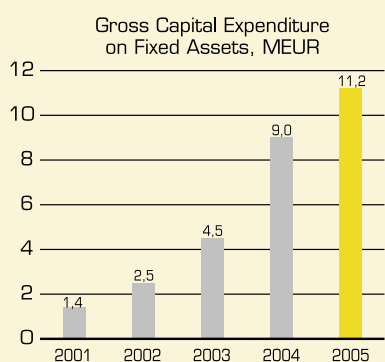
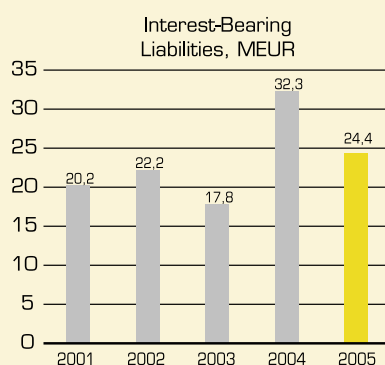
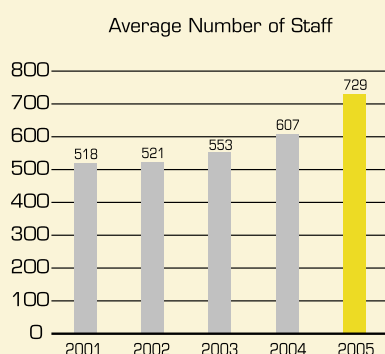
The company monitors and complies with environment-related legislation in all operations. Changes in the legislation are constantly monitored and actions are taken if the changes so require.

Changes in group structure

In July Ponsse acquired a 92 per cent stake in Lako Oy of Turku. The company manufactures and markets harvesting heads. In December 2005 Ponsse Oyj acquired an 8 per cent stake in Epec Oy of Seinäjoki. As a result of the acquisition, Ponsse has 100% ownership of the company's shares.

Two new subsidiaries were established during the accounting period. OOO Ponsse's head office is in St. Petersburg. The company will sell and service Ponsse forest machines, and develop and provide support to the dealer network in Russia. The other subsidiary established during the accounting period, Ponsse Latin America Indústria de Máquinas Florestais Ltda, conducts its business in Brazil. The company head offices are in Mogi das Cruzes. The company will sell and service Ponsse forest machines, and provide support to the dealer network in South America.





Otherwise, the group structure remained the same during the financial period. The other subsidiaries included in the Ponsse Group are Ponsse AB, Sweden; Ponsse AS, Norway; Ponsse S.A.S, France; Ponsse UK Ltd, Great Britain; and Ponsse North America, Inc., the United States of America. Sunit Oy in Kajaani is Ponsse's associated company, of which Ponsse has 34% ownership.

Personnel

The Group had an average staff of 729 (607) during the financial period and employed 770 (663) people at the financial period-end, 631 (553) of whom worked in Finland and 139 (110) in other countries.

Management and auditors

Ponsse Oyj's Board of Directors comprised six members during the accounting period: Nils Hagman, Ilkka Kylävainio, Seppo Remes, Mirja Rynänen, Einari Vidgrén and Juha Vidgrén. The Chairman of the Board was Einari Vidgrén and Juha Vidgrén acted as the deputy chairman.

The Board of Directors convened 12 times during the accounting period. Board members assiduously attended the meetings, whose attendance rate was 88.9 per cent.

President and CEO during the accounting period was Arto Tiitinen, MBA, with Mikko Paananen, LL.M., CFO, acting as deputy.

Paula Oksman, M.A., started as HR Director; Principal of the Ponsse Academy and a member of the Management Team in August 2005. Seppo Taatila, M.Sc. (Eng), will start as Director of Technology and Engineering and

a member of the Management Team during 2006. He will replace Veikko Rintamäki, M.Sc. (Eng), who resigned from his position in January 2006. Prior to Mr. Taatila assuming the position, Arto Tiitinen, CEO, will oversee the technology and engineering activities in addition to his own responsibilities.

The Annual General Meeting of 15 March 2005 re-appointed Ernst & Young Oy as the company's auditors with Heikki Laitinen, APA, as the principal auditor.

Resources

The Board of Directors has confirmed the administration principles, which can be viewed on Ponsse's website at www.ponsse.com/english/investors. These principles are based on the Corporate Governance recommendation for listed companies issued by HEX Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

Adoption of IFRS standards

Ponsse Group has applied International Financial Reporting Standards (IFRS) to its financial reporting as of 1 January 2005. The first IFRS-compliant annual financial statement was drawn up for the accounting financial period 2005. Prior to the adoption of IFRS, Ponsse Oyj's consolidated financial statements have been prepared according to Finnish Accounting Standards (FAS).

Ponsse Oyj issued three IFRS-compliant Interim Reports during the financial period.

Events after the period

In January 2006 Ponsse acquired an 8 per cent stake in Lako Oy of Turku. Fol-

Following the acquisition, Ponsse has 100% ownership of the company's shares

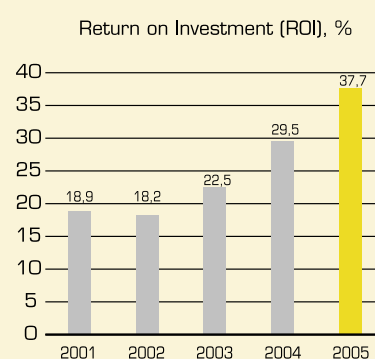
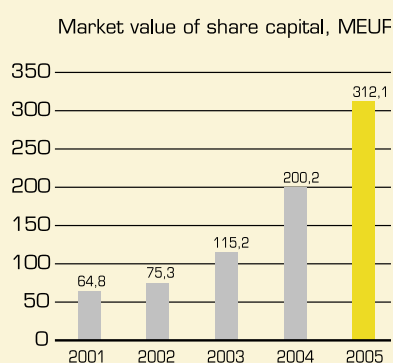
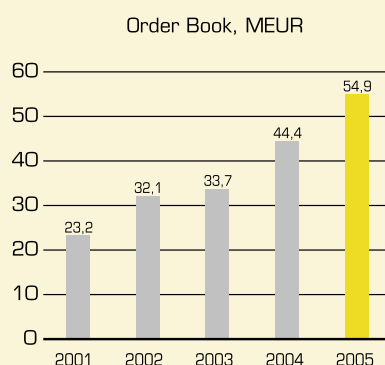
Outlook for the future

During the course of the year, logging volumes and industrial consumption of wood are expected to increase over the previous year. Logging volumes show strong growth in South America in particular. The company estimates that the proportional share of cut-to-length harvesting in the total volume of timber harvesting will increase in comparison with other harvesting methods. The development is expected to be especially rapid in Russia

During the course of 2006 Ponsse will invest heavily in expanding its distribution and maintenance network and, in the second quarter of 2006, start industrial manufacture of harvester heads in Brazil. The company may supplement its organic growth with corporate acquisitions and arrangements if they support the company's strategy and strengthen its market value and position as well as competitiveness and profitability.

Considering the general prospects for the forest sector, the total value of the order book and the ongoing business development initiatives, the company

forecasts that the result for the current accounting financial period will outperform that of the previous year.



The most important exchange rates

	31.12.2005	Average exchange rate 2005	31.12.2004	Average exchange rate 2004
SEK	9,38850	9,27826	9,02060	9,12035
NOK	7,98500	8,02404	8,23650	8,37022
GBP	0,68530	0,68473	0,70505	0,68128
USD	1,17970	1,24753	1,36210	1,24745
BRL	2,76130	3,04836		
RUB	33,92000	34,99642		

Profit and loss account

	Note ¹	2005 TEUR	2004 TEUR
Turnover	2	226,095	177,934
Increase (+)/decrease (-) in stocks of finished goods and work in progress		730	968
Other operating income	4	1,326	1,453
Raw materials and services		-139,304	-113,587
Staff costs	7, 28	-34,317	-26,917
Depreciation	6	-4,041	-3,089
Other operating expenses	5, 8	-21,437	-17,063
Operating profit		29,051	19,700
Share of results of associated companies		285	251
Financial income and expenses	9	-1,225	-778
Result before extraordinary items		28,111	19,172
Extraordinary items		-1	0
Result after extraordinary items		28,110	19,172
Direct taxes	10	-8,480	-5,630
Minority interest		0	-11
Profit for the period		19,629	13,532

1) The note refers to the Notes to the Accounts on pages 56–73.

Balance sheet

		2005	2004
ASSETS	Note ¹⁾	TEUR	TEUR
Fixed and other non-current assets			
Intangible assets	13	2,652	2,426
Goodwill	13	3,773	3,466
Property, plant and equipment	12	24,270	18,095
Financial assets	15	35	25
Holdings in associated companies	14	1,013	829
Non-current receivables	16	103	107
Deferred tax assets		537	540
Total fixed and other non-current assets		32,383	25,488
Current assets			
Stocks	18	45,161	36,381
Trade receivables	19	14,782	19,228
Other current receivables	19	3,594	717
Marketable securities	20	2	0
Cash in hand and at banks	20	12,339	15,706
Total current assets		75,879	72,032
TOTAL ASSETS		108,262	97,520
CAPITAL AND RESERVES, AND LIABILITIES			
	Note ¹⁾	2005	2004
		TEUR	TEUR
Capital and reserves			
Share capital	21	7,000	7,000
Other reserves		19	20
Translation differences		-442	-838
Retained earnings		44,811	28,424
Capital and reserves owned by parent company shareholders		51,389	34,606
Minority interest		0	419
Total capital and reserves		51,389	35,025
Non-current creditors			
Interest-bearing liabilities	24	18,953	23,937
Deferred tax liabilities	17	1,142	1,131
Other non-current creditors	23	359	336
Total non-current creditors		20,453	25,404
Current creditors			
Interest-bearing liabilities	24	5,444	8,353
Provisions	23	6,324	4,153
Tax liabilities for the period		1,216	2,343
Trade creditors and other current creditors	24, 25	23,436	22,243
Total current creditors		36,420	37,091
TOTAL CAPITAL AND RESERVES, AND LIABILITIES		108,262	97,520

1) The note refers to the Notes to the Accounts on pages 56–73.

Cash flow statement

	2005	2004
	TEUR	TEUR
Business operations:		
Profit for the period	19,629	13,532
Adjustments:		
Financial income and expenses	1,225	778
Share of the results of associated companies	-285	-251
Depreciation	4,041	3,089
Deferred taxes	22	-227
Income taxes	8,458	5,857
Other adjustments	256	197
Cash flow before change in working capital	33,346	22,975
Change in working capital:		
Increase (-)/decrease (+) in current non-interest-bearing receivables	1,501	-2,145
Increase (-)/decrease (+) in stocks	-9,052	-3,778
Increase (+)/decrease (-) in current non-interest-bearing creditors	1,279	8,658
Change in provisions for liabilities and charges	2,171	1,869
Interest received	277	227
Interest paid	-932	-661
Other financial items	-656	-312
Income taxes paid	-9,517	-4,784
Cash flow before extraordinary items	18,417	22,049
Net cash flow from extraordinary items in business operations	0	0
Net cash flow from business operations (A)	18,417	22,049
Investments:		
Investments in tangible and intangible assets	-11,209	-9,029
Proceeds from sales of tangible and intangible assets	0	0
Loans granted	0	0
Investment in other assets	-11	0
Repayment of loan receivables	0	0
Proceeds from sales of other investments	0	0
Interest received	0	0
Dividends received	101	85
Cash outflow from investing activities (B)	-11,119	-8,944
Financing:		
Share issue	0	0
Acquisition of own shares	0	0
Sales of own shares	0	0
Withdrawal of current loans	0	3,673
Repayment of current loans	-2,677	0
Increase (-)/decrease (+) in current interest-bearing liabilities	0	77
Withdrawal/repayment of non-current loans	-4,961	9,444
Payment of finance lease liabilities, IAS 17, IAS 18	-231	-269
Increase (-)/decrease (+) in non-current receivables	4	111
Paid dividends	-2,800	-21,000
Net cash outflow from financing (C)	-10,665	-7,964
Increase (+)/decrease (-) in liquid assets (A+B+C)	-3,367	5,141
Liquid assets at 1 January	15,706	10,565
Liquid assets at 31 December	12,339	15,706

Consolidated statement of changes in shareholders' equity

TEUR	Attributable to equity holders of the parent company					Minority interest	Capital and reserves, total
	Share capital	Share premium account and other reserves	Translation differences	Retained earnings	Total		
Capital and reserves at 31 Dec. 2003	3,500	2,562	-646	37,678	43,094	0	43,094
Effect of IFRS adoption	0	0	0	-957	-957	0	-957
Adjusted capital and reserves at 1 Jan. 2004	3,500	2,562	-646	36,721	42,137	0	42,137
Effect of changes in tax rate	0	0	0	80	80	0	80
Translation differences	0	0	-192	61	-131	0	-131
Net income recognised directly in equity	0	0	-192	141	-51	0	-51
Result for the period	0	0	0	13,521	13,521	11	13,532
Total recognised income and expenses	0	0	-192	13,662	13,469	11	13,480
Subsidiary acquisition	0	0	0	0	0	408	408
Dividends paid	0	0	0	-21,000	-21,000	0	-21,000
Share issue	3,500	-2,542	0	-958	0	0	0
Capital and reserves at 31 Dec 2004	7,000	20	-838	28,425	34,606	419	35,025
Translation differences	0	0	396	-443	-47	0	-47
Net income recognised directly in equity	0	0	396	-443	-47	0	-47
Result for the period	0	0	0	19,629	19,629	0	19,629
Total recognised income and expenses	0	0	396	19,186	19,583	0	19,583
Dividends paid	0	0	0	-2,800	-2,800	0	-2,800
Change in minority interest	0	0	0	0	0	-419	-419
Capital and reserves at 31 Dec. 2005	7,000	20	-442	44,811	51,389	0	51,389

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

Ponsse Group designs, manufactures, markets and services environmentally-friendly and efficient cut-to-length method forest machines and harvesting related information technology solutions

The Group's parent company is Ponsse Oyj - a Finnish public limited company established in accordance with Finnish legislation. The parent company's head office is in Vieremä. Ponsse Oyj's shares have been listed on the Helsinki Stock Exchange since 1995.

BASIS OF CONSOLIDATION

Ponsse Oyj's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and the standards and interpretations valid on 31 December 2005. The information in the consolidated financial statements is given in TEUR (EUR 1,000), and it is based on original acquisition costs, if not otherwise stated in the accounting policies. The financial statements have been presented in accordance with the profit and loss account by type of expense.

The Group adopted the IFRS accounting policies at the beginning of 2005. The adoption to IFRS took place on 1 January 2004. Prior to the adoption, the Group complied with the Finnish Accounting Standards (FAS). All comparative information from 2004 has been converted into an IFRS-compliant form. The notes to the consolidated financial statements are also in compliance with the Finnish accounting and organisational legislation.

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of the parent company Ponsse Oyj and the subsidiaries it controls, and also the financial statements of the associated company consolidated using the equity method. More detailed information on the Group's companies and associated companies has been presented later in section "28 Group companies" of Notes to the financial statements.

The consolidated financial statements have been prepared using cost method. The acquisition cost in excess of the shareholders' equity of each subsidiary at the date of acquisition is shown in the balance sheet under goodwill.

Intra-group transactions, balances and creditors, unrealised margins on deliveries and intra-group distribution of profit have been eliminated. The profit for the accounting period shall be distributed to parent company shareholders and minority shareholders. Minority interests have been separated from the Group's capital and reserves and profit are presented as a separate item.

The income statement include the Group's share of results of associated companies. The Group's pro rata share of the shareholders' equity in associated companies, adjusted by any changes in working capital since the share acquisition, is included in the shares in participating interests in the balance sheet.

SEGMENTS

The geographical segment is used as the primary, and the business segment as the secondary segment for segment based reporting. The geographical segments are the Nordic countries, the rest of Europe, and North and South America. The business segments include machines sales and servicing services.

TRANSLATION DIFFERENCES

Foreign currency monetary items are recorded using the rates prevailing at the transaction date, and any receivables and liabilities on the balance sheet are translated into the financial statements at the closing rate. All resulting translation differences are recorded in the financial items of the accounts.

The profit and loss accounts of non-domestic Group companies have been translated into euro at the average rate of the accounting period and the balance sheets at the end rate of the report year. The resulting translation differences in the profit and loss account and the balance sheet, as well as in the shareholders' capital and reserves, are shown as a separate item in the shareholders' capital and reserves.

REVENUE RECOGNITION

Revenues are recognised upon legal completion. Indirect taxes and given discounts, among others, have been deducted from the sales revenue before calculating the turnover. Exchange rate differences in sales are recorded in the financial items.

INTANGIBLE ASSETS

Goodwill

The goodwill corresponds to the acquisition cost in excess of the Group's share of the current market value of the company's net assets at the date of acquisition.

No regular depreciations are recorded on goodwill, but instead they are tested annually for possible reduction in value.

Research and development expenses

Development expenses that fulfill the activation requirements have been booked under intangible assets on the balance sheet, once the product is technically feasible, can be utilised commercially, and is expected to yield commercial benefits in the future. Depreciations on goods are recorded over their economic life. Research expenses are recorded directly as annual expenses.

PROPERTY, PLANT AND EQUIPMENT

The property, plant, and equipment are booked in the balance sheet at the direct acquisition cost less depreciation according to plan, which has been calculated on a straight-line basis over the expected economic life. Depreciation times are:

Intangible rights.....	5 years
Other long-term expense items.....	3-5 years
Buildings and structures.....	20 years
Plant and equipment.....	3-10 years

CURRENT ASSETS

Current assets are valued at the direct manufacturing or acquisition cost, the replacement cost or likely selling price, whichever is the lower. The standard cost method is used as a basis for calculating the value of materials and supplies in stock.

LEASES CONTRACTS

Leases contracts are categorised as finance lease contracts if the majority of risks and benefits associated with ownership of property or goods are transferred onto the company. Assets rented on finance lease agreements, less depreciation according to plan, are booked in property, plant, and equipment; and obligations resulting from the agreement on interest-bearing liabilities. Finance lease contracts are recorded on the balance sheet and valued at the market value of the asset at the start date of the contract or at the current value of minimum rents if it is lower than the market value. Regular depreciations are recorded on goods acquired by finance lease contracts.

REDUCTION IN VALUE

The booking values of assets are evaluated at the closing date for any indications of reduction in value. If indications are found, the recoverable amount of the assets is defined.

Loss on reduction in value is recorded in the profit and loss account, if the balance sheet value of the assets exceeds the recoverable amount. If the estimated recoverable amounts show a change for the better, the loss on reduction in value for property, plant and equipment, and for other intangible assets except goodwill, is reverted. However, the loss on reduction in value is reverted to no more than the booking value the asset would have had if the reduction in value had not been recorded in the first place. Reduction in value on goodwill is never reverted.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables are booked using original values. Any uncollectible credit losses are booked as expense items.

PENSION SYSTEMS

Statutory pension cover for Group employees has been arranged through pension insurance companies and there are no uncovered pension liabilities.

PROVISIONS

Likely guarantee expenses in respect of products delivered are booked under provisions for liabilities and charges. Other mandatory provisions are associated with expenses and losses allocated for the previous accounting period.

LIQUID ASSETS

Liquid assets include cash in hand and at banks and other liquid investments with a maturity of less than three months.

INCOME TAXES

The tax expense on the profit and loss account consists of taxes based on taxable income and calculated tax. Income taxes include taxes corresponding with the Group companies' results for

the accounting period and calculated based on the tax legislation prevailing in each company's domicile. Tax is adjusted using any taxes from previous periods if there are any such items.

Deferred taxes are calculated on all temporary differences between the booking value and taxable value. The biggest temporary differences deviate from depreciations made on property, plant and equipment, unbooked taxable losses and appreciations made on market values at the time of the acquisition. Non-deductible depreciation in value on goodwill is not booked in the deferred tax, and retained earnings of subsidiaries are not accounted for deferred taxes

because it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax liabilities and assets are calculated for all taxable temporary differences using the confirmed tax rate for the following years.

The balance sheet includes the calculated tax liability in its entirety and the amount of calculated tax assets the company expects to receive.

COMPARABILITY WITH PREVIOUS YEARS

The method for booking the used machines that were purchased in connection with selling

new machines has been changed in the financial statement for 2005. The value adjustment made at the time of purchase of used machinery has been interpreted as actually being a discount on the sales price of new machinery and, therefore, the change in value has been accounted for as an adjustment item in the consolidated turnover. Previously, until the end of Q3, this type of value adjustment has been presented in materials and services. The financial statements for 2004 have been rearranged accordingly to make them comparable.

2. Segment reporting

Segment reporting is based on Ponsse Group's geographical segments and business segments. Segments are based on the group's internal financial reporting. Pricing between segments is done at the current market price.

Primary segment

- Nordic countries
- Rest of Europe
- North and South America

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Segment profits are allocated by location of customers. Assets and liabilities are allocated by location of assets. Unallocated sales include profits from countries not included in the aforementioned segments. Other unallocated items include tax and financial items as well as items shared by the company. Investments consist of increases to property, plant and equipment and increases on intangible assets that will be used for more than one period.

Secondary segment

- Machine sales
- Servicing services

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Geographical segments 2005

	Nordic countries	Rest of Europe	North and South America	Elimination	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
External sales					
Services	2,000	578	514		3,091
Sales of goods	118,589	70,325	32,846		221,761
External sales, total	120,589	70,903	33,360		224,852
Internal sales	33,427	855	415	-34,697	
Unallocated sales					1,242
Turnover	154,016	71,758	33,775	-34,697	226,095
Operating profit of the segment	18,825	10,761	2,028		31,613
Unallocated items					-2,562
Operating profit	18,825	10,761	2,028		29,051
Shares of the result of associated companies					285
Minority interest					0
Unallocated items					-9,707
Net profit for the period					19,629

Geographical segments 2005

	Nordic countries	Rest of Europe	North and South America	Elimination	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Segment assets	97,010	14,117	15,824	-23,493	103,457
Shares of the result of associated companies	335			678	1,013
Unallocated assets				453	3,792
Total assets	97,345	14,117	15,824	-22,362	108,262
Segment liabilities	24,532	10,051	12,361	-21,178	25,766
Unallocated assets					24,718
Total liabilities	24,532	10,051	12,361	-21,178	50,484
Investments	10,269	281	670		11,220
Depreciation	3,642	255	145		4,041

Geographical segments 2004

	Nordic countries	Rest of Europe	North and South America	Elimination	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
External sales					
Services	1,479	405	344		2,228
Sales of goods	96,345	52,611	26,487		175,443
External sales, total	97,824	53,016	26,831		177,671
Internal sales	24,685	426	178	-25,289	
Unallocated sales					263
Turnover	122,509	53,442	27,009	-25,289	177,934
Operating profit of the segment	14,642	7,049	1,864		23,555
Unallocated items					-3,855
Operating profit	14,642	7,049	1,864		19,700
Shares of the result of associated companies					251
Minority interest					-11
Unallocated items					-6,408
Net profit for the period					13,532
Segment assets	89,977	12,362	10,980	-17,934	95,385
Shares of the result of associated companies	335			494	829
Unallocated assets				234	993
Total assets	90,312	12,362	10,980	-17,206	97,207
Segment liabilities	23,288	9,272	8,455	-16,461	24,554
Unallocated assets					33,544
Total liabilities	23,288	9,272	8,455	-16,461	58,098
Investments	8,798	143	88		9,029
Depreciation	2,728	232	129		3,089

Business segments 2005

	Machine sales	Servicing services	Total
	TEUR	TEUR	TEUR
Turnover	198,872	27,223	226,095
Assets	91,256	17,006	108,262
Investments	7,720	3,500	11,220

Business segments 2004

	Machine sales	Servicing services	Total
	TEUR	TEUR	TEUR
Turnover	156,685	21,249	177,934
Assets	84,678	12,842	97,520
Investments	8,718	311	9,029

3. Acquired business operations

1 June 2005, the company acquired 91.80 per cent of Lako Oy's shares. The company manufactures harvesting heads. Purchase price was TEUR 787.5 and it was paid in cash. In addition to pecuniary consideration, the purchase cost included TEUR 9.8 of expert fees and TEUR 12.6 of capital transfer tax.

Lako Oy's result of the last six months of the year, TEUR -481.3, is included in the group income statement for 2005. The TEUR 752.1 goodwill was influenced by the significant synergy benefits from Lako Oy's product technical know-how and their product line, as expected.

The group turnover in 2005 would have amounted to TEUR 226.6, if Lako Oy would have been combined to the group financial statements from the beginning of 2005 financial period.

	Recorded market values used in the combination	Book values before combination
	TEUR	TEUR
Intangible assets	77,4	77,4
Property, plant and equipment	103,6	103,6
Financial assets	0,2	0,2
Stocks	688,3	688,3
Trade receivables	695,1	695,1
Other receivables	51,6	51,6
Liquid assets	3,1	3,1
Total assets	1 619,3	1 619,3
Pension liabilities	-59,5	-59,5
Interest-bearing liabilities	-776,1	-776,1
Subordinated loans	-346,9	-346,9
Other liabilities	-956,9	-956,9
Total liabilities	-2 139,3	-2 139,3
Net assets	-520,0	-520,0
Purchase cost	759,4	
Goodwill	752,1	
Purchase price paid in cash	809,9	
Liquid assets of the acquired subsidiary	-3,1	
Cash flow effect	806,8	

4. Other operating income

	2005	2004
	TEUR	TEUR
Sales profits on property, plant and equipment	72	55
Public subsidies	129	401
Other	1,125	998
Total	1,326	1,453

5. Other operating expenses

	2005	2004
Sales loss on property, plant and equipment	29	9
R&D expenditure	519	798
Rent expenses	1,363	836
External services	1,749	1,227
Other	17,777	14,192
Total	21,437	17,063

6. Depreciation

Intangible assets	2005	2004
Activated development expenditure	12	1
Patents	45	40
Intangible rights	0	1
Other long-term expense items	302	321
Total	359	363
Property, plant, and equipment		
Buildings	845	819
Plant and equipment	2,837	1,907
Total	3,682	2,726

7. Expenditure on employment related benefits

	2005	2004
Wages	27,796	21,905
Pension expenditure - payment based systems	3,864	3,042
Other indirect labour costs:	2,656	1,969
Total	34,317	26,917

Average number of staff during the accounting period

	2005	2004
Employees	427	372
White-collar employees	302	235
Total	729	607

Information on management's employment related benefits will be presented in note 28 Related party transactions

8. R&D expenditure

	2005	2004
	TEUR	TEUR
R&D expenditure was recorded as a cost item in the income statement	3,218	3,382

9. Financial income and expenses		
	2005	2004
Interest expenses	-738	-620
Interest income	277	228
Income from dividends	5	43
Gain/loss on exchange rate changes	-36	-452
Other financial income	56	232
Other financial expenses	-788	-209
Total	-1,225	-778

Other financial expenses include TEUR 108 of rents (interest expenses) resulting from finance lease contracts, recorded as expense items (TEUR 105 in 2004).

The business value of Lako Oy investment was reduced, as it seemed that there might be risks associated with Lako Oy's receivables. The TEUR 607 value adjustment has been recorded in other financial expenses.

10. Income taxes		
	2005	2004
Tax based on taxable income	8,084	5,755
Taxes from previous accounting periods	371	102
Change in deferred taxes	26	-227
Total	8,480	5,630

Reconciliation tax expenses in the income statement and taxes calculated using the group's domestic tax rate (2005: 26 %, 2004: 29 %):

Profit before tax	28,110	19,172
Tax calculated using the domestic tax rate	7,309	5,560
Effect of the different tax rates used in foreign subsidiaries	175	94
Tax-free income	-105	0
Non-deductible expenses	99	77
Taxes from previous financial periods	371	102
Depreciation of group goodwill	158	0
Deferred taxes	474	-137
Calculated tax income/expense resulting from the decreased domestic tax rate	0	-66
Taxes in the income statement	8,480	5,630

11. Earnings per share		
	2005	2004
Profit for the accounting period owned by parent company shareholders (TEUR)	19,629	13,521
Weighted average of shares during the financial periods (1,000)	14,000	14,000
Undiluted earnings per share, (EUR/share)	1,40	0,97

12. Property, plant and equipment		
	2005	2004
Land and water areas		
Acquisition cost 1.1	378	379
Exchange rate difference	4	-2
Additions	52	1
Acquisition cost and book value 31 Dec.	434	378

Buildings and structures		
Acquisition cost 1.1	14,565	14,447
Exchange rate difference	135	-68
Additions	4,156	186
Reductions	-8	0
Acquisition cost 31 Dec.	18,848	14,565
Accumulated depreciations 1 Jan.	-5,788	-4,971
Exchange rate difference	-14	2
Accumulated depreciations on reductions and transfers	5	0
Depreciations for the accounting period	-845	-819
Depreciation and reduction in value 31 Dec.	-6,642	-5,788
Book value 31 Dec.	12,207	8,777
The write-up of TEUR 841 on the parent company's business premises in Vieremä recorded on 31 August 1994 has been reversed in its entirety.		
Plant and equipment		
Acquisition cost 1.1	18,499	16,277
Exchange rate difference	53	-34
Subsidiary acquisition	0	1,709
Additions	5,263	1,192
Reductions	-1,485	-645
Acquisition cost 31 Dec.	22,331	18,499
Accumulated depreciations 1 Jan.	-11,938	-9,680
Exchange rate difference	-43	27
Accumulated depreciations on reductions and transfers	587	559
Subsidiary acquisition	0	-937
Depreciations for the accounting period	-2,837	-1,907
Depreciation and reduction in value 31 Dec.	-14,231	-11,938
Book value 31 Dec.	8,100	6,561
Prepayments and tangible assets in course of construction		
Acquisition cost 1.1	2,379	13
Additions	6,534	2,661
Reductions	-5,383	-295
Acquisition cost and book value 31 Dec.	3,529	2,379

Property, plant, and equipment includes the following items rented on a finance lease agreement:				
	2005		2004	
	Buildings	Plant and equipment	Buildings	Plant and equipment
Acquisition cost	762	1,556	762	896
Accumulated depreciations	-152	-382	-115	-215
Book value 31 Dec.	610	1,175	647	681
13. Intangible assets				
			2005	2004
Activated development expenditure				
Acquisition cost 1.1			594	0
Subsidiary acquisition			77	533
Additions			80	61
Acquisition cost 31 Dec.			751	594
Accumulated depreciations 1 Jan.			-1	0
Subsidiary acquisition			-132	0
Depreciations for the accounting period			-12	-1
Depreciation and reduction in value 31 Dec.			-145	-1
Book value 31 Dec.			607	593
Patent costs				
Acquisition cost 1.1			428	370
Subsidiary acquisition			0	44
Additions			42	14
Acquisition cost 31 Dec.			470	428
Accumulated depreciations 1 Jan.			-93	-21
Subsidiary acquisition			0	-32
Depreciations for the accounting period			-45	-40
Depreciation and reduction in value 31 Dec.			-138	-93
Book value 31 Dec.			332	335
Intangible rights				
Acquisition cost 1.1			85	85
Additions			0	0
Acquisition cost 31 Dec.			85	85
Accumulated depreciations 1 Jan.			-80	-79
Depreciations for the accounting period			0	-1
Depreciation and reduction in value 31 Dec.			-80	-80
Book value 31 Dec.			5	5

Group goodwill		
Acquisition cost 1.1	5,685	2,219
Additions	914	3,466
Acquisition cost 31 Dec.	6,599	5,685
Accumulated depreciations 1 Jan.	-2,219	-2,219
Reduction in value	-607	0
Depreciation and reduction in value 31 Dec.	-2,826	-2,219
Book value 31 Dec.	3,773	3,466
Other long-term expense items		
Acquisition cost 1.1	2,579	2,283
Exchange rate difference	0	1
Subsidiary acquisition	0	80
Additions	126	294
Reductions	-54	-79
Acquisition cost 31 Dec.	2,651	2,579
Accumulated depreciations 1 Jan.	-1,492	-1,183
Reductions and transfers - accumulated depreciations	54	78
Subsidiary acquisition	0	-66
Depreciations for the accounting period	-302	-321
Depreciation and reduction in value 31 Dec.	-1,740	-1,492
Book value 31 Dec.	911	1,087
Advance payments and unfinished acquisitions		
Acquisition cost 1.1	405	86
Additions	492	528
Reductions	-100	-208
Acquisition cost 31 Dec.	798	406
14. Holdings in associated companies		
	2005	2004
Book value 1 Jan.	829	638
Share of the result of the financial period	184	191
Book value 31 Dec.	1,013	829
Associated company	2005	2004
Sunit Oy, Kajaani, Finland		
Assets	5,216	4,482
Liabilities	2,263	2,071
Turnover	9,252	8,947
Profit/loss	837	739
Share of ownership	34,%	34,%

Sunit Oy specialises in telematics and manufactures vehicle computers.

15. Other stocks and shares		
	2005	2004
Other stocks and shares	25	25
Other receivables	11	0
Total	36	25

16. Receivables (non-current)		
	2005	2004
Loans receivables	41	35
Other receivables	0	6
Accrued income	62	66
Total	103	107

Receivables do not have any significant credit risk concentrations.

17. Deferred tax assets and liabilities					
Changes in deferred taxes during 2005:	1.1.2005	Booked income statement	Booked total capital	Exchange rate differences	31.12.2005
Deferred tax assets:					
Internal margin of inventories	234	209	0	0	443
Internal margin of fixed assets	0	10	0	0	10
Provisions	0	0	0	0	0
Confirmed losses	0	0	0	0	0
Other temporary differences	306	-222	0	0	84
Total	540				537
Deferred tax liabilities:					
Immaterial goods	321	89	189	2	601
Accumulated depreciation differences	754	-47	0	0	707
Other temporary differences	56	223	-445	0	-166
Total	1,131				1,142

18. Stocks		
	2005	2004
Materials and supplies	22,824	19,053
Unfinished products	905	688
Finished products/goods	3,658	2,776
Other current assets	17,774	13,864
Total	45,161	36,381

TEUR 372 was recorded as an expense item, which was used to reduce to book value of current assets to correspond to its net realization value (TEUR 1,398 in 2004).

19. Trade receivables and other receivables (current)

	2005	2004
Trade receivables	14,782	19,228
Receivables from associated companies	-3	0
Other receivables	3,121	313
Accrued income	477	404
Total	18,376	19,945

The essential items of accrued income are associated with public subsidies and the assessment of forward exchange agreements.

20. Liquid assets and current investments

	2005	2004
Cash in hand and at banks	12,339	15,706
Current investments	2	0
Total	12,341	15,706

21. Notes on capital and reserves

	Number of shares (1,000)	Share capital EUR	Other funds EUR	Total EUR
1.1.2005	14,000	7,000,000	19,476	7,019,476
Share issue	0	0		0
31.12.2005	14,000	7,000,000	19,476	7,019,476

The maximum number of shares is 24 million (24 million shares in 2004)- The nominal value of shares is EUR 0.50 per share, and the group's maximum share capital is EUR 12 million (EUR 12 million in 2004). The number of issued shares is 14 million (14 million shares in 2004). All issued shares have been paid in full.

All shares are of the same series and each share entitles its holder to one vote at shareholder meetings and gives an equal right to a dividend.

Ponsse Oyj has no outstanding convertible notes, bonds with warrants or options. Neither the company nor its subsidiaries hold the company's own shares. Ponsse Oyj's Board of Directors is not currently authorised to purchase the company's own shares, increase the share capital or issue convertible notes or bonds with warrants.

Translation differences

The translation difference fund includes the translation differences arising from converting foreign units' financial statements

Other reserves

Ponsse AB and Ponsse S.A.S funds constitute the other funds.

Dividends

The Board of Directors has recommended that after the closing date a dividend of EUR 0.80 per share be paid.

22. Pension liabilities

The recognition principle governing the disability pension obligation under the current Finnish Employees' Pension Act (TEL) is interpreted as practically corresponding to the current accounting practice based on FAS. Based on IAS 19, disability pension is a long-term employee benefit, the level of which does not depend on the length of employment at the company preparing IFRS-compliant financial statements. According to the provisions of IAS 19.130, the so-called event leading to an obligation in the case of disability pension is an event of disability. Expenses and liabilities are recognized once such an event has occurred. Our foreign subsidiaries apply defined contribution pension plans.

23. Provisions	Other mandatory	
	Guarantee reserve	provisions
Book value at the beginning of the accounting period, 1 Jan.	4,142	11
Additions	3,374	350
Used provisions	-1,553	0
Book value at the end of the accounting period, 31 Dec.	5,963	361

Guarantee reserve

Products are given a 12 month / 2000 hours warranty. Any faults or errors noted in machines during the warranty period will be repaired at the company's own expense according to the warranty conditions. Guarantee provisions at the end of 2005 amounted to TEUR 5,963 (TEUR 4,142 in 2004). Guarantee provision are based on failure history recorded in the previous years.

Other mandatory provisions

Other mandatory provisions are associated with expenses and losses allocated for the previous accounting period.

24. Interest-bearing liabilities	2005	2004
Non-current		
Loans from financial institutions	16,651	21,827
Subordinated loan	65	0
Finance lease liabilities	1,690	1,058
Finance lease agreements	546	1,052
Total long-term credit capital	18,953	23,937
Current		
Loans from financial institutions	5,018	7,697
Finance lease liabilities	118	290
Finance lease agreements	308	367
Total interest bearing current liabilities	5,445	8,353
	2005	2004
Non-current interest bearing liabilities fall due as follows		
2006	5,445	8,353
2007	5,424	6,344
2008	3,807	4,697
2009	3,150	3,517
2010	2,790	3,363
Later	3,782	6,016
Total	24,398	32,291

TEUR 7,451 of all liabilities have a fixed interest rate (TEUR 11,933 in 2004). Other loans are linked to Euribor TEUR 15,220 (TEUR 18,494 on 2004) or linked to Libor TEUR 1,727 (TEUR 1,864 in 2004).

Non-current interest bearing liabilities distributed by currencies:		
	2005	2004
TEUR	15,412	19,858
TUSD	3,788	4,737
TGBP	88	34
TSEK	1,868	4,990
Current interest bearing liabilities distributed by currencies:		
	2005	2004
TEUR	3,635	6,896
TUSD	1,587	1,280
TGBP	55	49
TSEK	3,593	4,039
Due dates of finance lease liabilities		
	2005	2004
Finance lease liabilities - total amount of minimum rents		
Within one year	230	321
Within one to five years	1,521	836
After more than five years	390	468
Finance lease liabilities - current value of minimum rents		
Within one year	118	290
Within one to five years	1,358	669
After more than five years	334	389
Future financial expenses	332	278
Total finance lease liabilities	1,809	1,347
25. Trade creditors and other liabilities		
Current	2005	2004
Trade creditors	11,961	13,357
Advances received	315	243
Pro-forma invoicing	14	617
Other liabilities	3,993	1,911
Accrued expenses		
Accrued staff expenses	4,853	3,734
Interest periods	141	227
Accrued expenses of current assets	401	157
Other accrued expenses	1,758	1,997
Total	23,436	22,243
Non-current		
Other non-current creditors	1,543	1,195
Total	1,543	1,195

Staff expenses and interest periods for liabilities constitute the essential items of accrued expenses.

26. Other lease contracts
Group as lessee

Minimum rents due based on other non-voidable lease contract:	2005	2004
Within one year	344	304
Within one to five years	417	521
After more than five years	0	0

The group has leased some of the service facilities it has used. The average contract length is three to ten years, usually with an option to continue the contract after its original expiration date. The income statement for 2005 includes TEUR 1,019 of rent expenses (TEUR 532 in 2004) paid on the basis of other lease contracts.

27. Pledges given and contingent liabilities

	2005	2004
Pledges given for own debt		
Mortgages given on land and buildings	101	1,126
Mortgages given on company assets	336	820
Other contingent liabilities		
Guarantees given for own debt	65	61
Guarantees given on behalf of others	1,223	769
Repurchase commitments	7,163	7,851

28. Related party transactions
Group companies

Name and registered office	Group and parent company share of shares and votes, %
Parent company Ponsse Oyj, Finland	
Ponsse AB, Västerås, Sweden	100,00
Ponsse AS, Kongsvinger, Norway	100,00
Ponssé S.A.S, Gondreville, France	100,00
Ponsse UK, Lockerbie, Great Britain	100,00
Ponsse North America, Inc., Rhinelander, the United States	100,00
Ponsse Latin America Indústria de Máquinas Florestais Ltda, Mogi das Cruzes, Brasilia	100,00
OOO Ponsse, St. Petersburg, Russia	100,00
Epec Oy, Seinäjoki, Finland	100,00
Lako Oy, Turku, Finland	91,80

Management's employment related benefits	2005	2004
Wages and other short-term employment related benefits	1,544	1,238
Benefits paid upon termination of employment	1,172	770
Total	2,716	2,008

Wages and bonuses

Presidents and CEOs	853	733
Board members	186	127
Total	1,040	860

29. Adoption of IFRS-compliant financial statements

As stated in section Accounting policies, these are the first IFRS-compliant financial statements for the Ponsse Group. Prior to the adoption of IFRS, Ponsse Oyj's consolidated financial statements have been prepared according to Finnish Accounting Standards.

In comparison with previous financial statements, the adoption of IFRS has changed the calculations, notes, and principles used in the preparation of financial statements. The principles outlined in section Principles of preparing the accounting policies have been applied in preparing the financial statements of the financial period ending on 31 December 2005, the reference figures of the accounting period ending on 31 December 2004, and the opening IFRS balance 1.1.2004.

The balancing reconciliation and reports below describe the differences between the IFRS-compliant financial statements and the Finnish Accounting Standards of 2004 and the IFRS-standards on their adoption date, 1 January 2004.

Reconciliation of capital and reserves 1 Jan. 2004 and 31 Dec. 2004

	refer- ence	FAS 31.12.2003	Effects of adopting IFRS	IFRS 1.1.2004	FAS 31.12.2004	Effects of adopting IFRS	IFRS 31.12.2004
		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
ASSETS							
Non-current assets							
Intangible assets		1,541	0	1,541	2,426	0	2,426
Goodwill		0	0	0	3,466	0	3,466
Property, plant and equipment	1	15,479	986	16,465	17,518	577	18,095
Financial assets		22	0	22	25	0	25
Holdings in associated companies		638	0	638	829	0	829
Non-current receivables		218	0	218	107	0	107
Deferred tax assets	5	240	234	474	387	153	540
Total non-current assets		18,138	1,220	19,358	24,758	730	25,488
Current assets							
Stocks	2	31,688	643	32,331	35,994	387	36,381
Trade receivables		16,664	0	16,664	19,228	0	19,228
Other current receivables		1,145	0	1,145	717	0	717
Cash in hand and at banks		10,565	0	10,565	15,706	0	15,706
Total current assets		60,062	643	60,705	71,645	387	72,032
TOTAL ASSETS		78,200	1,863	80,063	96,403	1,117	97,520

	refer- ence	FAS 31.12.2003	Effects of adopting IFRS	IFRS 1.1.2004	FAS 31.12.2004	Effects of adopting IFRS	IFRS 31.12.2004
		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
CAPITAL AND RESERVES, AND LIABILITIES							
Capital and reserves							
Share capital		3,500	0	3,500	7,000	0	7,000
Share premium account		2,554	0	2,554	0	0	0
Other reserves		8	0	8	20	0	20
Retained earnings	3	37,678	-957	36,721	15,851	-958	14,893
Profit for the accounting period		0	0	0	13,518	14	13,532
Other capital and reserves		-646	0	-646	-838	0	-838
Capital and reserves owned by parent company shareholders		43,094	-957	42,137	35,550	-944	34,606
Minority interest		0	0	0	419	0	419
Total capital and reserves		43,094	-957	42,137	35,969	-944	35,025
Non-current creditors							
Interest-bearing liabilities	4	13,164	1,414	14,578	22,885	1,052	23,937
Deferred tax liabilities	5	838	186	1,024	1,019	112	1,131
Other non-current creditors	6	121	492	613	121	215	336
Total non-current creditors		14,123	2,093	16,216	24,025	1,379	25,404
Current creditors							
Interest-bearing liabilities	4	4,603	346	4,949	7,986	367	8,353
Provisions		2,284	0	2,284	4,153	0	4,153
Tax liabilities for the accounting period		961	0	961	2,343	0	2,343
Trade creditors and other current creditors	6	13,135	382	13,517	21,928	315	22,243
Total current creditors		20,983	727	21,710	36,409	682	37,091
TOTAL CAPITAL AND RESERVES, AND LIABILITIES		78,200	1,863	80,063	96,403	1,117	97,520

Reconciliation of profit of the accounting period 1 Jan.-31 Dec. 2004

TEUR	refer- ence	FAS 1.1- 31.12.2004	Effects of adopting IFRS	IFRS 1.1- 31.12.2004
Turnover	1	177,589	345	177,934
Increase (+)/decrease (-) in stocks of finished goods and work in progress		968	0	968
Other operating income		1,453	0	1,453
Raw materials and services	2	-113,723	136	-113,587
Staff costs		-26,917	0	-26,917
Depreciation	1,7	-2,676	-413	-3,089
Other operating expenses		-17,063	0	-17,063
Operating profit (/loss)		19,632	68	19,700
Share of the result of associated companies		251	0	251
Financial income and expenses	4	-730	-48	-778
Profit (loss) before tax		19,153	20	19,172
Direct taxes	5	-5,624	-6	-5,630
Minority interest		-11	0	-11
Profit for the accounting period		13,518	14	13,532

Distribution:

To parent company shareholders	13,507	13,521
To minority holders	11	11
Earnings per share calculated on the profit owned by parent company shareholders:	0,96	0,97

Notes to the reconciliation of capital and reserves on 1 Jan. 2004 and 31 Dec. 2004, and of the profit of the accounting period 1 Jan.-31 Dec. 2004
1. Property, plant and equipment

Leases classified as finance leases were capitalised as required by IAS 17, and items under IAS 18 resulting from revenue recognition were capitalised on the balance sheet. Under IAS 16, the revaluation of EUR 841 thousand for Ponsse Oyj's premises in Vieremä was reversed on the IFRS opening balance sheet, with its net effect on tangible assets amounting to TEUR 986 on 1 January 2004, and TEUR 577 on 31 December 2004.

2. Stocks

Stocks were stated as required by IAS 2 i.e., fixed acquisition and manufacturing costs and depreciation attributed to stocks were capitalised, totalling TEUR 643 on 1 January 2004, and TEUR 387 on 31 December 2004.

3. Total capital and reserves, and minority interest

The table below present a summary of the effects the adoption of IFRS standards had on Group's retained earnings.

	1.1.2004 TEUR	31.12.2004 TEUR
Retained earnings under FAS	37,678	29,368
IAS 16 Property, Plant, and Equipment	-841	-841
IAS 17 Leases and IAS 18 Revenue	-807	-530
IAS 2 Stocks	643	387
IAS 12 Income taxes	48	40
Retained earnings under IFRS	36,721	28,424

4. Interest-bearing and other liabilities

The items resulting from finance leases (IAS 17) and revenue recognition (IAS 18) increased non-current interest-bearing liabilities as follows:

	1.1.2004	31.12.2004
Non-current interest-bearing liabilities	1,414	1,052
Current interest-bearing liabilities	346	367
Total	1,760	1,419

5. Deferred tax assets and liabilities, and income taxes

Deferred tax assets (IAS 12) have been recorded based on the difference between the IFRS balance sheet and taxation resulting from revenue recognition, a total of TEUR 234 on 1 January 2004, and TEUR 153 on 31 December 2004. As a result of the decreasing temporary difference, deferred tax assets will disappear during upcoming financial periods.

Deferred tax liabilities (IAS 12) were recognised based on the difference between the IFRS balance sheet and taxation resulting from stocks, a total of TEUR 186 on 1 January 2004, and TEUR 112 on 31 December 2004.

6. Other liabilities

Residual-value guarantees resulting from Ponsse Group's repurchase commitments were recognised under other non-current creditors, and other current creditors. These items will be recognised as income when the related contractual obligations cease.

	1.1.2004	31.12.2004
Other non-current creditors	492	215
Other current liabilities	382	315
Total	874	530

7. Depreciations

In comparison with the FAS-compliant financial statements policy, the depreciations increased by TEUR 413 due to property, plant, and equipment that were purchased by finance lease contracts and activated in the opening balance sheet.

Statement on the essential corrections to the cash flow calculation

There are no major differences between the IFRS-compliant and FAS-compliant cash flow calculations.

Financial indicators

	IFRS 2005	IFRS 2004	FAS 2003	FAS 2002	FAS 2001
Extent of operation					
Turnover, TEUR	226,095	177,934	166,034	134,726	123,264
Change, %	27.1	7.2	23.2	9.3	3.4
Foreign business operations and exports, %	65.4	62.0	55.8	58.1	61.5
R&D expenditure					
Capitalised	461	329	19	0	0
Expensed	3,218	3,382	3,011	3,151	2,619
R&D expenditure, total, TEUR	3,679	3,711	3,030	3,151	2,619
as % of turnover	1.6	2.1	1.8	2.3	2.1
Gross fixed asset investments, TEUR	11,220	9,029	4,500	2,525	1,394
as % of turnover	5.0	5.1	2.7	1.9	1.1
Employees, average	729	607	553	521	518
Turnover per employee, TEUR	310	293	300	259	238
Order stock, MEUR	54.9	44.4	33.7	32.1	23.2
Profitability					
Operating profit, TEUR	29,051	19,700	14,253	10,934	9,157
as % of turnover	12.8	11.1	8.6	8.1	7.4
Profit before extraordinary items, TEUR	28,111	19,172	13,050	9,802	9,168
as % of turnover	12.4	10.8	7.9	7.3	7.4
Profit after extraordinary items, TEUR	28,110	19,172	13,050	9,802	9,168
as % of turnover	12.4	10.8	7.9	7.3	7.4
Profit for the period, TEUR	19,629	13,532	9,139	6,907	6,366
as % of turnover	8.7	7.6	5.5	5.1	5.2
ROE, %	45.5	34.0	22.4	18.5	18.0
ROI, %	37.7	29.5	22.5	18.2	18.9
Financial position					
Current ratio	2.5	2.2	3.2	2.4	2.8
Equity ratio, %	47.6	36.0	55.7	52.4	53.3
Gearing, %	23.5	47.4	16.7	26.6	31.2
Interest-bearing liabilities, TEUR	24,398	32,291	17,767	22,200	20,172
Non-interest-bearing liabilities, TEUR	26,152	26,052	15,055	13,092	11,725

Per share data ¹⁾

	IFRS 2 005	IFRS 2 004	FAS 2 003	FAS 2 002	FAS 2001
Earnings per share (EPS), EUR	1.40	0.97	0.65	0.49	0.45
Equity per share, EUR	3.67	2.47	3.08	2.76	2.59
Nominal dividend per share, EUR	0.80 ²⁾	0.20	3.00	0.65	0.65
Adjusted dividend per share, EUR	0.80 ²⁾	0.20	1.50	0.33	0.33
Dividend per earnings, %	57.0	21.1	229.8	65.9	71.5
Effective dividend yield, %	3.6	1.4	18.2	6.0	7.0
Price/earnings ratio (P/E)	15.9	15.1	12.6	10.9	10.2
Share performance					
Lowest trading price	14.50	8.23	4.75	4.73	4.31
Highest trading price	23.29	16.00	9.50	5.70	6.04
Closing price	22.29	14.30	8.23	5.38	4.63
Middle price	18.10	10.45	6.51	5.09	5.02
Market capitalisation, MEUR	312.1	200.2	115.2	75.3	64.8
Total dividends paid, MEUR	11.2 ²⁾	2.8	21.0	4.6	4.6
Shares traded	2,185,216	3,745,292	2,311,518	932,048	502,024
Shares traded, %	15.6	26.8	16.5	6.7	3.6
Weighted adjusted number of shares during the financial year	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Adjusted number of shares on the closing day	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000

1) Per-share data has been adjusted to reflect the number of shares after the 2004 scrip issue

2) Board of Directors' proposal to the Annual General Meeting held on 15 March 2006.

Formulae for financial indicators

RETURN ON EQUITY (ROE), %	=	$\frac{\text{Result before extraordinary items - income taxes (incl. change in deferred taxes)}}{\text{Shareholders' equity + minority interest (average)}} \times 100$
RETURN ON INVESTMENT (ROI), %	=	$\frac{\text{Result before extraordinary items + interest and similar charges}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}} \times 100$
EQUITY RATIO, %	=	$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advance payments received}} \times 100$
GEARING, %	=	$\frac{\text{Interest-bearing liabilities - cash in hand and at banks and current investments}}{\text{Shareholders' equity + minority interest}} \times 100$
AVERAGE NUMBER OF STAFF DURING THE FINANCIAL YEAR	=	Average of the number of staff at the end of each month. The calculation has been adjusted for part-time employees
EARNINGS PER SHARE (EPS)	=	$\frac{\text{Result before extraordinary items - taxes (incl. change in deferred taxes) -/+ minority interest}}{\text{Average adjusted number of shares during the financial year}}$
SHAREHOLDERS' EQUITY PER SHARE	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at balance sheet date}}$
ADJUSTED DIVIDEND PER SHARE	=	$\frac{\text{Dividend per share}}{\text{Adjustment coefficients for share issues after the financial year}}$
DIVIDEND PER EARNINGS, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
EFFECTIVE DIVIDEND YIELD, %	=	$\frac{\text{Adjusted dividend per share}}{\text{Adjusted closing price on last trading date of financial year}} \times 100$
PRICE/EARNINGS RATIO (P/E)	=	$\frac{\text{Adjusted closing price on last trading date of financial year}}{\text{Earnings per share}}$
MARKET CAPITALIZATION	=	The number of shares at end of the financial year multiplied by the adjusted closing price on the last trading day of the financial year.
SHARE TRADING, %	=	$\frac{\text{Number of shares traded during the financial year}}{\text{Average number of shares during the financial year}} \times 100$



Profit and loss account

	Note ¹	2005 TEUR	2004 TEUR
Turnover	2	179,929	146,805
Increase (+) or decrease (-) in stocks of finished goods and work in progress		736	775
Other operating income		2,131	565
Raw materials and services	3	-116,412	-93,795
Staff costs	4, 5	-23,834	-20,747
Depreciation	7	-2,150	-2,040
Other operating expenses		-16,387	-13,368
Operating profit		24,014	18,196
Financial income and expenses	8	596	903
Result before extraordinary items		24,610	19,098
Extraordinary items		1,000	0
Result after extraordinary items		25,610	19,098
Appropriations	9	182	467
Direct taxes	10	-6,797	-5,743
Profit for the accounting period		18,994	13,822

1) The note refers to the Notes to the Accounts on pages 81–90.

Balance sheet

		2005	2004
ASSETS	Note ¹	TEUR	TEUR
Non-current assets			
Intangible assets	11.1	1,923	1,860
Tangible assets	11.2	18,722	13,562
Financial assets	11.3, 12	12,547	10,137
		33,192	25,559
Current assets			
Stocks	13	23,859	21,320
Non-current receivables	14.1	257	41
Current receivables	14.2	35,014	33,350
Cash in hand and at banks		4,738	8,921
		63,868	63,632
Total assets		97,059	89,191
LIABILITIES			
	Note ¹	2005	2004
		TEUR	TEUR
Shareholders' equity			
	15		
Share capital		7,000	7,000
Retained earnings		24,337	13,315
Profit for the accounting period		18,994	13,822
		50,331	34,137
Appropriations	16	2,032	2,214
Provisions for liabilities and charges	17	6,313	4,142
Creditors			
Non-current	18	15,320	21,020
Current	19	23,063	27,678
		38,383	48,698
Total liabilities		97,059	89,191

1) The note refers to the Notes to the Accounts on pages 81 - 90.

Parent company cash flow statement

	2005	2004
	TEUR	TEUR
Business operations:		
Operating profit	24,014	18,196
Depreciation and value adjustments	2,150	2,040
Unrealised exchange gains and losses	-1,406	-445
Change in provisions	2,171	1,858
Other adjustments	0	0
Cash flow before change in working capital	26,929	21,650
Change in working capital:		
Increase (-)/decrease (+) in current non-interest-bearing receivables	-258	-2,138
Increase (-)/decrease (+) in stocks	-2,539	-2,624
Increase (+)/decrease (-) in current non-interest-bearing creditors	-112	7,435
Cash flow from operations before financial items and income taxes	24,019	24,323
Interest received	1,240	1,282
Interest paid	-754	-514
Dividends received	101	124
Other financial items	3	-303
Income taxes paid	-8,519	-4,641
Cash flow before extraordinary items	16,091	20,269
Net cash flow from extraordinary items in business operations	1,000	0
Net cash flow from business operations (A)	17,091	20,269
Investments:		
Investments in tangible and intangible assets ¹⁾	-9,868	-12,591
Proceeds from sales of tangible and intangible assets	0	0
Investments in other assets	0	0
Cash outflow from investing activities (B)	-9,868	-12,591
Financing:		
Withdrawal of current loans		
Repayment of current loans	-2,690	3,306
Increase (-)/decrease (+) in current interest-bearing operating receivables	0	77
Increase (+) /decrease (-) in non-current loans	-5,700	9,669
Increase (-)/decrease (+) in non-current receivables	-216	107
Paid dividends	-2,800	-21,000
Net cash outflow from financing (C)	-11,406	-7,840
Increase (+)/decrease (-) in liquid assets (A+B+C)	-4,183	-161
Liquid assets at 1 January	8,921	9,082
Liquid assets at 31 December	4,738	8,921

1) Shares in the acquired subsidiary are included in the item Investments in tangible and intangible assets.

Notes to the parent company's accounts

1. Accounting policies

Ponsse Oyj's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). The information in the financial statements is given in TEUR (EUR 1,000), and is based on original acquisition costs, unless otherwise stated in the accounting policies. The financial statements have been presented in accordance with the profit and loss account by type of expense.

TRANSLATION DIFFERENCES

Foreign currency monetary items are recorded using the rates prevailing at the transaction date, and any receivables and liabilities on the balance sheet are translated into the financial statements at the closing rate. All resulting translation differences are recorded into the financial items of the accounts.

RECOGNITION OF SALES

Sales are recognised upon legal completion. Indirect taxes and given discounts among others, have been deducted from the sales revenue before calculating the turnover. Exchange rate differences in sales are recorded into the financial items.

INCOME TAXES

Income taxes have been recorded according to the Finnish tax legislation.

LEASING

Leasing expenses have been recorded as annual expenses.

RESEARCH AND DEVELOPMENT EXPENSES

Development expenses that fulfil the activation requirements of Section 8 in Chapter 5 of the Accounting Act have been booked under intangible assets on the balance sheet. Research expenses are recorded directly as annual expenses. The method for booking R&D expenses was changed in 2003.

PENSIONS

Statutory pension cover for Group employees has been arranged through pension insurance companies and there are no outstanding pension liabilities.

FIXED ASSETS

Fixed assets are booked in the balance sheet at the direct acquisition cost less depreciation according to plan, which has been calculated on a straight-line basis over the expected economic life. Depreciation times are:

Intangible rights.....	5 years
Other capitalised long-term expenses.....	3-5 years
Buildings and structures.....	20 years
Machinery and equipment.....	3-10 years

CURRENT ASSETS

Current assets are valued at the direct manufacturing or acquisition cost, the replacement cost or likely selling price, whichever is the lower. The Standard Cost method is used as a basis for calculating the value of materials and supplies in stock.

GUARANTEE PROVISION

Likely guarantee expenses in respect of products delivered are booked under provisions for liabilities and charges.

COMPARABILITY WITH PREVIOUS YEARS

The method for booking the used machines that were purchased in connection with selling new machines has been changed in the financial statements of 2005. The value adjustment made at the time of purchase of used machinery has been interpreted as actually being a discount on the sales price of new machinery and, therefore, the change in value has been accounted for as an adjustment item in the consolidated turnover. Previously, until the end of Q3, this type of value adjustment has been presented in materials and services. The financial statements for 2004 have been rearranged accordingly to make them comparable.

2. Turnover by market area		
	2005	2004
	TEUR	TEUR
Nordic countries	99,621	88,799
Rest of Europe	47,141	33,532
North and South America	20,643	15,119
Other countries	12,524	9,354
Total	179,929	146,805
3. Raw materials and services		
	2005	2004
	TEUR	TEUR
Raw materials and consumables		
Purchases during the accounting period	116,799	94,161
Increase (-)/decrease (+) in stocks	-2,222	-1,864
External services	1,836	1,498
Raw materials and services, total	116,412	93,794
4. Staff costs		
	2005	2004
	TEUR	TEUR
Wages and salaries	19,398	16,967
Pension costs	3,027	2,695
Other social security costs	1,408	1,085
Total	23,834	20,747
5. Management salaries and remuneration		
	2005	2004
	TEUR	TEUR
Managing directors		349
Members of the Board of Directors	186	127
Total	186	476
6. Staff		
	2005	2004
6.1 Average number of staff	persons	persons
Employees	320	302
White-collar employees	191	189
Total	511	491
	2005	2004
6.2 At the end of accounting period	persons	persons
Employees	325	309
White-collar employees	186	190
Total	511	499

7. Depreciation and value adjustments		
	2005	2004
	TEUR	TEUR
Depreciation according to plan	2,150	2,040
Value adjustment of fixed assets and non-current investments	607	0
Total	2,758	2,040

8. Financial income and expenses		
	2005	2004
	TEUR	TEUR
Income from participating interests	101	85
Other interest and similar income		
From Group companies		
Interest received	1,084	1,097
From others		
Interest received	157	184
Value adjustments of non-current financial assets	0	389
Other financial income	5,264	3,857
Total	6,504	5,527

Interest expenses and finance costs		
To others		
Interest expenses	663	588
Value adjustments of non-current financial assets	85	0
Other expenses	5,261	4,121
Total	6,009	4,710
Financial income and expenses, total	596	902

At year-end 2005, the shareholders' equity in Ponsse USA Inc was TEUR 1,192. A value re-adjustment of TEUR 522 was booked in the parent company's accounts for 2005. Subsequently, the book value in the parent company corresponds to Ponsse USA Inc's shareholders' equity.

9. Appropriations		
	2005	2004
	TEUR	TEUR
Increase (-)/decrease (+) in depreciation difference	182	467

10. Direct taxes		
	2005	2004
	TEUR	TEUR
Income taxes	6,797	5,743
Change in deferred tax	-	-
Total	6,797	5,743

11. Fixed assets and other non-current financial assets		
	2005	2004
	TEUR	TEUR
11.1 Intangible assets		
Development costs		
Acquisition cost at 1 Jan.	61	0
Increase	0	61
Acquisition costs at 31 Dec.	61	61
Accumulated depreciation at 1 Jan.	-1	0
Depreciation for the accounting period	-12	-1
Accumulated depreciation at 31 Dec.	-13	-1
Book value at 31 Dec.	48	60
Patent expenses		
Acquisition cost at 1 Jan.	384	370
Increase	42	14
Acquisition cost at 31 Dec.	426	384
Accumulated depreciation at 1 Jan.	-61	-22
Depreciation for the accounting period	-41	-39
Accumulated depreciation at 31 Dec.	-102	-61
Book value at 31 Dec.	324	323
Intangible rights		
Acquisition cost at 1 Jan.	85	85
Increase	0	0
Acquisition cost at 31 Dec.	85	85
Accumulated depreciation at 1 Jan.	-80	-79
Depreciation for the accounting period	0	-1
Accumulated depreciation at 31 Dec.	-80	-80
Book value at 31 Dec.	5	5
Other capitalised long-term expenses		
Acquisition cost at 1 Jan.	2,441	2,233
Increase	114	287
Decrease	-54	-79
Acquisition cost at 31 Dec.	2,501	2,441
Accumulated depreciation at 1 Jan.	-1,375	-1,141
Accumulated depreciation on decrease and transfers	54	79
Depreciation for the accounting period	-293	-313
Accumulated depreciation at 31 Dec.	-1,613	-1,375
Book value at 31 Dec.	887	1,066

Prepayments and tangible assets in course of construction		
Acquisition cost at 1 Jan.	405	86
Increase	354	527
Decrease	-100	-208
Acquisition cost and book value at 31 Dec.	659	405

Intangible assets, total	1,923	1,860
	2005	2004
	TEUR	TEUR

11.2 Tangible assets**Land and water**

Acquisition cost at 1 Jan.	350	349
Increase	0	1
Decrease	0	0
Acquisition cost and book value at 31 Dec.	350	350

Buildings

Acquisition cost at 1 Jan.	12,149	11,977
Increase	3,650	172
Decrease	-4	0
Transfers between items	0	0
Acquisition cost at 31 dec.	15,794	12,149

Accumulated depreciation at 1 Jan.	-5,345	-4,678
Accumulated depreciation on on decrease and transfers	2	0
Depreciation for the accounting period	-671	-667
Accumulated depreciation at 31 Dec.	-6,013	-5,345
Revaluations	841	841
Book value at 31 Dec.	10,622	7,645

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

Machinery and equipment

Acquisition cost at 1 Jan.	12,109	11,867
Increase	2,295	644
Decrease	-1,137	-402
Transfers between items	0	0
Acquisition cost at 31 Dec.	13,267	12,109

Accumulated depreciation at 1 Jan.	-8,908	-8,287
Accumulated depreciation on decrease and transfers	1,004	398
Depreciation for the accounting period	-1,133	-1,020
Accumulated depreciation at 31 Dec.	-9,038	-8,909
Book value at 31 Dec.	4,230	3,200

The book value at 31 December 2005 of the machinery and equipment included in the parent company's operating machinery and equipment was TEUR 2,720 (TEUR 2,214 on 31 December 2004).

Prepayments and unfinished acquisitions		
Acquisition cost at 1 Jan.	2,366	13
Increase	6,324	2,648
Decrease	-5,170	-295
Acquisition cost and book value at 31 Dec.	3,520	2,366
Tangible assets, total	18,722	13,562
11.3 Financial assets	2005	2004
	TEUR	TEUR
Holding in group companies		
Acquisition cost at 1 Jan.	12,410	3,664
Increase	2,039	8,746
Decrease	0	0
Acquisition cost at 31 Dec.	14,450	12,410
Accumulated depreciation at 1 Jan.	-2,695	-3,084
Value adjustments	-607	0
Cancellation of value adjustment	522	390
Accumulated depreciation at 31 Dec.	-2,780	-2,694
Book value at 31 Dec.	11,670	9,716
Receivables from group companies		
Subordinated loan	525	69
Total	525	69
Holding in group companies		
Acquisition cost at 1 Jan.	335	335
Increase	0	0
Book value at 31 Dec.	335	335
Please see also note 13.2.		
Other shares and similar rights of ownership		
Acquisition cost at 1 Jan.	18	22
Decrease	-1	-3
Book value at 31 Dec.	18	18
Financial assets, total	12,547	10,137

The business value of Lako Oy investment was reduced, as it seemed that there might be risks associated with Lako Oy's receivables. The TEUR 607 value adjustment has been recorded in other financial expenses.

12. Shares and similar rights of ownership

12.1 Group companies

Name and domicile	Share of parent company of shares and votes, %
Ponsse AB, Surahammar, Sweden	100,00
Ponsse AS, Kongsvinger, Norway	100,00
Ponssé S.A.S, Gondreville, France	100,00
Ponsse UK Ltd., Lockerbie, United Kingdom	100,00
Ponsse North America, Inc., Rhinelander, USA	100,00
Ponsse Latin America Indústria de Máquinas Florestais Ltda, Mogi das Cruzes, Brasilia	100,00
OOO Ponsse, St. Petersburg, Russia	100,00
Epec Oy, Seinäjoki, Finland	100,00
Lako Oy, Turku, Finland	91,80

12.2 Associated companies		
Name and domicile	Share of parent company of shares and votes, %	
Sunit Oy, Kajaani, Finland	34,00	
12.3 Other shares and similar rights of ownership		
Other shares and similar rights of ownership	Shares/similar rights of ownership owned by parent company book value	
	18	
13. Stocks		
	2005	2004
	TEUR	TEUR
Raw materials and consumables	16,603	14,745
Work in progress	538	470
Finished products/goods	1,281	853
Other stocks	5,438	5,252
Total	23,859	21,320
14. Receivables		
	2005	2004
	TEUR	TEUR
14.1 Non-current		
Receivables from other members of the group		
Loans receivable	216	0
Loans receivable	41	35
Other receivables	0	6
Non-current receivables, total	257	41
	2005	2004
	TEUR	TEUR
14.2 Current		
Trade receivables	6,886	10,181
Receivables from other members of the group		
Trade receivables	26,797	22,841
Other receivables	947	83
Accrued income		
Grants	83	99
Accrued income	302	146
Total	384	245
Current receivables, total	35,014	33,350

15. Capital and reserves	2005	2004
	TEUR	TEUR
Capital employees (IFRS)		
Share capital at 1 Jan.	7,000	3,500
Capitalisation issue (IFRS)	0	3,500
Share capital at 31 Dec.	7,000	7,000
Share premium account at 1 Jan.	0	2,545
Capitalisation issue (IFRS)	0	-2,545
Share premium account at 31 Dec.	0	0
Capital employed (IFRS), total	7,000	7,000
Non-restricted equity		
Retained earnings at 1 Jan.	27,137	35,270
Dividend distribution	-2,800	-21,000
Capitalisation issue (IFRS)	0	-955
Exchange rate differences	0	0
Retained earnings at 31 Dec.	24,337	13,315
Profit for the financial year	18,994	13,822
Non-restricted equity, total	43,331	27,137
Capital and reserves, total	50,331	34,137
Portion of depreciation reserve and untaxed reserves booked under shareholders' equity	-	-
Distributable funds from non-restricted equity	43,331	27,137

Ponsse Oyj's registered share capital at 31 December 2005 was EUR 7,000,000 divided into 14,000,000 shares each having a nominal value of EUR 0.50. All shares are of the same series and each share entitles its holder to one vote at shareholder meetings and gives an equal right to a dividend. Ponsse Oyj has no outstanding convertible notes, bonds with warrants or options. Neither the company nor its subsidiaries hold the company's own shares. Ponsse Oyj's Board of Directors is not currently authorised to purchase the company's own shares, increase the share capital or issue convertible notes or bonds with warrants.

16. Accumulated appropriations	2005	2004
	TEUR	TEUR
Depreciation difference	2,032	2,214
17. Provisions for liabilities and charges		
	2005	2004
	TEUR	TEUR
Guarantee provision	5,963	4,142
Other compulsory provisions	350	0
Provisions for liabilities and charges, total	6,313	4,142

18. Non-current creditors		
	2005	2004
	TEUR	TEUR
Loans from financial institutions	15,320	21,020
Non-current creditors, total	15,320	21,020
Debts falling due in five years or more		
	2005	2004
	TEUR	TEUR
Loans from financial institutions	5,685	8,622
Total	5,685	8,622
19. Current creditors		
	2005	2004
	TEUR	TEUR
Loans from financial institutions	4,937	7,628
Advances received	311	243
Trade creditors	9,630	12,350
Liabilities to group companies		
Group trade creditors	1,768	0
Other Group payables	400	0
Accruals and deferred income	0	28
Advance invoicing	0	58
Other creditors	583	589
Accruals and deferred income		
Staff cost creditors	3,588	3,113
Interest matching	136	227
Income tax liability	312	2,033
Accruals and deferred income in respect of stocks	419	188
Other accruals and deferred income	979	1,221
Total	5,434	6,782
Current creditors, total	23,063	27,678

20. Pledges given, contingent and other liabilities

20.1 For own debt	2005	2004
Debts for which mortgages have been pledged as collaterals	TEUR	TEUR
Loans from financial institutions	0	1,261
Mortgages given on land and buildings	101	1,126
Chattel mortgages given	336	820
Mortgages given as collaterals, total	437	1,946

20.2 Leasing commitments

	2005	2004
	TEUR	TEUR
Nominal amount of leasing payments falling due in 2006	166	184
Nominal amount of leasing payments falling due thereafter	380	435
Total	546	619

20.3 Contingent liabilities on behalf of group companies (IFRS)

	2005	2004
	TEUR	TEUR
Guarantees given on behalf of group companies (IFRS)	884	763

20.4 Derivative liabilities (IFRS)

	2005	2004
Nominal values	TEUR	TEUR
Foreign currency derivatives		
Forward contracts (IFRS)	14,690	10,616
Market values	TEUR	TEUR
Foreign currency derivatives		
Forward contracts (IFRS)	-70	136

Foreign currency derivatives contracts are used solely to hedge against exchange rate fluctuations.

20.5 Other contingent liabilities

	2005	2004
	TEUR	TEUR
Guarantees given on behalf of others	65	61
Repurchase commitments	7,155	7,102
Other commitments	0	0
Total	7,220	7,163

The repurchase commitments include agreements on spreading the risk. The information concerning the year in comparison have been revised in this respect.



Share capital and shares

Ponsse Oyj's share capital is EUR 7,000,000 divided into 14,000,000 shares. The nominal value of the company's shares is EUR 0.50. Under the Articles of Association, the minimum and maximum share capital is EUR 3,000,000 and EUR 12,000,000 respectively, within which the share capital may be increased or decreased without amending the Articles of Association. All shares are of the same series and each share entitles its holder to one vote at shareholders' meetings and gives an equal right to dividends.

Ponsse Oyj has no outstanding convertible notes, bonds with warrants or options.

Purchase of own shares

Neither the company nor its subsidiaries own the company's own shares. Ponsse Oyj's board of directors is not currently authorised to acquire its own shares.

Increases in share capital 1994–2005

Subscription period	Method of increase	Nominal value (EUR)	Number of new shares	Increase in share capital (EUR)	New share capital (EUR)
31 Aug. 1994	Scrip issue	0.84	1,300,000	1,093,221.52	2,489,181.31
9 – 22 March 1995	Scrip issue	0.84	148,000	124,459.07	2,613,640.38
9 – 22 March 1995	Rights issue targeted to 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	Scrip issue	0.50	-	556,711.29	3,500,000.00
29 Nov. 2004	Scrip issue	0.50	7,000,000	3,500,000	7,000,000.00

Authorization to increase share capital

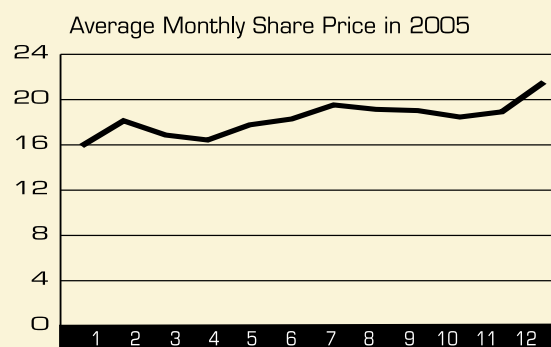
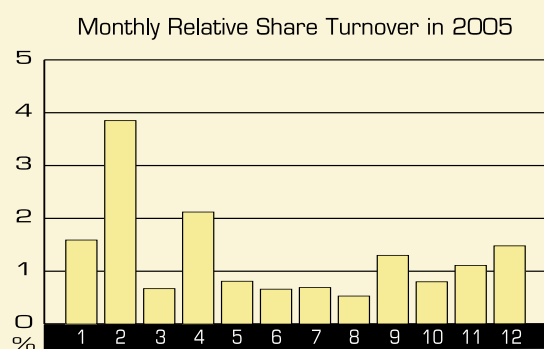
The company's Board of Directors is not currently authorized to increase share capital or to issue convertible bonds or option rights.

Taxation value of shares

For the 2005 tax year in Finland, the confirmed taxation value of Ponsse Oyj's shares was EUR 15.99 per share.

Share trading volume 1 Jan. – 30 Dec. 2005

Month	Share trading value, EUR	No. of shares traded	Low, EUR	High, EUR	Average, EUR	Closing price, EUR	Market capitalisation, EUR	No. of shares	Relative share trading volume, %
1	3,537,612	222,532	14,50	17,75	15,90	17,74	120,400,000	14,000,000	1,59
2	9,777,920	538,482	16,50	19,51	18,13	17,70	138,670,000	14,000,000	3,85
3	1,597,889	94,472	14,80	17,81	16,87	15,14	122,500,000	14,000,000	0,67
4	4,894,107	296,998	15,10	18,22	16,43	17,45	145,180,000	14,000,000	2,12
5	2,009,515	112,844	16,90	18,21	17,77	17,99	143,500,000	14,000,000	0,81
6	1,697,251	92,739	17,60	18,99	18,29	18,68	148,750,000	14,000,000	0,66
7	1,879,193	96,335	18,20	20,28	19,53	19,57	154,000,000	14,000,000	0,69
8	1,428,752	74,636	18,50	19,70	19,14	19,00	153,300,000	14,000,000	0,53
9	3,463,058	181,956	18,60	19,49	19,03	19,00	159,810,000	14,000,000	1,30
10	2,072,574	112,148	17,03	19,30	18,46	18,60	187,600,000	14,000,000	0,80
11	2,964,177	154,808	18,00	19,98	18,92	19,79	209,300,000	14,000,000	1,11
12	4,425,491	207,266	19,72	23,29	21,55	22,29	200,200,000	14,000,000	1,48
Total	39,747,539	2,185,216	14,50	23,29	18,19			14,000,000	15,61



Shareholder profile as at 30 December 2005

	No. of shares	Percentage of total shares and votes	No. of nominee-registered shares	Nominee-registered, %	No. of total votes	Percentage of total votes, %
Corporates	594,273	4.245	380	0.003	594,653	4.248
Financial institutions and insurance companies	665,520	4.754	534,735	3.82	1200,255	8.573
Public sector entities	636,420	4.546	0	0	636,420	4.546
Households	11,109,998	79.357	0	0	11,109,998	79.357
Non-profit organisations	429,400	3.067	0	0	429,400	3.067
Abroad	29,104	0.208	170	0.001	29,274	0.209
Total	13,464,715	96.177	535,285	3.824	14,000,000	100

Analysis of shareholders as at 30 December 2005

Size of shareholding	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares and votes
1-100	1,044	29.533	66,204	0.473
101-1 000	1,993	56.379	783,563	5.597
1 001-10 000	444	12.560	1,248,574	8.918
10 001-100 000	40	1.132	1,239,215	8.852
over 100 001	14	0.396	10,662,444	76.160
Total	3,535	100.00	14,000,000	100.000

Shareholders as at 30 December 2005

No.	Name	Number of shares	Percentage of shares	Percentage of votes
1	Vidgrén Einari	6,630,728	47.362343	47.362343
2	Vidgrén Juha	1,355,136	9.679543	9.679543
3	Varma Mutual Pension Insurance Company	475,000	3.392857	3.392857
4	HSS/Skandinaviska Enskilda Banken Ab, nominee-registered	457,332	3.266657	3.266657
5	OP-Suomi Kasvu Sijoitusrahasto	257,332	1.842000	1.842000
6	Thominvest Oy	208,800	1.491429	1.491429
7	Vidgrén Mikko Jooseppi	197,708	1.412200	1.412200
8	Einari Vidgréinin Foundation	194,000	1.385714	1.385714
9	Randelin Mari	191,540	1.368143	1.368143
10	Placeringsfonden Aktia Capital	160,000	1.142857	1.142857
11	Vidgrén Minna	149,480	1.067714	1.067714
12	Heikkinen Jonna	141,940	1.013857	1.013857
13	Vidgrén Jukka Tuomas	135,880	0.970571	0.970571
14	Lindbom Curt	107,020	0.764429	0.764429
15	Fondita Nordic Small Cap Placfond	100,000	0.714286	0.714286
16	Tapiola Mutual Pension Insurance Company	91,600	0.654286	0.654286
17	Nordea Foresta Equity Fund	86,000	0.614286	0.614286
18	Vidgrén Jarmo Kalle Johannes	80,960	0.578286	0.578286
19	Vidgrén Janne Ilmari	80,160	0.572571	0.572571
20	Turku and Kaarina Parish Union	76,960	0.549714	0.549714
21	Nordea Pankki Finland Plc.	74,943	0.535307	0.535307
22	Tiitinen Arto	57,040	0.407429	0.407429
23	Mäkinen Tommi	50,000	0.357143	0.357143
24	Laakkonen Mikko Kalervo	45,000	0.321429	0.321429
25	Tukinvest Oy	39,040	0.278857	0.278857
26	Seamen's Pension Fund	33,440	0.238857	0.238857
27	Veikko Laine Oy	26,300	0.187857	0.187857
28	Päivikki and Sakari Sohlberg Foundation	23,360	0.166857	0.166857
29	Pemarstock Oy	21,520	0.153714	0.153714
30	Metsämiesten säätiö (Foresters' Foundation)	20,000	0.142857	0.142857
	Other shareholders	2,431,781	17.365950	17.365950
	Total	14,000,000	100.00	100.00

At the end 2005, Ponsse Oyj had 3,535 shareholders (2,511 at 31 December 2004).

Board of directors' proposal for the disposal of profit

The parent company's distributable funds total EUR 43,330,599.49, and the group's distributable funds total EUR 43,032,000

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

- Dividend of EUR 0.80 per share to be paid to shareholders, totalling	EUR 11,200,000.00
- Shareholders' equity to be left	EUR 32,130,599.49
	<u>EUR 43,330,599.49</u>

The record date for the payment of the dividend is 20 March 2006, and payments will be made on 27 March 2006

Vieremä, 13 February 2006

Einari Vidgrén Juha Vidgrén Seppo Remes Ilkka Kylävainio Nils Hagman Mirja Ryyränen
Arto Tiitinen, President and CEO

Auditor's report

To the shareholders of Ponsse Oyj

We have audited the accounting records, the financial statements and the administration of Ponsse Oyj for the period 1.1.2005 – 31.12.2005. The Board of Directors and the Managing Director have prepared the Report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that includes parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

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 administration is to examine that the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies' Act.

Consolidated financial statements

In our opinion the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated result of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements and administration

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

Vieremä, 13 February 2006

ERNST & YOUNG OY

Heikki Laitinen, Authorized Public Accountant

Corporate governance at Ponsse Oyj

1. Group structure

The Ponsse Group consists of parent company Ponsse Oyj and its wholly owned subsidiaries Ponsse AB, Sweden; Ponsse AS, Norway; Ponsse S.A.S., France; Ponsse UK Ltd, Great Britain; Ponsse North America, Inc., United States of America; OOO Ponsse, Russia and Ponsse Latin America Indústria de Máquinas Florestais Ltda, Brazil, which provide machinery sales and spare parts and maintenance services. In addition, the Group comprises Epec Oy located in Seinäjoki and Lako Oy located in Turku. Epec Oy produces information and control systems and Lako Oy is specialized in producing harvester heads. Both companies are wholly owned by Ponsse Group. Sunit Oy in Kajaani is an associated company in which Ponsse Oyj has a 34 per cent stake.

2. Applicable legislation and other provisions

Ponsse Oyj (hereinafter: Company) is a Finnish limited company. Its decision-making and administration are governed by the Finnish Companies Act, other provisions concerning listed companies and the Articles of Association of Company. In its activities, Company also complies, without the exceptions described below, with the recommendation for the corporate governance of listed companies issued by the Central Chamber of Commerce, the Confederation of Finnish Industry and Employers and HEX Helsinki Exchanges in December 2003.

3. General meeting

The highest decision-making body of the company is the general meeting, whose duties and procedures are defined in the Finnish Companies Act and in the company's Articles of Association. The general meeting is responsible for e.g. taking decisions on amending the Articles of Association, on increasing and decreasing share capital, on granting stock options and electing the Board of Directors and auditors.

The Annual General Meeting (AGM) shall be held each year by the end of June on a date to be specified by the Board of Directors. At the AGM shall be presented the company's profit and loss account and the consolidated profit and loss account; decided the adoption of the profit and loss account, the balance sheet, the consolidated profit and loss account and the consolidated balance sheet, and dividends or the actions warranted by the profit or loss shown in the adopted balance sheet; and decided the discharge of liability of members of the Board of Directors and the Managing Director. Additionally, the AGM decides on the number of Board members, the emoluments for members of the Board of Directors and the fee of the auditor as well as the principles of compensation for travel expenses. The AGM also elects the members of the Board of Directors and the auditor.

Shareholders are entitled to submit matters for consideration at general meetings by notifying the Board of Directors thereof in writing well enough in advance of the meeting so that the matter can be included in the notice to convene the meeting. Proposals on matters involving the election of Board members and auditors and other proposals submitted by the Board to the general meeting may be countered at the meeting as each point on the agenda is being dealt with. Voting takes place in accordance with the voting procedure adopted by the meeting and all shareholders present at the meeting are entitled to vote.

In order to attend a general meeting, shareholders must inform the company of their intention to do so by the deadline given in the notice. This deadline may be no earlier than five (5) days prior to the meeting.

All shareholders who are entered as such in the company's shareholders' register kept by the Finnish Central Securities Depository (APK) ten (10) days prior to the meeting are entitled to attend the general meeting.

Holders of nominee-registered shares may be temporarily entered in the shareholder register for the purpose of attending a general meeting. Shareholders may exercise their rights at the meeting either in person or through a representative, in addition to which they are entitled to avail themselves of counsel at the meeting.

Extraordinary meetings of shareholders shall be convened whenever the Board deem it necessary. Likewise, an extraordinary meeting of shareholders shall be convened if the auditor or shareholders holding at least one tenth of all shares issued so request in writing for the purpose of dealing with a matter specified by them.

4. Board of directors

A Board of Directors consisting of no fewer than five and no more than eight members is responsible for the proper organization of the company's administration and operations. The Annual General Meeting elects Board members for a term of office expiring at the end of the AGM first following their election. The Board members choose a Chairman and Deputy Chairman from among themselves. In 2005, the Board consisted of six members.

Persons elected to the Board of Directors shall have the necessary competence for their duties. Members shall be elected to represent a diverse range of expertise as well as the viewpoint of the company's owners. Under the Articles of Association, no upper age limit applies to Board members.

The majority of Board members shall be independent of the company, in addition to which no fewer than two of the Board members belonging to the aforementioned majority shall be independent of any of the company's major shareholders. Board members shall submit to the Board sufficient information to assess their competence and independence and also notify of any changes in such information.

Notice of independence is given in the Annual Report and on the company's website

The Board of Directors considers Board members Nils Hagman, Ilkka Kylävainio, Seppo Remes and Mirja Ryyänen to be independent of the company and its major shareholders

Board members are presented in the Annual Report and on the company's website at www.ponssse.com

The AGM held on 15 March 2005 decided the annual remuneration payable to members of the Board of Directors to be EUR 15,000. No remuneration is paid to members in the employ of the company with the exception of the Chairman of the Board. In 2005, the Board held thirteen meetings, whereas four telephone meetings. The average attendance rate of Board members was 88.9 per cent.

Should shareholders controlling more than 10 per cent of the company's voting rights notify the company's Board of Directors of their proposal on the number and identity of Board members, which matters shall be decided at the AGM, this information shall be noted in the notice to convene the meeting. Any proposals of the above nature made after notice to convene a meeting has been sent out shall be made public separately.

In addition to the duties specified in the Companies Act and in the Articles of Association, the Board, including but not limited, takes on responsibility for the company's operations, result and development, confirms the long-term strategy and the Group's financial risk management policy, approves the budget, decides on acquisitions and property deals, strategically important business expansions and quasi-equity investments, the development of investments and significant individual investments. The Board appoints the company's President and CEO and confirms the appointments of other Management Team members, decides on the grounds for

remuneration payable to highest management and evaluates the activities of management on an annual basis

At meetings of the Board of Directors, matters shall be presented by the President and CEO or his/her nominee, who shall be a company executive.

5. Committees of the board of directors

Duties and responsibilities have not been specifically divided among members and Chairman of the Board of Directors, nor has the Board appointed any specific working groups or committees.

6. President and CEO, management team

The President and CEO is appointed by the Board of Directors. The President and CEO manages the company's day-to-day business affairs in accordance with guidelines and instructions issued by the Board of Directors. His duties include e.g. operational management, informing the Board, presenting matters over which the Board has the power of decision, implementing the decisions of the Board and ensuring the legality of business operations. The President and CEO is assisted by a Management Team consisting of the President and CEO as Chairman and the executives appointed by the Board of Directors to the Team. The Management Team meets approximately once a month and also convenes whenever necessary to address e.g. business plans for the following year and strategy in the longer term.

Each member of the Management Team is responsible for a distinct sphere of operations based on focal company functions. Management Team members report to the President and CEO. Each member's areas of responsibility are noted in the Annual Report and in the section containing personal data and information about shareholding.

Under the agreement concluded between the company and its President and CEO, both parties may terminate the agreement on six months' notice. Should the company terminate the agreement, it shall pay the President and CEO, in addition to salary and other benefits accruing during the period of notice, a sum equal to 18 months' salary.

Arto Tiitinen, MBA, has appointed the President and CEO effective April 1st, 2004. In 2004, he was paid a salary and other benefits of EUR 262,052.

In 2005 The Management Team of Ponssse Oyj consisted of following members: President and CEO Arto Tiitinen, who is also Chairman, Director of Purchasing and Logistics Pasi Arajärvi; Export Director Jari Kartano; Service Director Tapio Mertanen; Communications Manager Jari Mononen; Quality and IT Director Juho Nummela; Industrial Director Heikki Ojala; HR Director and the Principal of Ponssse Academy Paula Oksman (since 1.8.2005); CFO and CEO's deputy Mikko Paananen; Technology and R&D Director Veikko Rintamäki; and Sales Director Jarmo Vidgrén. Company management has had regular directors' and officers' liability insurance.

The company has in place no option schemes or other share-based incentive systems. The management of a company is belonging to the bonus system based on a company's operational targets. In 2005, bonuses paid to the management and other staff were EUR 0.7 million in parent company and EUR 0.75 million in subsidiaries.

The Management Team monitors and revises as necessary the company's internal operational principles and procedures, which involve e.g. reporting, financial administration, investments, risk management, insurance policies, information systems, general procurement, industrial property rights, management of contractual risks, human resources administration, quality management issues, envi-

ronmental issues, industrial safety, insider guidelines and communications

7. Insiders and insider management

The Board of Directors has adopted insider guidelines that comply with the insider regulations of the Helsinki Exchanges (HEX) that entered into force on 1 March 2000. Pursuant to the Securities Market Act, Board members, the President and CEO and his/her deputy as well as the company's auditors are considered permanent insiders due to their position in the company. In addition to these, pursuant to a decision taken by the company, the members of the Management Team and specifically named persons who by virtue of their duties regularly deal with non-public information impacting on the value of the company's share are also considered permanent insiders. Although a person is not an insider, he/she may temporarily be entered in a project-specific insider register which the company may employ in extensive or otherwise significant projects. Insiders may not trade in the company's shares during a period of three (3) weeks prior to the publication of the company's Annual Report or interim report. A stock exchange bulletin is issued annually to notify in advance of the publication dates of these reports.

The shareholding of insiders is available for inspection at the insider register maintained by the Finnish Central Securities Depository (APK). Current information about the shareholding of insiders may be viewed at the office of the Finnish Central Securities Depository (APK) at the address Unioninkatu 32 B, FI-00100 Helsinki, Finland. Additionally, the company lists its major permanent insiders and information about their shareholding on its website.

8. Audits and internal supervision

The primary purpose of statutory audits is to verify that the financial statements give a true and fair view about the Group's result and financial position for the financial year. Company's financial year runs from 1 January to 31 December annually.

The auditor is responsible for auditing the company's accounts and financial statements to verify that they are free of material misstatement. The auditor shall also submit a report to the general meeting. Additionally, under Finnish law, the auditor also audits the company's corporate governance for compliance with relevant legislation. Normally, the auditor reports to the Board once a year.

The company has one auditor, which shall be a public accounting firm (KHT) authorised by the Central Chamber of Commerce. The auditor is elected by the Annual General Meeting for a term of office that expires at the end of the AGM following election.

The auditing procedures of the foreign subsidiaries of the Ponsse Group have been organised in the manner provided for in each nation's relevant legislation and other regulations. The parent company's auditor in 2005 was Ernst & Young Oy with Heikki Laitinen APA as principal auditor.

In 2005, the Group's auditing costs amounted to EUR 88,662,35.

Internal supervision

Internal supervision is the responsibility of the Board of Directors whilst the President and CEO is responsible for its organisation in practice. The Board monitors that the President and CEO attends to the company's day-to-day management in accordance with its guidelines and instructions. The Board also ensures the supervision of the company's bookkeeping and asset management has been properly organised.

Methods of internal supervision include internal guidelines, reporting and various technical systems relating to activities. As the company has in place no specific organisation for internal supervision, particular attention has been paid to the organisation of operations, operational instructions, reporting and the scope of auditing.

9. Shareholder agreements

The company is not aware of its shareholders having entered into shareholder agreements.

10. Dividend policy

The company has adopted a dividend policy whereby dividends are paid in accordance with the company's long-term performance and capital requirements.

11. Redemption obligation clause

Under article 14 of company's Articles of Association, a shareholder who, either alone or jointly with other shareholders, acquires or whose holding exceeds either 33 1/3 per cent or 50 per cent of all the company's shares or the votes conveyed by shares, is obliged to redeem, on request, the shares of other shareholders and other securities entitling thereto under the Companies Act subject to the more detailed terms and conditions provided for in Article 14 of the Articles of Association.

12. Risk management

The Group's risk management policy seeks to maintain and further develop a practical and comprehensive system for the management and reporting of risks. This entails systematic risk assessment for each function and unit, heightening risk management awareness and quality, disseminating information on best practices and supporting risk management projects involving more than one company function.

