One is more

We want to tell you about a company on the move. Our destination is one Cargotec, which serves its customers better than ever as a unified company. Jump aboard, and we will tell you how we are getting there.

CARGOTEC

Annual Report 2009

Contents

Welcome to the world of Cargotec. Since the flow of goods keeps everything moving, this is your world too. We are the world leader in cargo handling. While you may know us through our daughter brands, Hiab, Kalmar and MacGregor, we have now created a foundation for one Cargotec. On this basis, we can provide even better service, wherever our customers need us. Read on to find out why one is more.

Reaching new heights together

Our key value is working together. Only through close cooperation can we achieve our goal of becoming the world's number one provider of cargo handling solutions.

In line with our One Company operating model, all of our daughter brands have been brought together. Joining forces and harmonising our practices will generate synergies. We can meet our customers' needs through smoother technology development, rationalise our delivery chain, forge common ground rules for sustainable development and move closer to the customer, anywhere in the world.

As One Company, Cargotec is a market leader and pioneer you can rely on. We put our full range of skills at the customer's service – now and in the future.

Together, we are more

Hiab, Kalmar and MacGregor are the daughter brands through which Cargotec provides load and container handling solutions, and heavy material transport and handling management, on road, in ports and at sea.

20 OF THE WORLD'S LARGEST PORTS Around half of the world's container traffic, over 247 million TEU (Twenty-foot Equivalent Units) of containers, passed through these ports in 2008. (CS Top 100 Container Ports 2009)

CARGOTEC´S SITES Global market leadership requires a worldwide presence.

Sometimes you have to be big to fit in

Cargotec's customers include the world's biggest port operators, whose needs can be met only by a leading solutions supplier. Based on an unbeatable range of products and services, and our mutually complementary brands, we can provide the customer with more than others.

We operate in 120 countries and employ more than 9,500 experts around the world. Our size makes us a reliable, professional partner supporting our customers throughout the product life cycle. The environmental friendliness of our products is also guaranteed by their durability.

Our solutions are nearby – wherever our customers are located.

Nearby, at the ends of the earth

There are few places in the world without a Cargotec presence of some kind: from hatch covers used at -50 degrees Celsius in the freezing Arctic Ocean, to our cranes in the tropical heat of the Caribbean, unbowed by hurricanes howling at almost 300 kilometres per hour.

Remote corners of the world often play host to economic growth. As a driver of growth in its own right, Cargotec is one step ahead in spotting opportunities. We are present everywhere, ensuring our own success by being up to speed with cargo flow development.

Global goods flows are being shaped by developing markets. The needs of growing economic regions can only be met by an efficient logistics chain. Cargotec is a key link in that chain: we are ready to meet the forthcoming need in emerging markets for high-tech cargo handling solutions for freight traffic.

Best service from the leader

The saying "There is always a way" sums up the enthusiastic attitude that differentiates us. Our true commitment to solving our customers' problems requires that we exceed their expectations and understand the solutions expected of us tomorrow.

Because extra lay days can cause major financial loss to freight transport, Cargotec complements its products with spare parts and supporting services around the clock. We are ready to serve our customers in their own language. We are often just around the corner, or a phone call away.

One Cargotec creates a foundation for our worldwide service network. Our geographical coverage is unrivalled. We serve our customers around the globe based on the same quality promise.

Get closer to the giant

Has a scary-looking excavator guarding a construction site ever made you switch over to the other side of the street? It was probably nothing compared to this giant! Ladies and gentlemen, may we introduce the MacGregor offshore crane based on Active Heave Compensation technology: hoisting capacity 600 tonnes, extensive turning radius, submarine working depth far beyond a staggering three kilometres.

While this behemoth may look frightening, in reality it is a gentle giant, a workhorse whose reins are always firmly in someone's hands. In fact, this indispensable piece of equipment uses its huge power wisely in extreme conditions, just like the elephant in Cargotec's symbol. This offshore crane can be found on the deck of large offshore vessels.

Even in rough seas, Active Heave Compensation technology enables the crane to stabilise its load. Defying pounding waves, the crane sets the load down in precisely the right place on the seabed.

Only the market leader is capable of such a feat.

What is going on in this picture? Sometimes, in a colour-saturated environment, details can be difficult to discern. Cargotec's activities as an enabler of the world's cargo flows begin with small steps, such as the erection of this gazebo.

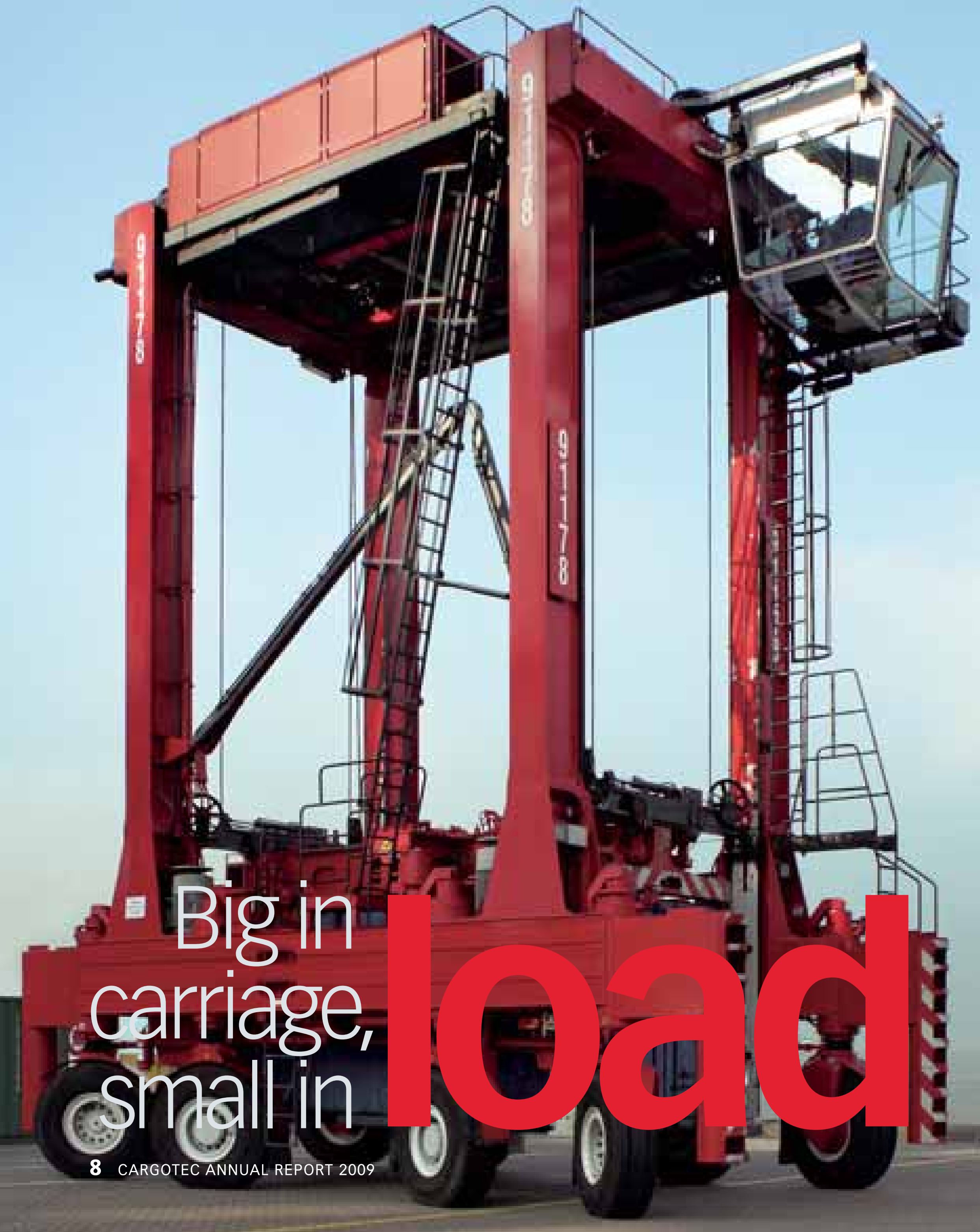
Through our strategy, we seek to secure our own growth at the cutting edge of development. We have made carefully considered acquisitions and transformed our business practices by combining our operations. Cargotec's operations are solution and service-driven.

Our One Company operating model enables us to deploy all of our resources in the creation of new innovations and at the service of our customers, partners and shareholders.

Since profit is the result of renewal, of never standing still, our On the Move change programme has been an important part of strategy implementation.

Look closer to see the big picture

Big in carriage, small in **load**



In Cargotec, efficiency goes hand-in-hand with the welfare of both people and the environment.

Responsibility and sustainable operations lie at the heart of a successful business and can be found everywhere in Cargotec. International standards form the benchmark for how we act, as does the environment everywhere we operate. Environmental projects around the world rely on our solutions. Our sustainable approach as the market leader sets an example to others.

Our basic principles of sustainable development lead us to provide solutions and services which support environmentally friendly practices. We train our customers to use our equipment as economically as possible. Energy efficiency, safety and the prevention of oil leaks play a major part in our product development.

This Kalmar ESC W straddle carrier, operating at a port of loading, is a concrete example of Cargotec's sustainable operations. Its hybrid technology means that it uses up to 25 percent less fuel than conventional combustion engines, with an up to 50-tonne reduction in carbon dioxide emissions per year. The ESC W carrier is part of Cargotec's environmentally friendly Pro Future™ product family.

Keeping the flow in transit

A quarter of the world's containers move using solutions provided by Cargotec. We ensure that the global transport chain keeps moving.

An efficient delivery chain for Cargotec's products and services keeps the macro-economy's wheels turning. From our vantage point at the centre of the global economy, we can develop both our own and our customers' operations.

The industry is going through a phase of strong consolidation, which can also be seen in freight transport. This is creating players who are seeking a full service package, something which only an expert like Cargotec can provide.

we keep cargo on the move™

Cargotec keeps cargo on the move at every freight traffic nexus, in line with our promise, “we keep cargo on the move™”.

To create a strong company, we need a firm value base. Cargotec’s three values are global presence – local service, working together, and sustainable performance. These values have emerged as the fruit of a series of discussions with our staff, and represent issues which our employees see as important. Our shared values have long been our guiding star, but have now been gathered together to represent the new, one Cargotec.

Our values form the cornerstone on which our employees base their actions. They feature in both our daily conversations and our interaction with our customers and all our other stakeholders.

So long as we move forward, so too will intercontinental cargo flows.

...and that is a promise.

Looking ahead

Dear Reader, this year it is likely that few annual reports will fail to mention the global economic situation. This may sound trite, but the recession has had such a deep impact on many companies that it simply cannot be ignored.

In Cargotec, the changes in the market situation in 2009 prompted us to accelerate the implementation of projects geared towards reinventing our organisation.

In accordance with our strategy, all of our businesses are pulling together to build one Cargotec and share best practices, in order to further improve our efficiency and customer service. The change programme devised to drive our strategy took giant leaps during the year, and we were able to significantly outperform the original target set for 2009. Organisational restructuring carried out in Cargotec involved many challenges, but also offered a number of new opportunities.

When we say we are close to our customers, we mean it – quite literally.

Towards one Cargotec

Besides Cargotec's best known daughter brands, namely Hiab, Kalmar and MacGregor, we have several other brands that are highly valued in their segments. Putting together all these pieces, which number several dozen, to form what is legally and operationally one company, cannot be accomplished overnight.

In early 2009, we launched a value process whereby our entire personnel was invited to participate in defining common Cargotec values. This inspiring project attracted thousands of participants and our shared values emerged from the proposals made: global presence – local service, working together, and sustainable performance. In conjunction with creating our value base, we also initiated a brand reinvention process, the outcome of which was a new corporate symbol: the elephant. This is the symbol of a strong Cargotec.

Country organisation projects which progressed in 2009 represented operational restructuring, involving the merging of Cargotec's legal companies operating in any given country into a single company. In many locations, this involved very tangible measures such as sharing business premises and support functions. More than 80 percent of our personnel now work in the numerous country organisations that bear the Cargotec name.

By combining operations, we were able to eliminate overlaps and improve our efficiency. At the same time, however, we were forced to take painful adjustment measures regarding personnel. Contributing to these difficult decisions was also the fall in demand and profitability in some of our segments as a consequence of the global economic recession, and the relocation of production operations closer to growing markets. As difficult as this was, reorganisation was the only way to secure our competitive edge.

I would like to thank our personnel for the strength they have shown during these trying times. Their support for one Cargotec has been invaluable.

Closer to the customer

Although 2009 saw the introduction of many changes inside Cargotec, it will ultimately be the customers who benefit from the new organisation. On the basis of one company, we will be better able to share skills and our knowledge of developments in various market areas. This will enable us to create new, improved solutions.

In fact, employees representing our various daughter brands have already used Cargotec's extensive selection to customise optimal solutions for our customers.

In 2009, we invited the presidents of the different regions of the Industrial and Terminal areas to join our Executive Board, in order to ensure that the customer's voice would be heard in Cargotec's decision making. Regional presidents play a crucial role in communicating the messages of customers in various countries to Cargotec.

Customer focus enhancement is one of the key objectives of our change programme. Customer focus defines Cargotec's sales efforts, research and development, as well as services.

When we say we are close to our customers, we mean it – quite literally. None of Cargotec's competitors have an equally extensive global service network. Locating our production facilities close to customers is another way of strengthening our presence.

Our plants in Asia and North America play a vital role in delivering solutions to customers in growing markets. One of our most important projects in 2009 was starting construction on a new plant in Northern Poland in September.

Once completed in 2010, the production plant in Poland will be Cargotec's key European facility and the most modern and energy efficient assembly unit in our entire organisation. Poland's geographical location is excellent in terms of its logistics, offering superb land and water transport routes to the European markets.

Preparing Cargotec

We are determined to remain on the course we have chosen, and will continue our efforts to build one Cargotec in 2010. In many areas, we have already been able to benefit from shared best practices, but I am convinced that more opportunities are there for the taking.

In 2010, we will make every effort to draw on the knowledge of our personnel – some of the world's leading experts in their fields. We will invest in learning from each other and working together, since our goal is to offer our customers not just individual products, but also comprehensive solutions. Other key drivers we will focus on in the future include product life cycle management and services.

In terms of research and development, technological leadership is not enough; we have to make sure that we can offer products that meet with our customers' needs.

Growing concern for the environment is a major trend worldwide. Cargotec has a long track record as a pioneer in environmentally sound solutions, which was evident in our research and development underway in 2009. Now that we operate as one company, including sustainability in all of Cargotec's processes will be easier and more effective. Now we can also better support sustainable development according to the UN Global Compact principles.

Our customers deserve our special thanks for challenging and encouraging us in 2009, and thereby prompting us to pursue better performance in all business operations. Similarly, I would like to express our gratitude to our business partners and other stakeholders.

During the year, Cargotec saw a number of changes, some resulting from the planned organisational restructuring and others from the difficult market conditions. Our new, genuinely customer driven organisational structure will provide an excellent basis for efficiency and agility, even in difficult times.

A unified, consistently operating Cargotec will also be better equipped to act when the global economy takes an upward turn.

Mikael Mäkinen
President and CEO

Towards global market leadership

Vision

Cargotec's vision is to become the world's leading provider of cargo handling solutions. In order to achieve this vision, Cargotec is determined to:

- take the lead in developing the business and industry in which Cargotec operates
- build the full potential of the Company's services and solutions
- drive technology development for the benefit of customers
- set the standard for sustainability in cargo handling
- combine its strength and resources into one company
- invest in people

Key figures

		2009	2008	2007	2006
Orders received	MEUR	1,828	3,769	4,106	2,910
Order book	MEUR	2,149	3,054	2,865	1,621
Sales	MEUR	2,581	3,399	3,018	2,597
Operating profit	MEUR	0.3	173.7	203.1	240.4
Operating profit from operations*	MEUR	61.3	192.8	221.1	222.6
Net income for the period	MEUR	7.1	120.8	138.4	166.1
Return on equity	%	0.8	13.7	15.6	20.2
Return on capital employed	%	0.2	12.7	16.8	23.1
Gearing	%	38.0	55.3	36.3	12.3

*Excludes non-recurring items

Cargotec's strategy and strategic targets are based on profitable growth in both developing and consolidating markets, with the key goal of building Cargotec a leading position in services, based on its One Company operating model.

The Company's strength lies in its global presence throughout the cargo flow in local transportation, terminals, ports, distribution centres and ships.

In 2009, our focus has been on increasing the Company's customer focus as well as developing internal efficiency and building a sustainable platform for future growth in the global cargo handling market.

Decision making closer to customers

Actions taken to improve our customer focus concentrated on developing leading and sustainable solutions for the cargo handling market, which is showing increasing interest in environmentally friendly and energy efficient solutions. Furthermore, the company structure and a new operating model were developed to better serve customers and listen to their needs, in both mature and emerging markets, while enabling more efficient decision making within the Company.

The biggest organisational change took place in the Hiab and Kalmar organisations, which were merged into one Industrial and Terminal business area in order to enable a leaner and more agile organisational structure. Decision making was brought closer to customers by establishing strong regional sales and service organisations. These organisations serve customers in both industrial load handling and terminals, enabling Cargotec to take full advantage of its globally unique, wide network of specialists.

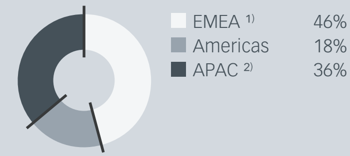
Within the Marine business area, the development of an operating model focused on increasing cooperation between different business lines working with the same marine customers, and tightening cooperation across divisions in order to enhance lifetime support provided to customers.

Benefits of unity

Our internal change programme, On the Move, which began in early 2008, aimed at the efficient implementation of Cargotec's strategy. This programme included several development projects which were carried out since then: implementing a global supply and sourcing strategy, developing harmonised and improved information management systems, consolidating Cargotec's back-office functions and legal structure, and developing a shared service centre for handling financial and accounting tasks – all aimed at increasing internal efficiency through closer integration and economies of scale.

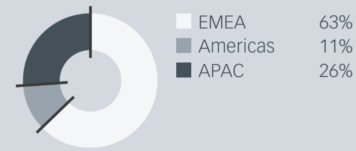
Projects for consolidating the Company's legal structure and establishing country organisations proceeded on schedule. These enable cost-efficient business support and allow frontline personnel to focus more on customers. By the end of 2009, over 80 percent of Cargotec's personnel were already employed by these country organisations.

Sales by market area

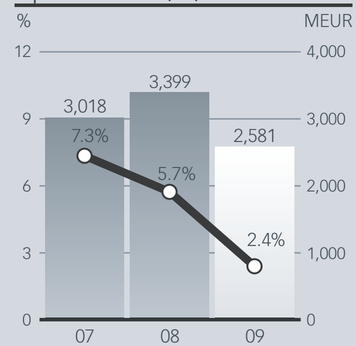


[1] Europe, Middle East and Africa
[2] Asia-Pacific

Employees by market area

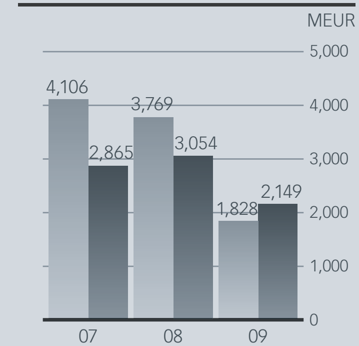


Sales and operating profit from operations (%)*

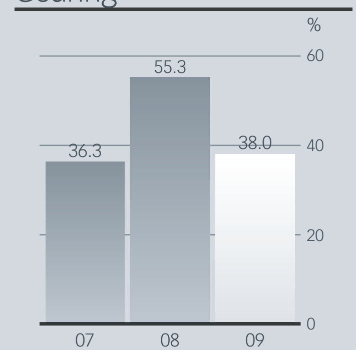


*Excludes non-recurring items

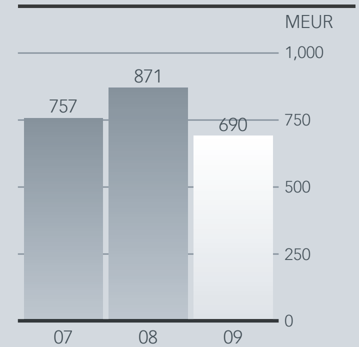
Orders received
Order book



Gearing



Services sales



Daughter brands in one package

In 2009, Cargotec won another new customer, the distribution and haulage services company Alan Firmin Limited from Kent, UK. The delivery, which took place in the autumn, clearly demonstrated the strengths of our new Industrial and Terminal business area, with the customer obtaining five Hiab truck-mounted forklifts and one Kalmar terminal tractor in a single deal.

Cargotec delivered the equipment within a short target schedule of just three months and also provided the customer with the related user training. Furthermore, the customer signed a five-year maintenance contract with us.

After extensive research on its equipment needs, Alan Firmin Limited selected Cargotec. This decision was influenced by the versatility and good price-quality ratio of our offering as well as our high-quality support services.

"The support provided by Cargotec's sales team and technical staff gave us a feeling of confidence. Being able to purchase all of the equipment from a single supplier makes the capital investment easier to manage. In addition, if we have service issues we only have one call to make," says Stuart Joyce, Fleet Manager for Alan Firmin.

For Cargotec's salespersons, the merger of Hiab's and Kalmar's operations has opened new doors:

"I am no longer selling just one product line. Now, as a consultant, I can visit customers and recommend the best solutions to solve their load handling problems," says John Bailey, National Accounts Manager, Industrial Business, Cargotec UK.

A joint sales organisation enables us to better exploit our extensive know-how. Consequently, the delivery to Alan Firmin Limited was carried out as a joint effort by experts in the product ranges of Kalmar and Hiab.

To support the successful implementation of all of these changes and the new operational model, a Process Development initiative was launched during the year. This initiative will help to define and develop processes and common ways of working across various organisational interfaces.

Brand built on strong values and long history

The Cargotec brand is built on the strengths of its three market-leading brands, Hiab, Kalmar and MacGregor, as well as their firm value foundation. During 2009, Cargotec defined a new brand strategy and conducted an extensive process in cooperation with personnel to define its shared values. A new identity, with a common symbol – the elephant – for all strategic brands, was launched in June. The Cargotec brand will achieve greater visibility among the Company's stakeholders as the Company's new symbol and identity are implemented in offices, products and materials.

Cargotec also owns a number of other valuable brands that play a tactical role in the strategy and brand portfolio, such as Bromma in container handling and Siwertell in bulk handling.

Sustainable basis for growth

Cargotec operates in an industry undergoing rapid development in geographical terms, i.e. in terms of the current locations of centres of cargo handling activity and those in which they are likely to grow in the future, as well as the question of what kind of cargo handling and load handling solutions will be needed. Expanding sales in the emerging markets and promoting the further growth of the service business will thus continue to be key elements in Cargotec's strategy implementation in 2010.

Research and development activities will continue to focus on safety, security, increased energy efficiency and automation. In product development projects, performed in close cooperation with customers, the use of electric drives and hybrid technology will play a key role.

Cargotec Product Supply, the global supply organisation comprising Multi-Assembly Units, Sourcing, Quality, and Logistics, continues its work towards implementing strategic change in its supply presence and is striving to maximise internal synergies and the achievement of its efficiency targets on a global scale. According to Cargotec's supply strategy, products will be assembled close to the markets while giving due consideration to environmental aspects. Cargotec's new Multi-Assembly Unit, which will begin operating in Poland during 2010, will be the latest benchmark for modern and sustainable production technology, processes and quality.

Through efficient internal practices, customer driven solutions and unrivalled professionals, Cargotec is well positioned to help its customers develop their businesses. It is also ready to lead the development of the global cargo handling industry, both in the form of innovative and sustainable solutions and in terms of penetration into new countries and markets.

Locally, worldwide

In 2009, Cargotec's country organisation initiative advanced into various countries. Through this project, which was a part of the On the Move change programme, subsidiaries operating in the same country are combined both legally and with respect to their support functions.

In Singapore, Hiab, Kalmar, MacGregor and Bromma were merged to form the Cargotec Singapore country organisation. This has created numerous synergy benefits, including people representing different daughter brands working under the same roof and sharing support functions related to inventories, information technology and human resources.

"Singapore is a very important country for Cargotec: it is a gate between East and West and has one of the world's largest ports. Furthermore, since we have found it necessary to combine and modernise our Singaporean premises, it is only natural that we have launched one of our first country organisation projects there," states Jukka Heinonen, Vice President, Administration in Cargotec.

By the end of 2009, the Company initiated 27 such projects, with over 80 percent of Cargotec employees already working in a country organisation.

The head of each country organisation forms a link between all operations within that country. As the Company's legal representative, this person coordinates the implementation of a strategy that aims at the development of administration and operating principles in the country in question.

"The country manager is responsible for increasing the efficiency of support functions in the country as well as leveraging the synergy effects gained by combining various functions. While the country organisation is in charge of administration and support functions, businesses can concentrate on their actual bread and butter, which is serving their customers and developing new solutions," Heinonen explains.

The new country organisations are expected to yield further benefits in 2010 as Cargotec begins to implement a new frontline platform system in order to harmonise its processes.

In a country organisation, the sharing of multidisciplinary information facilitates the personnel's everyday work. For the customer, the change from numerous subsidiaries to a single whole is reflected in increased efficiency and customer orientation, a more extensive offering and a higher level of expertise.

"Together we are stronger," Heinonen summarises.

A new organisation at the service of our customers

Cargotec in brief

Cargotec improves the efficiency of cargo flows by offering solutions for loading and unloading goods on land and at sea – wherever cargo is on the move. Cargotec's main daughter brands – Hiab, Kalmar and MacGregor – are the leading solutions in the fields of cargo and load handling.

Cargotec employs more than 9,500 professionals in over 40 countries and achieved sales of EUR 2.6 billion in 2009. A network of local cargo handling experts serves customers – either through Cargotec's own sales companies or distributors in more than 120 countries globally – utilising the shared skills and competencies of a global market leader.

2009 was a year of reform in Cargotec. Throughout the year, the weak world economy affected cargo flow volumes, and therefore also the demand for cargo and container handling solutions. Due to these changes in its operating environment, Cargotec accelerated the implementation of long term projects aimed at reforming the organisation.

Cargotec enhanced its operational efficiency in all facets of its businesses. A number of reforms were implemented in order to further improve its customer focus and internal efficiency, while safeguarding competitiveness.

The main goal of these strategic reforms was to create a legally and operationally unified Cargotec. Our new, customer driven organisation consists of two business areas: 'Industrial and Terminal' and 'Marine'.

In order to achieve our goals, we ran down some production units, but also launched the construction of a modern assembly plant in Poland. Demand for maintenance services and energy efficient solutions increased due to the faltering world economy. In the same sectors, Cargotec made systematic investments through, for example, product updates.

Business areas

Cargotec's former Hiab and Kalmar business areas were united to form the Industrial and Terminal business area, which provides on-road load handling and port cargo management solutions. In 2009, Cargotec implemented a number of projects combining its know-how in Hiab and Kalmar products to tailor a whole to meet customer needs. In the Industrial and Terminal business area, product development efforts in 2009 focused on further increasing automation and environmental friendliness.

The Marine business area specialises in versatile cargo handling solutions applied in marine transports and the offshore industry. MacGregor products, such as hatch covers and offshore cranes, are used in the world's most demanding marine conditions. In 2009, the Marine business area focused on maintenance services and enhancing the electrical operation of its products, among other things.

Read on to find out more about Cargotec's operating environment and business areas.

Focus areas in 2010

Cargotec continues to drive technology development forward for the benefit of its customers. Technology development will focus on more productive, safer and environmentally friendlier solutions. Cargotec is known for its innovative solutions. We continue to make investments in research and product development in order to create a basis for successful future operations.

Our frontline operations will focus on active customer relationships, with the target of winning more service agreements and securing our growing market share in equipment sales. Cargotec views the offshore business as one of its segments with the greatest potential, where its service offering can be further enhanced.

Cargotec's frontline will work actively to win new orders in emerging markets, where we expect growth in particular due to the development of new ports and container depots, as well as port improvement projects. We will continue to take measures to increase our presence in the environment segment in terms of on-road load handling.

Cargotec aims to expand its presence, especially in Asia-Pacific and the Americas, but it also plans to enhance its current dealers' network in terms of sales and service capability. Service network development continues based on cross-training Kalmar and Hiab equipment service personnel.

Cargotec's businesses

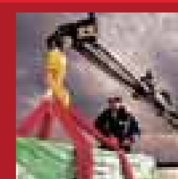
Hiab

Kalmar

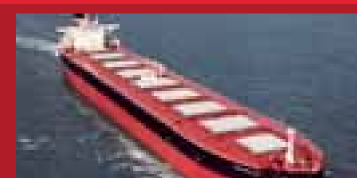
MacGregor

Cargotec

Industrial and Terminal
Industrial and Terminal business area provides Hiab solutions for on-road load handling and Kalmar solutions for container and heavy material handling.



Marine
Marine business area is specialised in MacGregor solutions, utilised in the maritime transportation and offshore industries.



Business environment

Improving the world's cargo flow with market leading solutions

The heart of Cargotec's operations beats at the centre of the global cargo flow and in rhythm with the Company's customers: ship owners, ship and port operators, shipyards, distribution centres, fleet operators, logistics companies and truck owner operators as well as the defence forces of several countries. Furthermore, major customer groups benefiting from Cargotec's solutions include heavy industry, terminals and municipalities. Cargotec's main daughter brands – Hiab, Kalmar and MacGregor – are the leading solutions in the fields of cargo and load handling.

Challenging operating environment

During the course of the year, forecasts for GDP, world trade volumes and container traffic volumes were continuously adjusted downwards. In the shipbuilding sector, new orders for ships dropped significantly, resulting in a low order intake for new cargo handling solutions. Declining trade volumes led to significant throughput reductions in ports, causing the demand for container handling solutions to suffer correspondingly. In the deep sea offshore sector, demand was weak at the beginning of the year but activity began to improve during the second half, alongside a rise in the oil price and improved availability of financing. However, overall there was increasing interest in new solutions for energy efficiency due to costs and a growing awareness of global climate change.

The drop in global truck sales and construction resulted in very low demand for load handling solutions during the year. Due to the decline in industrial output and general consumption, the demand for forklift trucks and terminal tractors was also weak. Nevertheless, in forthcoming years there will be a clear need for infrastructure development in many markets around the globe, which will create new opportunities for efficient load handling and waste management solutions.

Due to the overall economic uncertainty, customers in all other main segments also postponed investment decisions. Decreased market activity had an impact on the demand for services in most markets, while lower cargo handling equipment utilisation rates also affected spare parts sales.

Lower manufacturing volumes and structural changes in supply

Cargotec's production units are located in Finland, Sweden, Norway, Estonia, Poland, the Netherlands, Ireland, Spain, the United States, China, India, Korea, Malaysia and Singapore. Part of manufacturing has been outsourced to partner plants, which are mainly located in Asia. In 2009, Cargotec continued to implement a significant strategic change in its global supply presence and took the decision to close factories in the USA, Finland, the Netherlands, Sweden and Indonesia. In order to develop its competitiveness, further operations and capacity utilisation of the remaining factories will be developed. Furthermore, to improve its European supply structure in 2009, Cargotec made the decision to invest in a new Multi-Assembly Unit in Poland. The new unit will begin operating during 2010. Additionally, reduced demand for assembly volumes resulted in the need to adjust capacity in several production units globally, throughout the year.

Strategy creates efficiency

The management focus in 2009 was on adjusting operations and resources to the prevailing and prospective situation. Furthermore, both management and personnel devoted a great deal of attention to enhancing sales activities, developing and reorganising operations around a more competitive cost structure and securing a healthy cash flow. Cargotec's long term strategic targets have guided its decision making and many long term plans for increasing internal efficiency and competitiveness have been accelerated due to a challenging operating environment.

The key operational change was merging the Hiab and Kalmar business areas globally. The new business area, Industrial and Terminal, comprising the former Hiab and Kalmar business areas, began operating at the beginning of October. This new, combined organisation includes Product Solutions, which works to ensure the competitiveness of the global product offering, Service Solutions with responsibility for the competitiveness of the global service offering and three regional organisations with responsibility for sales and services: Americas, APAC (Asia-Pacific) and EMEA (Europe, the Middle East and Africa).

Intensive measures taken to adjust to the prevailing market situation, together with the long term strategic structural changes in supply, began to show in improved profitability towards the end of the year.

Cargotec improves the efficiency of cargo flows by offering solutions for loading and unloading goods on land and at sea – wherever cargo is on the move.

Industrial and Terminal In support of Cargotec's new branding strategy, the decision was taken to transfer the on-road load handling brands Multilift, Moffett, Loglift and Jonsered to product names being promoted as Hiab brands.

Industrial and Terminal business area, on-road load handling

Cooperation widens service network

Customer driven Hiab on-road load handling solutions and products move goods and materials in various sectors, such as construction, forestry, industrial, waste handling, recycling and the defence forces.

Hiab is the global market leading brand in on-road load handling solutions. Its offering includes loader cranes, forestry and recycling cranes, demountable systems, tail lifts and truck-mounted forklifts. Our service network ensures the safe functioning of equipment throughout their long life cycle.

By cross-training Kalmar and Hiab service personnel, we have begun the gradual expansion of our service network. Cross-border training and concept development have started to generate results in Northern Europe, where many new service contracts have been negotiated through joint efforts. In addition, fruitful cooperation between Hiab and MacGregor service personnel began with work on the delivery of 95 Hiab loader cranes and cargo bodies, assembled on Iveco trucks and delivered to the Iraqi Ministry of Electricity.

Market situation affected demand

With the global load handling market experiencing a downturn during 2009, the demand for load handling equipment remained weak. This was most prominent in commercial segments which included new-truck sales, construction and local distribution. Despite fierce competition due to overcapacity in the global load handling equipment market, Cargotec was able to win a large number of small, individual load handling orders and to defend its strong market position. A strong emphasis on active customer relations and competitive delivery times led to increased negotiating power.

Demand for load handling equipment in the defence segment maintained its high activity level. New orders were booked both for the Americas and EMEA regions. Hiab truck-related solutions are widely used in the worldwide defence segment based on a strong track record of finding the correct solutions for customers. This know-how combined with a broad technical offering, including hooklifts, cranes and rough terrain forklifts, formed the basis for a successful sales effort to both defence forces and system integrators.

Cargotec's investments in the environmental segment and installation services for load handling equipment have continued as planned in the Asia-Pacific region.

Efficiency and the environment at the core of product development

Emerging markets, especially China, remain on a growth path as load handling equipment markets. Cargotec's investments in the environmental segment and installation services for load handling equipment have therefore continued as planned in the Asia-Pacific region.

Efficiency, productivity and sustainability marked the development of Hiab products in 2009. Research and development teams continued to develop equipment which is more fuel economical and emits lower levels of greenhouse gases. The safety of Hiab cranes was enhanced in order to fulfil the new Machine Directive 2006/42/EC in Europe, which entered into force in December 2009. Several new products with a superior performance in their capacity range were introduced in the small crane product family. In addition, Hiab launched the first stiff boom crane for the Chinese market. Furthermore, a new 30-tonne demountable and three new hooklifts were introduced in the Hiab demountables product family, as Cargotec celebrated Hiab Multilift's 60th anniversary.

As part of strengthening its market leadership in providing solutions for waste stream management, Cargotec agreed on major cooperation with Molok Ltd, the leading global provider of waste deep-collection systems. Efficient waste management designed for local circumstances improves basic infrastructure and hence promotes the wellbeing of both nature and people.

Synergy from sharing expertise

One of the essentials of the One Company operating model is shared know-how regarding the daughter brands within the Company. The merger of Kalmar and Hiab to form the new Industrial and Terminal business area has already resulted in synergy effects benefitting both Cargotec and our customers.

In 2009, joint training events were organised in Germany for the service personnel of Hiab and Kalmar products. The project was launched in September, and in the first training session, field technicians working with Kalmar products in Germany learned to service Hiab Moffett truck-mounted forklifts with their standard tools. This training was also attended by experts from Hiab solutions. All of the participants shared a willingness to learn to repair new pieces of equipment and improve the safety of Cargotec products.

In the future, the aim is to expand training cooperation into new product groups. There is a clear need for this in Germany, since Cargotec has approximately 50 Kalmar service technicians but only three Hiab service technicians working in the field. The expansion of know-how through joint training means, for instance, that Kalmar experts can respond to service requests from Hiab equipment customers in Germany. In this way, customers will benefit from a service network with denser coverage.

Traditionally, a trained external partner has handled routine service calls if Cargotec's own staff have been occupied with other duties. As a result of the new operating model, service responsibility is more frequently assumed by a skilled Kalmar service technician, who responds to some Hiab service requests. For our service technicians, this means continuous employment and the opportunity to expand their skills. Simultaneously, Cargotec will be able to win a larger share of the German service market.

For our customers, this change will further enhance the availability of our expert servicing and maintenance services.

Industrial and Terminal business area, container and heavy material handling

Customer satisfaction through service availability

Kalmar cargo and load handling solutions are used in ports, terminals, distribution centres and heavy industry worldwide. Kalmar equipment leads the market in ports and terminals where containers are handled by its ship-to-shore cranes, yard cranes, shuttle and straddle carriers, reachstackers and empty container handlers. Moreover, Kalmar forklift trucks and log stackers are used in heavy industry and by the wood and paper industry, and Kalmar terminal tractors in distribution and logistics centres.

Despite the market situation, Cargotec was able to win new and repeat orders globally during 2009. In many cases, the high availability of skilled service personnel through an extensive global service network helped Cargotec to land an order. Cargotec's service business continued to grow in South America, with a new state of the art sales and service facility being opened right in the heart of the Port of Santos, Brazil. This facility includes two operator training simulators, one for Rubber-Tyred Gantry cranes (RTGs) and one for reachstackers. A highlight in Argentina was the successful refurbishment of two RTGs for BACTSSA (HPH) terminal, where there was a need to increase container handling capacity cost efficiently. Cargotec also made large service agreements in Tunisia, Albania and South Africa.

Product launches meet customers' needs

In 2009, product development focused on projects which meet customers' needs for sustainability, productivity and safety. The all-electric Kalmar RTG crane was further developed with new safety and environmental features. These new Kalmar E-one² cranes received a warm welcome, with orders coming in from Turkey and Namibia. Cargotec also delivered a number of RTGs to Colombia, India, Vietnam and South Africa. The new Kalmar electric shuttle carrier was launched as part of the 7th generation range of Kalmar straddle and shuttle carriers. The Kalmar shuttle carrier is also ready for hybrid use. The range also includes Kalmar hybrid straddle carriers, which have demonstrated genuine fuel savings of up to 25 percent in operation in three European terminals.

A new heavy range terminal tractor for lift-on, lift-off operations was launched in January to meet customers' needs for ergonomics and driveability, power and economy as well as environmental friendliness. Cargotec also supplied three hybrid terminal tractors for testing to the Port of Long Beach in the USA and agreed to work together with Singapore Technologies Kinetics Ltd (ST Kinetics) to finalise the development, and then launch, of a hydraulic hybrid feature as an option for Kalmar terminal tractors.

Trailblazer in automation solutions

Kalmar solutions continued as forerunners in automation. Kalmar UniQ, a customised intelligent platform, was launched to further enhance the Kalmar range

Enhanced operations in the Buenos Aires container port

Buenos Aires is Argentina's most important container gateway. In this growing economic zone of 13 million inhabitants and constantly increasing container volumes, the port's infrastructure must be able to meet the corresponding challenges.

In 2009, Buenos Aires Container Terminal Services signed a contract with Cargotec to increase the lifting capacity of two Kalmar RTG cranes. The Buenos Aires terminal has already been reliant on Cargotec for ten years. Now, the lifting performance of its two high-quality, high-performing cranes has been extended from 1 over 4 to 1 over 5 containers high.

As the basis of this modernisation, Cargotec performed thorough structural and mechanical calculations to ensure that the completed design would fulfil international quality and safety standards.

After the planning phase, a local subcontractor manufactured 2.9 metre extensions for the crane columns, under the close supervision of experts from Cargotec Argentina. The final installation was performed by Cargotec engineers, mechanics, electricians and supervisors, with the contribution of the port operator's own technical staff. This took less than two months, during which the port operated normally.

The Port of Buenos Aires can now extend the container stacking height, while fitting a considerably larger amount of goods than before into the same port area.

In order to increase the operating height of its cranes, Cargotec required extensive knowledge of equipment modernisations. The end result was a well-functioning solution which immediately boosted the customer's operating efficiency.

of cargo handling solutions and intelligent systems. Furthermore, Cargotec finalised system development and the performance testing of Kalmar automatic stacking cranes in the Hamburg CTB terminal, the first cranes being handed over for customer integration. Additional Kalmar automated straddle carriers were delivered to Patrick Terminals in Brisbane, Australia. Cargotec also drives the development of port security systems in support of productivity in terminals. The spreader-mounted radiation detection system won its first commercial contract in the USA, where the system has been awarded a Qualified Anti-Terrorism Technology (QATT) Designation by the US Department of Homeland Security.

Cargotec prepared the commencement of ship-to-shore crane production in Asia. At the same time, the cranes were altered to facilitate final assembly on the customer's site. Two orders for ship-to-shore cranes were received from Mexico and Guadeloupe. Another major contract for port equipment was received from TTI Algeciras S.A. in Spain, for the provision of 20 shuttle carriers to its terminal.

The special needs of the energy segment were met by delivering equipment with special attachments for handling wind turbine tower sectors and gas pipes.

Marine business area

Cargotec is dedicated to keeping its promise in marine cargo flow and offshore load handling

MacGregor solutions are utilised in the maritime transportation and offshore industries, where the safe and reliable operation of cranes, hatch covers, RoRo and cargo lashing equipment as well as bulk handling and offshore load handling systems, is essential. Additionally, MacGregor cargo access equipment is available for naval logistics vessels. For ports and terminals, Cargotec delivers MacGregor linkspans and Siwertell bulk handling equipment.

Despite rapid changes in the world economy and the resulting challenges set for our operating environment, Cargotec's specialists working in the marine and offshore segment performed very well. The processes involved, from order to delivery, are handled professionally and fulfil the high quality and delivery punctuality expected of a market leader.

Cargotec is closely engaged in transforming technology into new, efficient and economical solutions – both for serving traditional as well as new business opportunities. Cargotec's specialists are good listeners; when working closely with customers and end-users, it has become natural to seek solutions based on the most intelligent and effective ways of meeting challenges.

Caring for the environment

Customers care for the environment and so does Cargotec. Cargotec's goal is to develop and supply sustainable solutions that contribute to preserving the environment. Cargotec is committed to offering its customers efficient and reliable solutions that are both environmentally friendly and economical. Cargotec's shiptype specialists work in close cooperation with customers to discover new, innovative solutions to meet the needs of a changing world. These specialists are proud to be involved in projects involving MacGregor cargo handling concepts, wherever new and highly advanced solutions are needed.

Cargotec continued to build on its growing reference list of environmentally friendly solutions in 2009 by supplying the Japanese car carrier industry with the highly effective MacGregor electrically-driven RoRo equipment. Additionally, Cargotec's conversion team has developed solutions for RoRo vessels and the Company completed the first conversion delivery of electrically driven plywood car decks to Japan. Feedback from the conversion project was positive. Later in the autumn, Cargotec won the first order for its new electric cranes which are based on proven MacGregor designs offering improved overall efficiency and low power consumption. In the autumn, the second generation of fully electrically operated side rolling hatch covers, MacRacks, were also introduced to the market.

Marine MacGregor worldwide service and support ensure the supply of spare parts and repair services to a planned schedule, on demand, or in an emergency.

> Cargotec is closely engaged in transforming technology into new, efficient and economical solutions – both for serving traditional as well as new business opportunities.

Cargotec won the contract to deliver and install four Siwertell screw-type coal unloaders at a power plant in Taean, South Korea. The delivery is part of a collaborative agreement with Hyundai Samho Heavy Industries. The contracted system will help meet the demand for increased power-generating capacity. In addition, the chosen technology will provide more efficient, cleaner and continuous screw-type unloaders.

The preferred partner

In the bulk segment there has been a need for new ships, which has had a positive impact on MacGregor cranes and hatch covers for bulk carriers as well as Siwertell loaders and unloaders for bulk terminals. Cargotec has been able to secure significant orders in this segment, despite a faltering market.

At the beginning of the summer, Cargotec won an order to supply 96 MacGregor bulk cranes for ships under construction in India. Also in the summer, Cargotec continued to secure orders for bulk carriers, on this occasion a Korean shipyard ordering MacGregor hatch covers for 10 shipsets.

Cargotec's shiptype specialists were involved in a host of contracts involving the development of optimal cargo flow solutions for various general cargo and heavy load vessels. These types of ships require technically special solutions and Cargotec has the experience and technical know-how to respond.

Cargotec's solutions meet strict naval standards

Cargotec has been part of a development project, delivering a test article ship-to-ship vehicle transfer system to the U.S. Navy using MacGregor-based technology. This special solution required the knowledge which Cargotec's ramp technology experts can offer, alongside our offshore sector's in-depth knowledge of heave compensation capabilities.

Cargotec is also involved in equipping specialist cargo handling systems for Canberra Class Landing Helicopter Docks (LHDs), which will provide the Australian Defence Force with one of the most capable and sophisticated air-land-sea amphibious deployment systems in the world.

Innovative technology benefits the offshore sector

Cargotec has been active in the offshore load handling sector. In the spring, innovative fibre rope handling technology, enabling the attainment of greater depths and handling of heavier loads, was introduced to the market. Later in the summer, Cargotec received an order for six MacGregor knuckle-jib crane units specifically designed to operate in severe climatic conditions and extreme air temperatures, such as the Arctic.

Cargotec's experts are continuously developing technology for all product groups, an example of this being the new line of advanced heave compensated umbilical winches intended for the launch and recovery of unmanned submarines.

In the long term, there will be a growing need for new offshore support vessels. This need is being driven by the discovery and development of new offshore oil and gas fields in Brazil, West Africa and Northern Russia. In 2009, however, spending on offshore exploration and production clearly dropped from 2008 levels, due to the impacts of the economic and financial crisis on oil prices, and the availability of financing.

Servicing the marine and offshore industries

A key to success in the merchant and offshore shipping industry is having a global service network. Although Cargotec is already the largest in its industry, it continues to strengthen its service network. Such expansion is not only taking place in the geographical sense – Cargotec is also investing in the related competences and broadening its service offering to cover bulk handling and offshore load handling customers. A global presence and local service is bringing Cargotec's wide product range and adapted solutions closer to customers. Life cycle effectiveness is the objective of all of Cargotec's actions in serving its customers even better than today.

Efficiency from unloader upgrades

Cargotec's bulk handling specialists not only respond to emergency calls, they also improve customers' profitability through suggestions for making their bulk-handling installations more effective, efficient and environmentally-sound.

When Cargotec was contacted by AES about its two existing Siwertell unloaders in a power plant in the Philippines, Cargotec's experts went on site to evaluate the situation and proposed the optimal solution.

AES operates 132 power generation facilities worldwide. The company bought the Philippines power plant from a state-owned company, National Power Corporation (NPC), the contract being partially funded by the Asian Development Bank and including requirements to improve the plant's environmental and operational performance.

Based on AES' needs, the complete upgrading of its two existing Siwertell ship unloaders was proposed. This work would reduce the company's turnaround times for Panamax bulk carriers to three days from an NPC average of twelve, an improvement on the original technical specification for the Siwertells' delivery in 1997. It would also reduce their environmental impact. This project also confirmed Cargotec's ability to successfully carry out major turn-key assignments in very remote areas of the world. To ensure the overhaul's smooth progress, skilled Cargotec service engineers were on site during the two-year project.

The owner now has two high-performing Siwertell unloaders, upgraded to meet the latest design specifications and operating in an environmentally friendly way.

Cargotec's success is based on that of its customers and its highest reward in this regard is a compliment paid by a satisfied customer, such as AES: "The Cargotec personnel on site were highly professional and carried out their work as agreed under the contract. We could not ask for a better executed job than this."

Sensible products

Research and product development in 2009

- In 2009, Cargotec's research and product development investments remained stable despite the weakened global economic situation. Approximately 1.4 percent of the Company's sales were channelled into research and product development work.
- Cargotec has over ten research and product development units in Europe, North America and Asia-Pacific, employing approximately 5 percent of its personnel.
- New technology solutions are essential to Cargotec in safeguarding its global market leadership. In 2009, the Company emphasised technology research as well as the development of environmentally friendly and energy efficient solutions in the form of, for instance, electrical, automation and fuel cell solutions.

Understanding the customer's needs and the industry lies at the heart of Cargotec's research and development activities.

Customers are the most important driver of Cargotec's research and development activities, and successful projects almost always involve extensive cooperation with the customer.

The changes taking place in our customers' industries are triggering the need for novel products. For example, globally tightening environmental regulations set requirements for increasingly energy efficient solutions.

The ability to understand the customer's applications is one of Cargotec's major competitive edges. This understanding stems from a dialogue with the customer as well as our years of experience in cargo and load handling. Cargotec's engineers visit customers to familiarise themselves with the equipment's final use environment before developing new solutions.

Leadership requires that Cargotec develops innovations for the needs of entire industries, in addition to individual customers. Cargotec often works with customers that are forerunners in their field – be it marine cargo flows, container port operations or on-road load handling. Thus, our solutions contribute to the creation of future standards in various industries.

Cargotec's research and development experts work in the fields of mechanics, hydraulics, electrical engineering and software design, for example. The development of technically demanding products involves numerous stages – from laboratory tests to the planning of model pictures and the building of prototypes.

Verifiably sustainable

In 2009, Cargotec increased the share of technology research in its research and product development operations, the focus being on environmentally friendly, energy efficient and safe technologies. These three aspects are taken into account from the very beginning of the research and product development process.

Proof of Cargotec's competitiveness lies in the fact that the Company is able to identify the environmental effects of its own equipment in various fields. Some of Cargotec's equipment are motor-driven tools that serve customers' cargo handling needs, sometimes even as part of their 24-hour processes. This inevitably creates emissions, but these can be curbed using advanced technologies. Cargotec has taken the lead in developing energy efficient solutions.

Demand for environmentally friendly technologies can be expected to grow at a fast pace in the near future. For this reason, Cargotec seeks to offer its customers equipment that exceeds the environmental and safety standards set by the legislation currently in force.

Cargotec has marked a number of its Kalmar equipment with a Pro Future™ label. In order to achieve this label, the equipment must meet strict criteria regarding, for instance, energy efficiency, recyclability and noise pollution. The Company continues to develop other Kalmar equipment to meet the Pro Future™ requirements. In Cargotec's product development, the emphasis

Research and development The challenging nature of offshore operations means that load handling must often be undertaken by a wide variety of specialised systems, not just cranes. Many subsea lifts require advanced module handling systems which can offer very precise handling of critical loads – something which is vital when mating subsea units on the seabed or in the vicinity of other delicate equipment. This precision becomes even more challenging in rough seas.

To increase efficiency and expand the operational "weather window" for modern offshore/subsea vessels, Cargotec offers a range of MacGregor offshore load handling solutions.

is not only on environmental safety but also on the safety of the people using its equipment. In 2009, Cargotec further developed, for example, its operator assistance applications, reducing the possibility of human error.

An expert in its field

Cargotec's One Company operating model has increased unity within the Company, enabling the Company to take better advantage of its existing in-house expertise in various fields, including research and product development.

For example, changes in ship building are affecting port operations and related equipment requirements. Thanks to the three daughter brands, Hiab, Kalmar and MacGregor, Cargotec has know-how of the entire logistics chain and are able to share information on market and customer need development within the Company.

In 2009, Cargotec launched the streamlining of its research and product development processes in order to identify synergy effects. Consequently, the Company has initiated the creation of shared, Cargotec-wide platforms, further boosted by its new control systems.

Cargotec's product development unit in India is an excellent example of cooperation across different businesses. This unit, which specialises in planning, structural analyses and software design, employs more than 50 engineers and serves all of Cargotec's business operations. In 2009, the know-how of the Indian unit was actively exploited by product-specific experts working in their own countries.

In order to remain at the forefront of technical development, Cargotec also enters into partnerships. In 2009, the Company utilised its membership in the Finnish Metals and Engineering Competence Cluster (FIMECC), which consists of top experts representing businesses, universities and research institutes. The research projects launched in 2009 within FIMECC are related to, for instance, control systems, energy efficiency and innovation activities taking place in networks.

Into the future

In 2009, Cargotec's research and product development staff was involved in the research of energy sources, energy recovery and next-generation hydraulic systems, among other things. For example, electrotechnology and automation technology were further developed.

With respect to Kalmar solutions, Cargotec continued to advance its environmentally friendly technologies. As an example of this, the Company cooperated with VTT, the Technical Research Centre of Finland, on the Working Polymer Electrolyte Membrane project administered by Tekes, the Finnish Funding Agency for Technology and Innovation, with the purpose of generating fuel cell technologies for the needs of the industry sector. In this technology project, Cargotec was responsible for building an electrically driven vehicle platform for the application and testing phase. The end result of the project was Finland's first fuel cell-operated forklift truck, Kalmar ECF 50-90. In 2009, Cargotec also introduced a new, electrical Kalmar shuttle carrier. This shuttle carrier features an electrical drive and an electrical winch hoist. Thanks to this application, CO_2 emissions have decreased significantly compared to traditional models. The shuttle carrier is ready for hybrid use.

Electrical operation was also increased in MacGregor products. A new type of all-electric opening and closing system for side-rolling hatch covers, MacRack, was introduced and new electric cargo cranes with improved overall efficiency and low power consumption were ordered for bulk carriers. In offshore load handling, new electric driven series of active heave-compensated umbilical winches has set a new standard for performance, noise level, reliability and power consumption for this critical equipment intended for remotely operated vehicle (ROV) and submarine handling.

China is the world's fastest growing crane market. In 2009, Cargotec introduced an entirely new stiff boom Hiab crane for the Chinese market. Intended in particular for direct hoisting using a winch, these cranes are manufactured by our assembly unit in Shanghai. Hiab experts also participated in the planning of the EU Machinery Directive 2006/42/EC, which entered into force in December 2009, and the revision of the safety standard EN12999, setting new safety requirements throughout the EU with implications across the world.

Maintaining Cargotec's leading position requires a global presence; it is vital for the Company's future to operate in emerging markets. During the last two years, Cargotec has determinedly established research and product development units, particularly in Asia, in order to be able to provide services closer to its customers in the key growth areas of the world economy.

In developing economic areas, growth often involves major infrastructure projects, such as building container ports or developing waste management solutions. With respect to planning of new transport networks, a particular emphasis must be placed on energy efficiency and environmental aspects, in order for these networks to serve their purpose for several decades.

These sub-areas of research and development lie at the heart of Cargotec's expertise and experience.

During the last two years, Cargotec has determinedly established research and product development units, particularly in Asia, in order to be able to provide services closer to its customers in the key growth areas of the world economy.

Sustainability throughout the value chain

Cargotec's operations, in other words its assembly plants, service units and offices, mainly have local environmental impacts while the most significant impacts globally are generated through the use of Cargotec's products. The environmental impacts of Cargotec's products have been identified and are reported in the Research and Product Development and Business Overview sections of this Annual Report. Further environmental impacts are caused by material deliveries associated with Cargotec's operations, and by business travel. The impact of Cargotec's operations on global environmental problems is relatively slight.

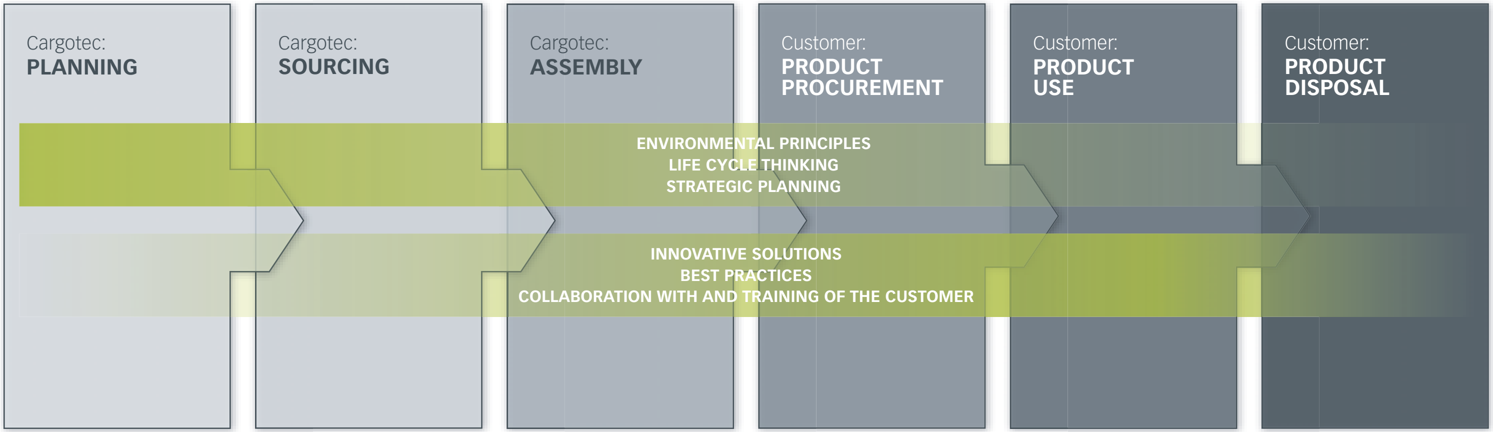
Environmental impact monitoring and goals for own operations

In Cargotec's own operations, environmental impact management is based on certified environmental and quality systems. Certified environmental systems guarantee compliance with environmental legislation and local environmental target-setting within each assembly unit. Of all assembly units, approximately half have been certified for compliance with the ISO14001 standard and approximately 80 percent for compliance with the ISO9001 standard.

Environmental impact control helps prevent any harmful impact on the soil, water systems and the atmosphere, and on the surrounding natural environment and communities. Internal transport, direct and indirect energy use, metal welding and cutting and the volatile organic compounds from painting represent the most

Environmental planning

The environmental load caused by our products is at its largest towards the end of the value chain. For this reason, our environmental planning covers the product's entire life cycle.



significant impacts on the atmosphere. When machinery is washed and water is flushed into rainwater drains, diesel, oil, paints, chemicals and waste water may seep into the ground and end up in the water system unless preventive action is taken. Waste storage, sorting and appropriate recycling prevent such seepage and promote better material efficiency.

Cargotec has introduced a corporate-wide environmental Key Performance Indicator (KPI) monitoring system. International standards were applied when creating the system. At the moment, the related monitoring covers 16 assembly plants and nine other units. This monitoring system assists in identifying the operations with the biggest environmental impacts, discovering best practices and setting corporate-level targets. Measures will be taken to extend the KPI monitoring system in the service units and to set consistent targets, if feasible. The KPIs are published on Cargotec's website annually, separately from the Annual Report. Environmental KPIs for 2009 will be published in March 2010. The same report will also indicate the emissions generated by business travel.

Impact assessment during change

Environmental impact assessment is repeated in line with a standard procedure every time operations are affected by major changes such as mergers or acquisitions, or when entirely new operations are launched. Environmental impact assessment involves an analysis of the local impacts of the units' operations on the soil, water systems, the natural environment and the atmosphere. In addition, the amounts of any harmful

Pro Future™ is Cargotec's concept emphasising sustainable development and energy efficiency. The equipment are rated using five environmental and efficiency-based indicators: source of power, energy efficiency, emissions, noise pollution and recyclability. Kalmar electric forklifts have been granted the Pro Future™ marking due to their minimum noise pollution and zero emission level whilst remaining productive and cost-effective.

Cargotec received Grand Award in Asia

Cargotec invests in improving its environmental and occupational health operations in its service and sales units by identifying best practices and exploring opportunities to put them to good use. Cargotec's terminal business in Asia-Pacific has been paying a great deal of attention to environmental and occupational health and safety issues. Alongside a quality system, Cargotec has also introduced environmental and occupational health and safety systems in two service units, and further action is being planned. Efficient quality management and environmental and occupational health and safety management support the units in their efforts to identify impacts and explore opportunities in the developing markets. Good management systems also enable effective management of the above-mentioned areas.

In 2009, Cargotec's regional unit in Asia-Pacific focusing on Kalmar solutions received the "Asia-Pacific Business Excellence Standard – Grand Award Winner of The Year 2008" award, in recognition of its organisational excellence based on an evaluation of leadership, customer focus, human resources management, process management and social responsibility. Furthermore, the unit was named the best logistics company of the year in Asia-Pacific. The award is based on European quality award standards and is intended to help companies operating in Asia-Pacific to improve their corporate governance and business excellence.

"Our customers' demands are constantly growing, and we want to offer them the best service. For our customers, high product quality is no longer the only key priority; they also pay attention to environmental and safety issues, and quality services with fast responses," says Eugene Che, Senior Manager, APAC Process Development, commenting on the background of the quality award.

substances in the soil at the time of examination are assessed and analysed, if needed. After the results have been obtained, Cargotec works together with the local authorities to discover whether any soil cleaning or operational efficiency improvement is required. In 2009, the most significant environmental impact assessment was conducted in the vicinity of a plant being constructed in Poland. In addition, assessment and resulting actions are underway in a few other countries. Actions primarily consisted of soil cleaning operations in locations where the amounts of harmful substances exceeded the specified limits, mainly for reasons unattributable to Cargotec's operations.

Dividing environmental responsibilities

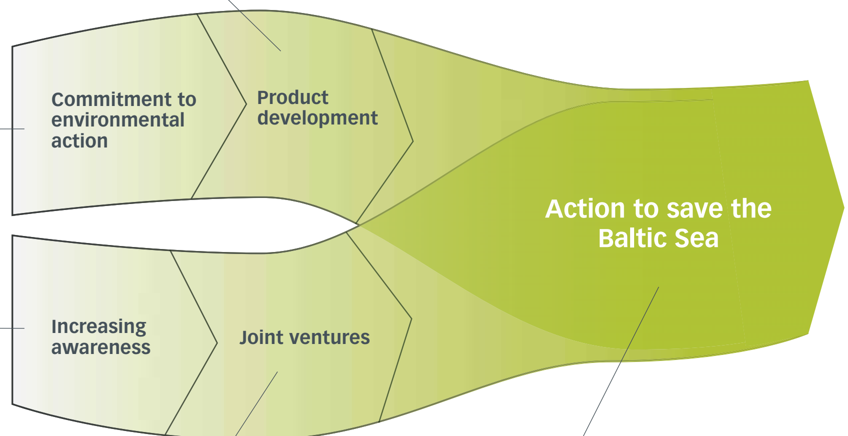
Cargotec's new operating model makes the Company better equipped to focus on environmental issues and sustainable development as part of all processes. The environmental principles are specified in Cargotec's environmental policy. The follow-up and implementation of environmental affairs is supported through Risk Management and Sustainable Development functions. Business areas and units will revise the principles as necessary to reflect business area-specific conditions. The change currently underway in the operating model has led to some alterations in the implementation of environmental responsibilities and in support functions.

Building the Baltic Sea of tomorrow

Cargotec's efforts to promote maritime wellbeing include new technologies in its products that help prevent oil spills at sea and in coastal areas, and more pro-environmental harbour operations.

In 2009, the Company made a voluntary commitment to set targets for its activities in the Baltic Sea rim, in order to enhance local awareness of the condition of the Baltic Sea.

With its commitment, Cargotec seeks to emphasise the importance of combating climate change from the Baltic Sea rescue perspective. The harmful burden on the Baltic Sea originates first and foremost in local and regional sources. While there is no certainty on the effects of global climate change on the Baltic Sea, it is believed to be making the rescue task even more challenging.



Cargotec has provided strong support to the area's research and to the work of the Baltic Sea Action Group to promote the wellbeing of the Baltic Sea.

Cargotec has been involved in a joint venture to save the Baltic Sea since 2007. A significant part of Cargotec's business is located around the Baltic Sea.

The people behind the cargo flow

Due to the rapid deterioration of global market conditions, 2009 was a very strenuous year for Cargotec's personnel. As a result of the decline in profitability, several adjustment measures and sizeable operational reorganisations had to be performed, which affected the entire organisation.

A dramatic change in Cargotec's operating model characterised 2009. Focus areas in Human Resource (HR) management had to be adjusted to the rapidly changing circumstances. While the key objective was to offer strong global support for change management, planned HR development measures had to be trimmed to meet cost savings targets.

Human resource management and people strategy

Operational efficiency improvement measures and changes in the operating model and organisation required the reallocation of human resources and unavoidable personnel reductions.

Due to the decline in demand and profitability, the restructuring measures launched in late 2008, aiming at capacity adjustments and profitability improvements, were continued. In supply restructuring, measures were taken to ensure the adequacy of human resources and local competence in production plants and assembly units, in line with Cargotec's long term supply strategy. Adjustment measures resulted in personnel reductions and temporary lay-offs in several production units.

The merger of the Hiab and Kalmar businesses into a new Industrial and Terminal business area resulted in considerable restructuring measures, as a result of which the operating model and organisational structure were enhanced globally. EMEA's sales and service organisations were the first to be affected by the restructuring measures, and their integration results were applied in other areas. The merger process resulted in a reduction of personnel from overlapping activities. The Marine business area focused on the internal integration of the organisation's new units.

Action to ensure an effective and harmonised HR operating model in accordance with Cargotec's global HR policies and processes began in 14 country organisations, the largest of these being Finland, Sweden and the United States. In connection with the redefinition of the Cargotec brand, the organisation began an extensive value discussion. The new, uniform brand will simplify recruitment and enable a consistent employer image in the future.

Cargotec is committed to complying with national and international laws and regulations, and to providing everyone with equal opportunities, in the working community and with regard to work-related practices and procedures. Cargotec also respects its personnel's freedom of association. Cargotec's Code of Conduct specifies the conduct expected of Cargotec personnel in their daily work. The Code of Conduct is available on Cargotec's website.

Personnel structure and changes in 2009

Adjustment and restructuring measures had a significant impact on personnel. At the end of 2009, Cargotec had a total of 9,606 employees, a decrease of 2,220 persons from 2008. The need for personnel cuts was highest in Finland, Sweden, the Netherlands and the USA. In 2009, 16 percent of the personnel were female (2008: 15%) and 84 percent male (2008: 85%). Part-time personnel represented three percent of employees (2008: 3%).

Compensation

Cargotec rewards its personnel through various incentive plans. In 2009, position classifications were further unified throughout the organisation and a comprehensive employee compensation and incentive plan strategy, alongside its implementation, was planned. Key compensation and rewarding processes such as salary review, bonus and long term incentive plans were further developed and their introduction was extended globally. A global job structure and evaluation method was created for the organisation in order to promote equal pay and treatment.

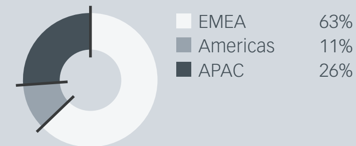
Cargotec has a top management incentive plan which defines both short and long term targets. This incentive plan consists of a long term, share-based incentive programme and the top management's bonus scheme that comprises both financial and personal targets. Furthermore, Cargotec's local units have collective incentive schemes based on the unit's financial and productivity targets. In 2009, salaries and remunerations to employees totalled EUR 351 million (2008: EUR 387 million).

HR and competence development

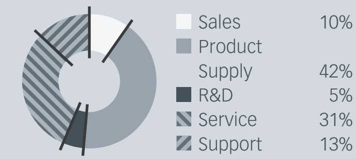
The restructuring of the Industrial and Terminal business area affected some 5,000 employees, including about 450 managers and key persons who were assessed for

In connection with the redefinition of the Cargotec brand, the organisation began an extensive value discussion. The new, uniform brand will simplify recruitment and enable a consistent employer image in the future.

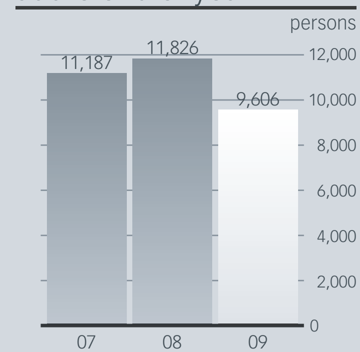
Employees by market area



Employees by function



Number of employees at the end of year



Values leading the way

In 2009, Cargotec carried out a large number of major changes. One of these involved defining shared values to help build a new Cargotec brand.

To kick off the value process, we arranged value workshops in different Cargotec countries at the beginning of the year. Group discussions held had the objective of identifying the elements we consider valuable and establishing a shared notion of the issues Cargotec's personnel consider important now and in the future. The entire organisation was invited to take part in the further processing of the value proposals identified in the workshops. A survey conducted in April offered personnel the opportunity to express their views on Cargotec's values.

More than 3,200 people answered the survey. The value proposals were revised or redeveloped based on the survey's results. At the same time, we interviewed our customers to improve our understanding of what Cargotec represents to them.

In May, after all the information had been collected and analysed, three key values emerged: Global presence – local service, working together, and sustainable performance.

The first value expresses the fact that Cargotec is a truly global company. We employ people representing a range of cultural backgrounds and provide services locally wherever our customers need us.

Our unique combination of a global presence and local service can only be delivered by enforcing our second value: working together. We work together with other Cargotec employees and with our customers.

Our third value, sustainable performance, is included in everything we do. It tells our customers and other interest groups what we want to accomplish.

In the autumn, we launched the implementation of these values across the entire organisation. For this purpose, we used our internal communication channels and placed a special emphasis on interaction. We also organised value workshops at which supervisors and teams were asked to assign concrete meanings to our values in their everyday work.

Implementation of our values continues, but our shared values already form a part of Cargotec's way of working. By acting according to our shared values, we can generate added value for our customers and other interest groups.

their suitability for key positions in the new organisation. This assessment involved weighing up each candidate's abilities in the basic competence areas required for good leadership: strategic management and business knowledge, human resource and change management, and operative leadership skills. Recruitment consisted primarily of internal transfers, which promoted in-house job rotation and offered career opportunities to the Company's own key experts.

Transparency was a key priority in forming the new organisation along with commitment, which was enhanced by organising change seminars for management and personnel. The Management Review survey was used as a reference in rebuilding the organisation, and the review process was further enhanced during the year. This process is aimed at ensuring a sufficient number of key experts and the adequacy of succession plans. With restructuring efforts facing a major challenge in the lack of a global corporate HR data system, measures were taken towards the planning and implementation of such a system.

The performance management process was introduced globally in almost all personnel groups and performed in 46 locations in 20 countries. Challenges associated with the changing business environment and organisational changes held back the extensive implementation of the process. In the future, this will be addressed by providing more effective training and communication on the benefits of the process. Value discussions will be included in the performance management process.

During the year, all of Cargotec's HR policies were revised. These policies contain provisions on HR principles and practices as well as recruitment, internal transfers, training, performance management, foreign assignments, management contracts, compensation and rewarding, job titles, and respect for the employee in the workplace. HR policies are updated annually and are implemented in Cargotec's operating countries through the Company's global HR management network.

To improve in-house communications, interactive real-time personnel webcasts were launched, open to all employees around the world. Cooperation between teams was enhanced with new tools suited to virtual meetings. Using these tools, travel could be effectively reduced. The functionality of the new corporate Flow collaboration portal was improved with an extensive web-based Flow Phonebook personal directory, and by initiating measures to link local intranets to Flow. In preparation for the global atmosphere and job satisfaction survey to be conducted in 2010, an atmosphere survey targeting new managers and key personnel within the EMEA region was conducted.

Training programmes

Cargotec's human resource competence development is based on corporate-level, centralised and local training programmes provided in various Cargotec countries, customised to meet the needs of employees and businesses. Global training programmes focus on the development of leadership skills and strategic core competence areas. In 2009, training programmes were limited in order to meet the cost savings targets.

In the autumn, the Cargotec Experience induction programme was organised in Finland and Poland, with the participation of a total of some 60 employees. The purpose of this programme was to strengthen Cargotec's corporate culture and familiarise employees with the Company's global operations. Moreover, a Managerial Finance training programme was organised, providing a more in-depth understanding of the effects of decision making on the Company's finances and profitability to more than 50 executives with profit responsibility.

Constructive collaboration

Cargotec applies an employee cooperation system that it has jointly developed and agreed upon with its personnel. This system is based on statutory employee information and consultation requirements. In Cargotec, cooperation has been organised at the corporate and location level. At Cargotec's various locations, cooperation is based on national legislation. Cooperation forums at the corporate level include the Cargotec Personnel Meeting in Europe which consists of 19 personnel representatives from 11 different countries, in addition to which there are the Cooperation Committee which operates in Finland, and the Corporate Information Committee which operates in Sweden. These forums, which convene on an annual basis, are joint meetings for personnel representatives and management, while the working committees operating under the forums meet more frequently.

All adjustment measures and reorganisations were performed in compliance with local laws and regulations. In accordance with Cargotec's policy, decisions are made jointly with personnel. Although some decisions were extremely difficult for personnel, active interaction promoted constructive collaboration and the opportunities for personnel to participate in strategic planning and strategy implementation.

Occupational health and safety

Cargotec aims to ensure safe working conditions for its employees. Cargotec's health and safety management is based on the Company's Code of Conduct, risk management and safety policies as well as unit-specific health and safety management systems, the aim being to minimise the number of industrial injuries by means of preventive measures. The Code of Conduct specifies that each employee is responsible for protecting him or herself and his or her co-workers, workplace, community and environment. According to the Code, everyone must also report any deficiencies in occupational health and safety and prevent possible damage or injury.

In 2009, work continued to improve preventive action and to promote cooperation between units in identifying best practices. Internal rules and regulations in occupational health and safety matters were further developed. Efforts launched at the end of the previous year to establish an OHSAS 18001 standard-compliant health and safety system continued. During the project some changes, required by organisational restructuring, were made to the system. The system will be certified in 2010, with the objective that the system cover all of Cargotec's units in Finland. At the moment, three Cargotec production units run an occupational health and safety system certified for compliance with the OHSAS 18001 standards.

As a pilot project, the reporting system for occupational health and safety indicators, which was introduced in almost all manufacturing units in 2008, was expanded to servicing units. The first in-house report on these indicators has been completed, and development needs identified from the report will be reviewed. Before the indicators generated by the system are fully comparable, the data collection system needs to be harmonised, new reporting tools need to be developed, and personnel must be trained in the use of the reporting methods. The indicators will provide information on the occupational health and safety situation at unit and corporate levels. Indicator reports will provide information on the cause of accidents leading to absence from work, the frequency of accidents, the affected party and the corrective action taken. This will facilitate more effective safety operations in, and promote cooperation between, units.

Goals for 2010

In 2010, HR will continue to support Cargotec's change projects. HR processes with a significant business impact such as the performance management, compensation and rewarding processes, will be further developed. The harmonisation of country organisations' HR activities will continue in most Cargotec countries. Efforts will be made to strengthen the value and performance-based corporate culture and to develop further the key competence areas required for good leadership, as well as the competences of sales and service personnel working at the customer interface. Measures to promote the adoption of Cargotec values as an integral part of the business and the entire personnel's operations include internal communications, performance management processes and customer experiences.

An extensive, expedient HR information system will be planned for HR reporting. In order to improve dialogue in the organisation and promote open communication, a job satisfaction and atmosphere survey targeting the entire personnel will be conducted. The results of the survey will be used to launch development projects for the improvement of job satisfaction and interaction. After a challenging year, the Company is seeking to invest in improving the workplace atmosphere and motivation. Together with the whole personnel, measures will be taken to build confidence in the future and continue the implementation of the Cargotec strategy.

UN Global Compact

THE GLOBAL COMPACT

WE SUPPORT

Cargotec supports the ten principles of the UN Global Compact, which asks companies to embrace, support and enact, within their sphere of influence, a set of internationally defined core values in the areas of human rights, labour standards, the environment, and anti-corruption. The table below lists the ten principles of the UN Global Compact. Information on how these principles are addressed in Cargotec can be found in this Annual Report as well as on the Company website.

Human rights

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.

Labour standards

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.
Principle 5	Businesses should uphold the effective abolition of child labour.
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7	Businesses should support a precautionary approach to environmental challenges.
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Risk management in Cargotec

In Cargotec, risk management is part of internal control operations. The purpose of risk management is to support the business and objectives by anticipating any threats involved in the operations, and managing any risks they may cause. The key principle is continuous, systematic and preventive action designed to identify, analyse and handle risks, and to manage any realised risks effectively.

The key task of internal control – the framework for risk management – is to ensure that management decisions are implemented across the organisation, that operations run efficiently and that business-related decision making is sound and appropriate. Internal control is also responsible for ensuring that risk management efforts are adequate and that personnel comply with company policies as well as non-company regulations and laws. Internal control does not have a separate reporting process; instead, its reporting is based on financial reports, management reports, risk reports and internal audit reports. Internal control is explained in more detail on pages 52–58 under "Corporate Governance Statement 2009".

Risk management concepts and objectives

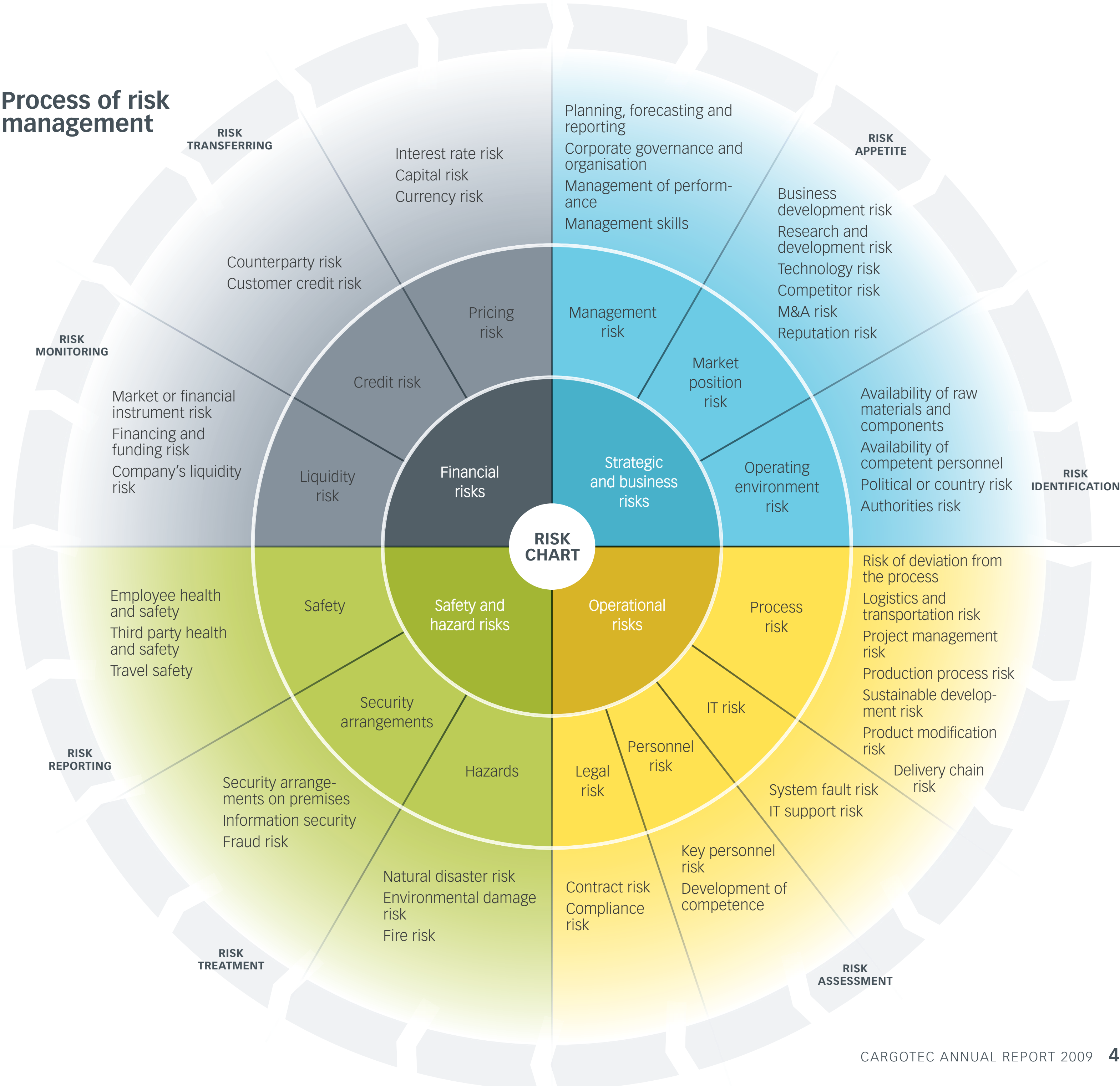
Cargotec defines risk as any internal or external threat or uncertainty which may prevent or jeopardise operations and the achievement of objectives. The scope of Cargotec's operations requires a comprehensive risk management, which encompasses business risk management, safety and hazard risk management, continuity management and risk transfer using corporate-level insurance plans. These areas also include sustainable development perspectives, which are taken into consideration when developing the risk management operations.

An objective of comprehensive risk management is the development and consistent use of systematic and practical risk management systems throughout the organisation. Another objective is the application of risk management, within the partner network, to risks deemed key risks. This leads to the production of an analysis of the risks involved in different business operations, allowing key risks to be managed effectively and continuously, and risk management measures to be monitored as part of business management and decision making. Comparative risk awareness enables risks to be communicated and reported, while promoting cooperation at different levels of the Company to enable the continuous improvement of operations.

Responsibilities

Cargotec's risk management responsibilities are described in more detail on pages 52–58 under "Corporate Governance Statement 2009". Cargotec requires that the companies in its supply chain are familiar with Cargotec's risk management principles and practices, and follow similar principles. Risk management guidelines and instructions on self-assessment have been

Process of risk management



drafted for suppliers and subcontractors. Cargotec's in-house units responsible for risk management develop their risk management operations independently and provide training to their personnel.

The Corporate Risk Management function is responsible for the overall development of risk management, supported by corporate-wide risk management principles, practices and risk reports. In addition, tools are developed to manage the Company's key risks, and support is provided for their application and adoption in units and functions. The Corporate Risk Management team is composed of the Corporate Risk Management Director and the persons responsible for risk management within the business. The Risk Management team has assessed the efficiency of the risk management process and reviewed development needs, plans and measures. It has also monitored their implementation. As a result of the rearrangements and organisational changes implemented, a redefinition of risk management responsibilities and practical work was launched towards the end of the year in line with the new organisation structure and operational concept.

Definition of risks

Cargotec divides risks into strategic and business risks, financial risks and operational and hazard risks. The purpose of this classification is to clarify the organisation of risks and handling procedures, and the definition of responsibilities.

Strategic and business risks

Strategic and business risks are related to business cycles in the world economy and Cargotec's customer sectors, the availability of raw materials and components and the related price trends, mergers and acquisitions, and the operations of dealers and subcontractors. Cargotec addresses these risks by striving to identify them and prepare for them in advance. The Company also prepares for them by signing long term delivery agreements and seeking alternative suppliers. Since the share of outsourced production is significant and suppliers are global, close cooperation with key suppliers (Vendor Management), audits and regular forecasts on the need for and availability of raw materials and components represent an increasingly important method of managing delivery risks.

Financial risks

Cargotec's financial risks are described in more detail in Note 3 to the Financial Statements and on pages 52–58 under "Corporate Governance Statement 2009".

Operational risks

Operational risks relate to persons, property, processes, products, information technology and practices. The materialisation of operational risks may result in bodily injury, property damage, business interruptions or product liability claims. First and foremost, Cargotec's main operational risk management measures involve better product safety and business processes in order to ensure business continuity. With respect to key person risks, succession plans for leadership and key assignments are updated on an annual basis for the purpose of ensuring continuity in operations.

Hazard risks

Cargotec's main hazard risks include risks related to personnel, property, business interruptions and logistics. In addition to preventive risk management measures, the Company protects itself against these risks by taking out global insurance policies covering all units. The efficient handling of accidents is also an important part of hazard risk management.

Key risk management measures in 2009

Cargotec's key principle in risk management process implementation is to conduct risk management systematically and as an ongoing process as part of day-to-day business operations. The objective of this is to increasingly shift from problem-solving to a consistent, proactive and systematic method of identifying and assessing risks, which allows corrective action to be taken at the planning stage. This requires that the risk management methods and tools be included in operative processes and in personnel training.

Strategic and business risks as well as operational risks are analysed as part of strategic and annual planning. With respect to the dependency and interruption risks that have been identified as key risks and that affect business continuity, consistent and centrally guided operating methods and tools have been created for risk management and assessment as for the implementation of risk management measures. Consistent methods and tools used systematically in units enable the generation of corporate-level summary reports, as well as the identification of dependency risks crucial to the Company, thereby allowing risk management measures to be targeted at the most important areas and subsequent follow-up. This system also provides information required for the development of an insurance coverage.

Risk analysis of the assembly units

In order to identify and analyse risks affecting business continuity, a risk analysis covering the assembly units was conducted in 2009. This analysis focused on both external and internal suppliers and on the unit's key functions. Based on the material obtained in the analysis, a corporate-level dependency risk profile was prepared identifying the critical suppliers and functions. On the basis of these results, each unit will prepare and revise its own continuity plans. For the suppliers most critical to the Company, action plans and procedures will be devised together with the Product Supply organisation, in order to improve and tighten cooperation with suppliers so as to enable faster and earlier identification of continuity risks and threats, and preventive action.

Manufacturing units identify, assess and handle hazard risks and security issues in accordance with their own procedures and practices. A tool has been developed for the management of manufacturing units' internal manufacturing and assembly processes that enables risk identification and assessment by function and manufacturing stage, as well as reporting that enables continued and determined risk management.

Audits

The Corporate Risk Management function carries out risk management-related audits within units. These audits involve the inspection of risk management work carried out in the units and of the management of operational and hazard risks, as outlined in the risk chart. Implementation of development plans and improvement measures continued, devised on the basis of risk management audits conducted in the manufacturing units in 2007 and 2008. Based on the follow-up work performed by Corporate Risk Management, it is evident that there has been improvement in all the risk management areas audited.

Supplier audits address risk management and environmental issues besides quality and delivery issues. Audits are also performed in connection with M&A and corporate restructuring arrangements.

The companies' certified ISO systems, quality and environmental systems as well as health and safety systems and their audits also support the risk management work and safety and security measures performed within units.

Product safety and project operations

Risk management in product safety development is both proactive and reactive. In the case of an accident, reports and analyses are drawn up on the reasons that led to the incident, in order to improve the product and prevent any similar incidents. If quality defects are detected, investigations will be conducted to determine their potential impact on product safety, and corrective action and a schedule for such action will be specified. To improve product safety, more attention is being paid to enhancing user safety already in the product development stage.

The analysis of project operations from the risk management perspective continues. Measures have also been taken to find out what systems and tools might be included in processes, from the project offer stage to the management of the implementation stage.

Information security

Information security has been enhanced by continuing information security inspections in units and service centres. Moreover, Cargotec has created guidelines for remedying any deficiencies detected. Efforts have been made to increase the general level of information security awareness among the entire personnel during induction training, among other things. Several IT-related measures have been implemented in order to increase Cargotec's information network security and to ensure business continuity.

Priority development areas in risk management

Efforts to develop the risk management system will continue in accordance with the Company's risk management policy. In the use of tools and in further development, an emphasis is placed on continuity and adhering to previous action recommendations. The objective is to make the organisation more aware of risks through training, more efficient internal communication, and audits of units.

Based on the risk assessment, the identified priority development areas include risks associated with subcontractors, product development, information security, personnel and sustainable development. Since the general economic situation increases the business continuity risk in subcontractor operations, the monitoring of these risks will be enhanced and action taken to anticipate any related problems. Product liability in business is becoming increasingly significant, which is why measures are being taken to improve product safety by developing risk identification and management methods to be applied already in the product development stage and in new product delivery processes.

The introduction of new information technology as well as organisational changes requires growing investment in information security. An information security strategy is being developed as part of risk and information management. Special attention will be paid to business continuity, personnel's information security skills and user rights management.

Social responsibility is an important part of Cargotec's values. Cargotec has a range of project and follow-up methods designed to promote employees' health, safety and coping at work. Major organisational changes require a re-definition and adjustment of risk management responsibilities and processes. Similarly, environmental protection and risk control share a number of responsibilities, which is why development work on these functions and reporting is also shared.

The working group in charge of steering development work within the priority areas mentioned above will be extended to include representatives of support functions in line with the selected priority areas. The working group's work is steered by Cargotec's Executive Board.

The scope of Cargotec's operations requires a comprehensive risk management, which encompasses business risk management, safety and hazard risk management, continuity management and risk transfer using corporate-level insurance plans.

Corporate Governance Statement 2009

Cargotec's governance and management are based on the Finnish Limited Liability Companies Act and Securities Markets Act, the Company's Articles of Association and the rules and guidelines of NASDAQ OMX Helsinki Oy. Cargotec complies with the Finnish Corporate Governance Code available on the Securities Market Association's website at www.cgfinland.fi. Cargotec's shareholders at the Shareholders' Meeting exercise the highest decision making power. The Company is managed by the Board of Directors and the President and CEO.

This statement is presented as a separate report and disclosed together with the financial statements and the report by the Board of Directors.

Shareholders' meeting

The Shareholders' Meeting is convened by the Board of Directors. The Annual General Meeting (AGM) is held annually within three months after the closing of the financial period, on a day designated by the Board. An Extraordinary Shareholders' Meeting in respect of specific matters shall be held when considered necessary by the Board, or when requested in writing by an auditor of the company or by shareholders representing at least 10 percent of all the issued shares of the company.

The issues decided on by the Shareholders' Meeting include the approval of the financial statements, distribution of profit, amendments to the Articles of Association, granting of release from liability to the members of the Board of Directors and to the President and CEO, the election of the members of the Board and auditor, and their remunerations.

The notice of the Shareholders' Meeting shall be published on the Company's internet pages and in at least two daily newspapers, decided upon by the Board and appearing in the Helsinki region. The notice specifies the matters to be considered by the meeting as well as the proposals made by the Board to the meeting. The shareholders must register for the meeting in the manner specified in the notice.

The names of candidates for Cargotec's Board are published in the notice of the Shareholders' Meeting, if the candidates have given their consent to their election and the proposal has been made by the Board Nomination and Compensation Committee, or if the proposal is supported by shareholders representing at least one-tenth of the total voting rights. The names of any candidates appointed after the notice has been issued will be published separately if the aforementioned conditions are met. Furthermore, the Board Audit Committee's proposal for the auditor will be published in a similar manner prior to the Shareholders' Meeting.

It is the Company's aim that all members of the Board, the President and CEO and the auditor be present at the Shareholders' Meeting, and that a candidate standing for the Board for the first time attend the Shareholders'

Meeting deciding on the election unless he or she has a substantive reason to be absent.

The AGM held in Helsinki on 5 March 2009 was attended by 402 shareholders representing 79 percent of the total voting rights of the company. In addition to decisions taken on an annual basis, the AGM authorised the Board of Directors to decide on the acquisition of the Company's own shares as well as on a share issue involving the transfer of treasury shares.

Shareholder rights

A shareholder has the right to attend the Shareholders' Meeting if he or she has been entered into the register of shareholders at least eight working days before the meeting and if the shareholder has declared to the Company his/her intention to attend in the manner specified in the notice of the Shareholders' Meeting. A holder of nominee-registered shares can also attend the Shareholders' Meeting by registering him/herself in the register of shareholders on a temporary basis. A shareholder can attend the Shareholders' Meeting either in person or via a representative authorised by the shareholder.

A shareholder has the right to raise issues for consideration by the Shareholders' Meeting if he or she so requests in a written notification to the Board in good time for the matter to be included in the notice of the Shareholders' Meeting.

In the Shareholders' Meeting, all shareholders have the right to raise questions and propose resolutions regarding issues on the agenda.

A dividend will be paid to any shareholder who is registered in the Company's shareholder register on the record date of the dividend payment.

The number of shareholders increased by 2,000 during 2009 and totalled approximately 18,000 at year-end. A list of Cargotec's major shareholders on 31 December 2009 is provided on page 148 in the Annual Report. A monthly updated list of major shareholders is available on the website at www.cargotec.com/investors.

Board of Directors

Cargotec's Board includes a minimum of five and a maximum of eight regular members, as well as a maximum of three deputy members. Board members are elected in the AGM for a term of office that expires at the end of the first AGM following the election. The Board elects the Chairman and Deputy Chairman from among its members. The majority of Board members shall be independent of the Company and significant shareholders. During the election of Board members, due attention is paid to ensuring that members mutually complement one another in terms of experience and expertise in the Company's line of business and its stage of development.

Cargotec's Board is responsible for the management and proper organisation of the Company's operations as well as representing the Company. The duties of the Board are determined on the basis of the Articles of Association and the Finnish Limited Liability Companies Act. The Board has compiled a written charter for its work that defines its main duties and operating principles. In compliance with the charter, the Board convenes regularly seven times a year, and whenever necessary, by invitation of the Chairman.

The Board's responsibilities include approving the Company's financial statements and interim reports, the supervision of accounting and the control of the Company's financial matters, and preparing issues to be presented to the Shareholders' Meeting. The Board also decides on the company's contributions, loans, and guarantees. The Board elects Cargotec's President and CEO and decides on the related terms of employment. Furthermore, the Board confirms the Company's strategic plans and annual action plans as well as significant acquisitions and investments and approves the Company's risk management principles.

In the AGM of 5 March 2009, the following were elected as members of the Board: Tapio Hakakari, (b. 1953), LL.M., Ilkka Herlin (b. 1959), Ph.D., Peter Immonen (b. 1959), M.Sc. (Econ.), Karri Kaitue (b. 1964), LL.Lic., Antti Lagerroos (b. 1945), LL.Lic., and Anja Silvennoinen (b. 1960), M.Sc. (Eng.), MBA. Ilkka Herlin acted as Chairman of the Board while Tapio Hakakari acted as Deputy Chairman. Kari Heinistö, SEVP, acted as Board Secretary. The Board members are presented on pages 62–63.

The Board reviews its own performance and procedures once a year through internal self-assessment. Moreover, the Board conducts an annual assessment of the independence of its members. The members of the Board are independent of the Company and, with the exception of Ilkka Herlin, also independent of significant shareholders in the Company. Ilkka Herlin, Chairman of the Board, is one of the largest owners of Cargotec, holding over 20 percent of the votes and over 10 percent of the shares of the Company.

Cargotec's Board convened eight times during 2009 with an attendance rate of 100 percent.

Committees of the Board of Directors

Two committees assist Cargotec's Board in its work: the Audit Committee, and the Nomination and Compensation Committee. The Board nominates the members and Chairman of the committees from among its members and confirms the committees' charters. The committees have no autonomous decision-making power. They prepare minutes of their meetings and report to the Board on a regular basis.

Audit Committee

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibility to oversee the financial statement reporting process as well as the management's conduct of the Company's financial reporting process. The Audit Committee supervises the adequacy and appropriateness of the Company's internal control, internal auditing and risk management in accordance with its charter as well as handles internal audit plans and reports. Furthermore, the Committee prepares a proposal to the AGM regarding the election and fees of the external auditor(s), defines and monitors the non-audit services purchased from the auditing firm in order to avoid jeopardising the auditors' independence and monitors the statutory audit of annual accounts and consolidated accounts. The Committee also prepares the

Board of Directors' Corporate Governance Statement. The Audit Committee meetings are attended by the members, the secretary to the Committee, the Head of Internal Audit, the President and CEO, and the representatives of the auditing firm. The Committee convenes without the presence of the Company's management if the matters to be dealt with so require.

The Audit Committee consists of a minimum of three Board members. In 2009, Karri Kaitue acted as chairman of the Audit Committee, while Ilkka Herlin and Anja Silvennoinen acted as members of the Committee. Committee members are independent of the Company and, with the exception of Ilkka Herlin, independent of significant shareholders in the Company. Committee members possess years of experience in business management duties.

The Committee convened four times during the financial period, and Committee members' attendance rate in meetings was 100 percent.

Nomination and Compensation Committee

Nomination and Compensation Committee prepares a proposal to Cargotec's AGM concerning the composition and remuneration of the Board. Furthermore, the Committee prepares a proposal to the Board regarding the appointment of the President and CEO and the terms of employment. It is also the Committee's duty to ensure that the resourcing of the Company management is appropriate and that their salary and other terms are competitive. Management here refers to the President and CEO, the Executive Board, and persons reporting primarily to members of the Executive Board. The Nomination and Compensation Committee confirms the target group and considers, principally once a year, their salary adjustments, bonus principles, bonuses earned, and succession planning. Furthermore, the Committee's tasks include preparing and presenting to the Board stock option, share, and other employee incentive programmes as well as preparing proposals concerning the Company's voluntary pension schemes.

The Nomination and Compensation Committee consists of a minimum of three Board members. The Committee convenes as needed but at least three times a year. In 2009, Ilkka Herlin acted as chairman of the Nomination and Compensation Committee, while Tapio Hakakari, Peter Immonen and Antti Lagerroos acted as members of the Committee. Committee members are independent of the Company.

The Committee convened six times during the financial period, and Committee members' average attendance rate in meetings was 92 percent.

President and CEO

The Board appoints Cargotec's President and CEO and determines the related terms of employment. Mikael Mäkinen (b. 1956), M.Sc. (Eng.), has been Cargotec's President and CEO since 2006. The President and CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within Cargotec. The President and CEO also ensures that the accounting practices of the Company comply with the law and that financial matters are handled in a reliable manner. The employment terms of the President and CEO are defined in a written employment contract.

Executive Board

In support of the President and CEO, the Executive Board monitors business development, is responsible for Cargotec's operational activities, and defines operative principles and procedures in accordance with guidelines set by the Board. The Executive Board convenes every month and whenever necessary.

Cargotec's Executive Board comprises the President and CEO, the head of the Industrial and Terminal business area as well as the business area's Product Solutions, Service Solutions and regional heads, the head of the Marine business area, the head of Product Supply, as well as heads of the Company's key support functions. The Executive Board's composition changed in 2009 when the Hiab and Kalmar business areas were merged to form the Industrial and Terminal business area, four new members were appointed to the Executive Board and the areas of responsibility were defined.

The President and CEO and other members of the Executive Board are presented on pages 64–65 of this Annual Report.

External audit

The statutory external audit includes control of accounting, financial statements, and administration for the financial period. In addition to the auditors' report issued annually, the auditors report to the Board on their auditing observations on a regular basis. Cargotec's financial period is the calendar year.

According to the Articles of Association, the Company shall have at least one and a maximum of three auditors. The Auditors shall be authorised public accountants. The auditors are elected annually by the AGM and their assignment expires at the end of the first AGM following the election. PricewaterhouseCoopers Oy has acted as Cargotec's auditor since the beginning of the company's first financial period, 1 June 2005.

The AGM of 5 March 2009 elected Authorised Public Accountants Johan Kronberg and PricewaterhouseCoopers Oy as Cargotec's auditors according to the proposal of the Audit Committee. PricewaterhouseCoopers nominated Authorised Public Accountant Jouko Malinen as its principal auditor. Auditors' fees are compensated against an invoice.

For the financial period, Cargotec companies' audit fees totalled EUR 2.4 (2008: 2.3) million, while EUR 1.4 (2008: 1.5) million was paid in non-audit fees to the auditing firm.

Main features of the internal control and risk management systems pertaining to the financial reporting process

Cargotec compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the Finnish Accounting Board's guidelines and statements, while complying with the standards of the Financial Supervisory Authority (FIN-FSA) and the rules of NASDAQ OMX Helsinki Oy. The internal control and risk management guidelines and practices pertaining to the Company's financial reporting process have been designed to ensure that the financial reports disclosed by Cargotec give essential and correct information about its financial performance.

Financial reporting process

Cargotec's financial reporting is supervised on a monthly basis by the business units and the management teams of the business areas as well as the Executive Board (monthly review). Furthermore, financial performance is reported to the Board of Directors on a monthly basis. The reporting schedule has been planned so that performance is first reviewed at unit level, after which it is compiled for a review meeting of the management team of the business area in question. The third level of control comprises meetings of the Executive Board. The finance responsibles report any deviations from the plans to the management and analyse the reasons for these. The purpose of the monthly review is also to ensure performance towards annual targets and necessary actions as well as internal control.

The financial reporting guidelines are available for all personnel at Cargotec's Flow collaboration portal. In addition to corporate-level standards (Cargotec Accounting Standards), these comprise business area-specific lower-level guidelines. Finance function regularly arranges controller meetings with the purpose of providing guidelines for the work as well as ensuring uniform procedures and interpretation of guidelines.

In 2009, Cargotec implemented a new joint reporting system aimed at significantly improving the reliability of financial information while creating transparency for Cargotec reporting to each business unit. Following the implementation, specifications of chart of accounts have been further defined and harmonised. After the implementation of the new system, Cargotec determined control points for the financial reporting process, on the basis of a risk assessment.

The harmonisation of financial reporting is currently underway in Cargotec with the purpose of standardising reporting as well as reducing any business area-specific differences in guidelines. As part of the On the Move change programme, Cargotec is seeking to reduce its number of financial administration systems and upgrade the remaining ones. In line with the change programme, a shared service centre model applied by a number of units has been expanded in such a way that the bookkeeping of all of Cargotec's units in Finland was transferred to a shared service centre during 2009. In Sweden, the shared service centre model has been implemented as of the beginning of 2010. In the beginning of October 2009, a functional structure was implemented in most of Cargotec in which persons responsible for finance report to the finance organisation instead of the line manager.

During 2009, the main risks, control objectives and control points of the financial reporting process were determined. Such control points were determined from the subsidiaries' reporting processes all the way up to Cargotec reporting. These control points include approval procedures, matching, differentiation of tasks pertaining to the operational chains of bookkeeping as well as analysing financial information in order to discover errors. Towards the end of the year, all Cargotec companies were internally informed of the main risks, control objectives and control points of the financial reporting process, and the related implementation and self-assessments were initiated in the first Cargotec units. The results of said assessments were reported to the Board Audit Committee. The control objectives will be implemented throughout Cargotec during 2010.

Guidelines regarding the disclosure of financial information are included in Cargotec's communications guidelines. The Investor Relations function ensures that these guidelines are up-to-date and that they are observed.

Internal control

The goal of Cargotec's internal control is to ensure that its operations are efficient and profitable, its business risk management is adequate and appropriate and the information it produces is reliable. Cargotec's internal control is based on its values and the Code of Conduct. With respect to the financial reporting process, these are supported by Cargotec's policies and guidelines as well as its clearly defined internal financial reporting and communications. Cargotec's Internal Control Policy defines the control principles and procedures applied. Similarly to other Cargotec operations, responsibility for the internal control of financial reporting is divided into three tiers. Line management is primarily responsible for internal control. It is aided by corporate support functions, which define policies and instruct on and supervise risk management. Internal and external audits form the third tier, their task being to ensure that the first two tiers are functioning effectively.

The Internal Audit functions under the supervision of the President and CEO and the Board Audit Committee. The unit's responsible persons report on their audit activities and the audit results to the Audit Committee on a regular basis. The purpose of such audits is also to supervise compliance with operating principles and guidelines. Cargotec's Internal Audit controls the operations of major subsidiaries and other units on a regular basis. Furthermore, Internal Audit controls financial reporting processes and compliance with these in the various Cargotec units and reports its findings to the management and the Board of Directors. Internal Audit is also responsible for the auditing of Cargotec's internal control as well as the business risks.

Risk management

Cargotec's Board has approved the Company's risk management policy, which defines the objectives, principles, activities and areas of responsibility of risk management. A core principle is continuous, systematic and preventive action for identifying, assessing and handling risks and, if they materialise, treating them effectively. One of the identified risk areas is financial risks. The President and CEO and the Executive Board are responsible for the methods, implementation and supervision of risk management, and report on these to the Board of Directors. Cargotec's risk management is spread across business areas and units. Each unit is responsible for assigning responsibility for risk management and identifying, managing and reporting risks. Financial risks are centrally managed by the Corporate Treasury, which draws up financial risk reports for Corporate Management and the Board of Directors on a regular basis.

Compensation

Board of Directors

The AGM decides on the remuneration of members of the Board. Board members are not included in Cargotec's share-based incentive programme.

Based on the decision of the AGM of 5 March 2009, the Board's annual remunerations were as follows:

- Chairman: EUR 80,000
- Deputy Chairman: EUR 55,000
- Other Board members: EUR 40,000.

In addition, a remuneration of EUR 500 is paid for attendance of meetings of the Board and its committees. 30 percent of the annual remunerations are paid in Cargotec's class B shares and the rest in cash. In 2009, the Board members' remunerations totalled EUR 321,312 and they obtained a total of 4,079 class B shares as part of their overall remuneration. For a more detailed specification of the salaries and remunerations paid to these persons, see Note 34 of the Financial Statements.

President and CEO and the Executive Board

The Board decides on the remunerations, incentive plan, and other benefits of the President and CEO and the Executive Board on the basis of a proposal made by the Nomination and Compensation Committee. Compensation comprises a fixed base salary and a bonus, which is based on the achievement of Cargotec's financial and personal targets. For the President and CEO, the maximum annual bonus is 70 percent of the annual salary, and for other members of the Executive Board, 60 percent.

The President and CEO and other members of the Executive Board are covered by Cargotec's share-based incentive programme for the period 2007–2011. The incentive programme consists of four earnings periods, of which the first was two years (2007–2008) and the following three periods one year each. The Board of Directors decides on the target group of the earnings period and their maximum reward at the beginning of each earnings period. Potential rewards from the incentive programme during 2007–2011 are based on achievement of five-year sales and operating income targets as defined in Cargotec's strategy. Shares distributed as a reward will include a prohibition on handing over or selling the shares within one year of the end of any earnings period, with the exception of the final earnings period when no prohibitions are included. These rewards, if any, are paid in both class B shares and cash. The maximum amount to be paid out as shares is 387,500 class B shares held by the Company as treasury shares. During the financial period of 2009, a total of 31,356 class B shares held by the Company were awarded to the 61 participants of the programme as reward for the first earnings period. A total of 118 class B shares were returned to the Company. The share of the President and CEO, and that of other members of the Executive Board, of the reward was 14,429 shares.

The base salary of Cargotec's President and CEO Mikael Mäkinen for the financial period 2009 was EUR 513,477, including benefits. Mäkinen's bonus paid during 2009 was EUR 406,430. He is included in the Company's top management share-based incentive programme for the period 2007–2011 and received 2,820 class B shares and EUR 42,608 as reward for the first earnings period.

Board of Directors

Direct ownership and the ownership of controlled corporations on 31 December 2009. Changes within the financial period or with regard to Board membership.

	Class A share	Change	Class B share	Change
Ilkka Herlin	2,940,067		4,751,106	201,106
Tapio Hakakari			153,642	1,642
Peter Immonen			66,553	18,553
Karri Kaitue			553	553
Antti Lagerroos			553	553
Anja Silvennoinen*			553	553

*Board member as of 5 March 2009

Executive Board

Direct ownership and the ownership of Moving Cargo Oy on 31 December 2009. Changes within the financial period or with regard to Executive Board membership.

	Class B share	Change	2005B option right	Change
Mikael Mäkinen	13,820	2,820	0	-1,000
Pekka Vauramo	1,410	1,410		
Olli Isotalo	1,610	1,610		
Kari Heinistö	15,410	1,410		
Axel Leijonhufvud	470	470		
Eeva Sipilä	6,540	940		
Unto Ahtola*				
Stefan Gleuel**	235			
Harald de Graaf	10,910	1,410		
Lennart Brelin**	564			
Ken Loh**	1,970			
Kirsi Nuotto	940	940		
Matti Sommarberg	940	940		
Pekka Vartiainen	6,910	-4,090		
Moving Cargo Oy***	226,694			

*Member of the Executive Board as of 2 November 2009

**Member of the Executive Board as of 1 October 2009

***Moving Cargo Oy is owned by Executive Board members Mäkinen, Vauramo, Isotalo, Heinistö, Sipilä, Leijonhufvud, de Graaf, Nuotto, Sommarberg and Vartiainen

For a more detailed specification of the salaries and remunerations paid to the President and CEO and the Deputy to CEO, see Note 34 of the Financial Statements.

The period of notice of the President and CEO is six months and he has the right to compensation for termination of employment of 12 months' salary. He is entitled to a statutory pension. Other members of the Executive Board have a period of notice of 6–12 months and all except one are entitled to compensation for termination of employment corresponding to 6–12 months' salary. One member is entitled to retire at the age of 60. In this case, the pension received corresponds to 60 percent of the total average annual salary excluding share-based incentive programmes in the last ten full years of service. This arrangement has been covered with insurances taken out by the Company.

Cargotec has granted loans to Moving Cargo Oy for the financing of a top management incentive programme totalling EUR 3.5 million as of 31 December 2009. The shareholders of Moving Cargo Oy belonged to Cargotec's Executive Board on 31 December 2009. For further information on the terms of the loan, see Note 34 of the Financial Statements. Cargotec has not granted other special benefits nor made other corresponding arrangements with parties belonging to its inner circle.

Insiders

Cargotec applies the insider guidelines of NASDAQ OMX Helsinki Oy, in addition to which the Board has approved internal insider guidelines that are based on the OMX guidelines. In compliance with the Finnish Securities Markets Act, Cargotec's permanent public insider register comprises, due to their positions, the members of the Board, the President and CEO, the auditors, as well as the members of the Executive Board, as determined by the Company. Persons employed by the Company and persons who, on the basis of a contract, work for the Company and, on account of their duties, have regular access to insider information, form Cargotec's permanent company-specific group of insiders. Those persons who, on the basis of an employment or other contract, work for the Company and obtain insider information associated with a specific project, are considered project-specific insiders. Permanent insiders are prohibited from trading in Cargotec's securities for 21 days prior to the publication of Cargotec's interim reports or financial statement releases. Project-specific insiders are prohibited from trading in Cargotec's securities until the project concerned has been cancelled or disclosed. Cargotec's Legal Department is responsible for adherence to insider guidelines and for monitoring the duty to declare as well as the maintenance of insider registers. Cargotec maintains its insider registers in the Euroclear Finland Ltd's SIRE system. Information related to the public insider register is available on the website at www.cargotec.com/investors.

The Board of Directors and the Executive Board's ownership of Cargotec is presented on the previous page.

Board of Directors

1 Ilkka Herlin (B. 1959, FINNISH, PH.D.)
CHAIRMAN

Member and Chairman of the Board since 2005, Chairman of Nomination and Compensation Committee, member of Audit Committee, significant shareholder, independent of the Company. Chairman of the Board of Wipunen varainhallinta oy and the Foundation for a Living Baltic Sea, member of the Board of D-sijoitus Oy and Mariatorp Oy.

4 Karri Kaitue (B. 1964, FINNISH, LL.LIC.)

Member of the Board since 2005, Chairman of Audit Committee, independent of the Company and of significant shareholders. Deputy Chief Executive Officer of Outokumpu Oyj, Chairman of the Board of Destia Ltd and Vice Chairman of the Board of Outotec Oyj and Okmetic Oyj.

2 Tapio Hakakari (B. 1953, FINNISH, LL.M.)
DEPUTY CHAIRMAN

Member of the Board since 2005, Deputy Chairman since 2009, member of Nomination and Compensation Committee, independent of the Company and of significant shareholders. Chairman of the Board of Enfo Oyj and Esperi Care Oy, member of the Board of Etteplan Oyj, Martela Oyj and Sofia Bank Plc.

5 Anja Silvennoinen (B. 1960, FINNISH, M.SC. (ENG.), MBA)

Member of the Board since 2009, Member of Audit Committee, independent of the Company and of significant shareholders. Senior Vice President, Energy Business Area, UPM-Kymmene Corporation, member of the Supervisory Board of Kemijoki Oy, member of the Board of Fingrid Oyj.

3 Antti Lagerroos (B. 1945, FINNISH, LL.LIC.)

Member of the Board since 2008, member of Nomination and Compensation Committee, independent of the Company and of significant shareholders. Chairman of the Board of Wärtsilä Corporation.

6 Peter Immonen (B. 1959, FINNISH, M.SC. (ECON.))

Member of the Board since 2005, member of Nomination and Compensation Committee, independent of the Company and of significant shareholders. Chairman of the Board of WIP Asset Management Oy, Vice Chairman of the Board of the Foundation for a Living Baltic Sea, member of the Board of Wipunen varainhallinta oy and Mariatorp Oy.

The Board of Directors' shareholdings on 31 December 2009 are presented in a table on page 60. For up-to-date information on Board members' shareholdings and more extensive CVs, please visit our website at ➜ www.cargotec.com

Executive Board

1 Mikael Mäkinen (B.1956, FINNISH, M.SC. (ENG.) NAV. ARCH.)

PRESIDENT AND CEO

Employed by Cargotec since 2006. Mäkinen was employed by Wärtsilä Corporation 1982–2006, e.g. as Deputy to President and CEO and Group Vice President, Ship Power. He is member of the Board of Lemminkäinen Corporation and the Federation of Finnish Technology Industries.

2 Pekka Vauramo (B.1957, FINNISH, M.SC. (MINING))

DEPUTY TO CEO, SENIOR EXECUTIVE VICE PRESIDENT, INDUSTRIAL AND TERMINAL

Employed by Cargotec since 2007. Vauramo was employed by Sandvik 1985–2007 in Finland, Far East and North America.

3 Olli Isotalo (B.1959, FINNISH, M.SC. (ENG.))

EXECUTIVE VICE PRESIDENT, MARINE

Employed by Cargotec since 1993, e.g. as managing director of Bromma Conquip AB and Velsa Oy.

4 Kari Heinistö (B.1958, FINNISH, M.SC. (ECON.))*

SENIOR EXECUTIVE VICE PRESIDENT, PROCESS SUPPORT

Employed by Cargotec since 1983 e.g. as CFO. He is member of the Board of the Association of Finnish Defence and Aerospace Industries and the Scout Foundation.

5 Axel Leijonhufvud (B.1961, SWEDISH, M.SC. (MECH. ENG.))

EXECUTIVE VICE PRESIDENT, PRODUCT SUPPLY

Employed by Cargotec since 2007. Leijonhufvud was the managing director of Ruukki Engineering 2005–2006 and employed by Weibulls Group 1996–2005.

6 Eeva Sipilä (B.1973, FINNISH, M.SC. (ECON.), CEFA)

EXECUTIVE VICE PRESIDENT, CFO

Employed by Cargotec since 2005. Sipilä has previously worked as Vice President, IR for Metso Corporation and equity analyst for Mandatum Stockbrokers.

7 Unto Ahtola (B.1955, FINNISH, B.SC. (MECH. ENG.))

EXECUTIVE VICE PRESIDENT, PRODUCT SOLUTIONS, INDUSTRIAL AND TERMINAL

Employed by Cargotec since 2009. He was employed by Sandvik 1982–2009, holding ultimately the position of Vice President, R&D and Engineering.

8 Stefan Gleuel (B.1966, GERMAN, M.SC. (NAV. ARCH.), M.SC. (MGMT.))

EXECUTIVE VICE PRESIDENT, SERVICE SOLUTIONS, INDUSTRIAL AND TERMINAL

Employed by Cargotec for over 10 years. His previous position was Senior Vice President, MacGregor Service Division.

9 Harald de Graaf (B.1965, DUTCH, B.SC. (ENG.))

EXECUTIVE VICE PRESIDENT, EMEA

Employed by Cargotec since 2006. De Graaf was employed by KONE Corporation 1987–2006 in Ireland, Belgium and the Netherlands.

10 Lennart Brelin (B.1949, SWEDISH, MBA BUSINESS MARKETING)

EXECUTIVE VICE PRESIDENT, AMERICAS

Employed by Cargotec for over 20 years, ultimately as Senior Vice President, Hiab Americas Region.

11 Ken Loh (B.1964, SINGAPOREAN, B.SC. (MECH. ENG.))

EXECUTIVE VICE PRESIDENT, APAC

Employed by Cargotec since 1989, e.g. as President, Kalmar Asian Operations.

12 Kirsi Nuotto (B.1959, FINNISH, M.A. (FRENCH, COMM.))

EXECUTIVE VICE PRESIDENT, HUMAN RESOURCES AND COMMUNICATIONS

Employed by Cargotec since 2006. Nuotto worked as HR Director and Communications Director at GlaxoSmithKline Finland 2001–2006.

13 Matti Sommarberg (B.1961, FINNISH, M.SC. (ENG.), M.SC. (ECON.))

EXECUTIVE VICE PRESIDENT, CHIEF TECHNOLOGY OFFICER

Employed by Cargotec since 1985, e.g. as Vice President, Business and Operations Development, Kalmar. He is member of the Board of FIMECC Oy.

14 Pekka Vartiainen (B.1956, FINNISH, M.SC. (ENG.))*

EXECUTIVE VICE PRESIDENT

Employed by Cargotec since 2003, as President of Hiab business area until 2009. Vartiainen was employed by ESAB Group 1983–2003 holding management positions.

*Member of the Executive Board until 22 January 2010

The Executive Board's shareholdings on 31 December 2009 are presented in a table on page 60. For up-to-date information on Executive Board members' shareholdings and more extensive CVs, please visit our website at ➜ www.cargotec.com.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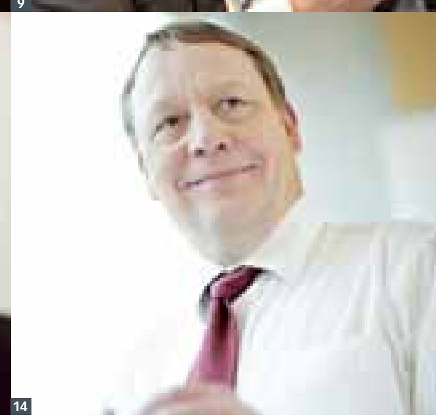
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Financial Statements 2009

Board of Directors' report

Operating environment

Demand for load handling equipment was weak, significantly affected by the marked fall in construction and new truck sales. With their fleets under-utilised, customers are postponing investment decisions in the uncertain economic situation. In some markets, low demand is feeding through as price competition between equipment manufacturers. By the end of the year, demand in customer segments other than those related to construction showed tentative signs of recovery.

The number of containers handled in ports around the world dropped clearly in 2009. Lower usage rates of container handling equipment led to reductions in replacement investments. Meanwhile, the uncertainty in the container handling markets was reflected in the lengthening of customers' investment decision making processes. However, due to publicly funded infrastructure projects, the Asia-Pacific market area saw greater levels of activity than elsewhere in the world. Demand for forklift trucks and terminal tractors was lower than in the previous year, due to lower industrial production and distribution centre activity.

The markets for marine cargo handling equipment contracted, following the end of the ship ordering boom of the last few years, although some positive development was visible in the offshore equipment market towards the end of the year. Overcapacity in shipping has led to the idling of vessels, their use for storage purposes and increased scrapping. Nevertheless, cancellations of orders for marine cargo handling equipment have so far remained at moderate levels.

Partly idle equipment lowered demand for services. Lower cargo handling equipment utilisation rates also affected spare parts sales. However, the services markets are in better shape than the equipment markets.

Orders received and order book

Orders received in 2009 totalled EUR 1,828 (3,769) million, which was 51 percent less than in the comparison period. It should also be noted that the order intake during the comparison period 2008 was record-high in both Kalmar and MacGregor. Orders received by MacGregor for EUR 175 million were cancelled from the order book in 2009, and thereafter removed from the book.

At the end of 2009, the order book totalled EUR 2,149 (3,054) million, 30 percent lower than in 2008. The management estimates that the order book includes some EUR 300 million of orders placed with MacGregor bearing a risk of cancellation.

Hiab's orders received in 2009 accounted for EUR 525 (818) million, representing 36 percent less than the previous year. A major part of the orders Hiab secured were small individual orders, which is representative of its operations in general. The biggest individual order was received in February, when Hiab signed a contract for 292 loader cranes with BAE Systems Inc. in the United States. Hiab's order book at the end of the year, totalling EUR 119 (164) million, was 27 percent less than a year before.

Kalmar's orders received in 2009 totalled EUR 738 (1,566) million, which was 53 percent less than in the comparison period. Demand fell due to a clear drop in the number of containers handled in the world's ports and faltering industrial production. Major agreements included E-One rubber-tyred gantry crane (RTG) orders from Namibia, Portugal, Poland, Turkey and Vietnam, orders for two ship-to-shore cranes (STS) from Latin America, an order for 20 shuttle carriers from Spain and orders for terminal tractors from China, Tunisia and Russia. In addition, orders for more than 100 rough terrain container handlers were received from Tank-Automotive Armament Command (TACOM), which is part of the US Department of Defence. Cargotec Port Security, which is part of Kalmar, won its first commercial contract for a spreader-mounted radiation detection system from the US-based Lockheed Martin. Kalmar's order book at the end of 2009, totalling EUR 427 (704) million, was 39 percent lower than at the end of 2008.

MacGregor's orders received in 2009 accounted for EUR 569 (1,393) million, 59 percent less than in 2008. The drop in orders received reflected a strong slow-down in the exceptional ship order boom of the last couple of years. However, other market participants' delivery problems had a positive impact, with shipyards seeking to secure their project schedules with MacGregor's help.

MacGregor received several important orders during the year. An order for hatch covers to be installed on 10 bulk carriers was received from a South Korean shipyard. Hatch covers for 32 container ships under construction in Japan and South Korea and 30 cargo handling cranes and hatch covers for six container ships under construction at a Chinese shipyard, will be delivered during 2010–2012. In addition, agreements were made for the delivery of 120 cargo handling cranes destined for 32 bulk carriers under construction in China and India, for two twin boom level luffing cargo handling cranes for the US Navy and for specialist cargo handling systems for two logistics support vessels for the Australian Navy. MacGregor also agreed on the delivery of six cranes for STX Europe and of hatch covers for two new-generation heavy duty ships for a German shipyard.

Significant orders for RoRo equipment were received from France, Germany, Ireland, Japan, Jordan and Morocco. The order from Japan includes electrically-driven RoRo equipment for two car carriers and the German order RoRo systems for seven RoRo vessels.

MacGregor also received an order for 28 hose handling and provision cranes from the Korean shipyard Daewoo Shipbuilding & Marine Engineering Co. and an order for self-unloading systems to be installed on two coastal cement carriers from a Japanese company.

In December, a contract was signed to deliver a range of advanced offshore and subsea load handling systems for a deepsea research vessel which will be built at a Japanese shipyard. An active heave compensated offshore crane will be delivered to a US customer during early 2010. Two knuckle-jib ship cranes will be delivered and installed for a researched vessel under construction at a Russian shipyard and one ship crane for an offshore vessel under construction in Canada, also in early 2010. Moreover, in July, MacGregor won an order for a ship unloader for handling coal from Brazil.

MacGregor's order book at the end of the financial period was EUR 1,604 (2,187) million, which was 27 percent less than at the end of 2008. More than 60 percent of the order book is bulk, general cargo and container ship-related. Offshore support vessel-related orders comprise more than 10 percent of the order book. The orders cancelled during the financial period, EUR 175 million, were removed from the order book.

Services' market activity also declined compared to the previous year, but to a smaller extent than in the equipment market. Although a large number of small contracts typical of the services business were signed, customers are delaying decision making related to major contracts. Major service orders received during the year included three-year service agreement renewal for all RoRo equipment for 27 vessels from Grimaldi, refurbishment of 13 straddle carries for a Tunisian port operator and a five-year equipment servicing and maintenance contract signed with an Albanian port operator.

Sales

In 2009, sales declined 24 percent from the comparison period and totalled EUR 2,581 (3,399) million. Only deliveries of marine cargo handling equipment grew from the previous year. In terms of sales, EMEA (Europe, Middle East, Africa) was the largest market, its share declining to 46 (56) percent of consolidated sales. The America's share of sales was 18 (16) and that of Asia-Pacific was 36 (28) percent.

Hiab's sales in 2009 totalled EUR 568 (907) million, which was 37 percent less than in the previous year. Sales were on a low level all year, reflecting the general weakness in the load handling equipment market.

Kalmar's sales in 2009 totalled EUR 1,008 (1,515) million. The decline from the previous financial period was 34 percent. In the second half of 2009, delivery volumes saw a clear drop due to a low order intake which continued throughout the year.

MacGregor's sales 2009 totalled EUR 1,009 (985) million. Growth was two percent from 2008. This sales growth was the result of the strong order intake in previous years and successful project deliveries.

Services sales during the financial period amounted to EUR 690 (871) million, representing 27 (26) percent of total sales. Sales from services declined 21 percent from the comparison period level, which is a consequence of lower demand in all areas of the services business. Services accounted for 30 (23) percent of sales at Hiab, 33 (29) percent at Kalmar and 19 (23) percent at MacGregor.

Financial result

The operating profit for 2009 weakened from 2008, totalling EUR 0.3 (173.7) million. Operating profit includes EUR 61.1 (19.1) million in restructuring costs. EUR 26.8 (14.1) million of the restructuring costs are related to Hiab, EUR 16.4 (4.5) million to Kalmar and EUR 1.9 (-) million to MacGregor. In addition, a total of EUR 15.9 (0.3) million in write-offs and personnel-related restructuring costs were booked at the corporate level.

Operating profit in 2009, excluding restructuring costs, was EUR 61.3 (192.8) million, representing 2.4 (5.7) percent of sales. This includes a EUR 4.8 (8.3) million cost impact for the purchase price allocation treatment of acquisitions and EUR 12.2 (9.4) million costs from the On the Move change programme. Operating profit in 2009 for Hiab, excluding restructuring costs, was EUR -35.0 (49.4) million, EUR 24.6 (89.6) million for Kalmar and EUR 105.2 (83.6) million for MacGregor.

MacGregor's profitability improved during each quarter. Hiab's and Kalmar's operating profit was eroded by low production capacity utilisation. During the first half of the year, the product profitability of deliveries was weakened by material costs, which were still at the previous high price levels. However, towards the end of the financial period, the decrease in material prices began to have a positive impact. In addition, costs savings from significant restructuring measures totalled EUR 90 million during the year.

Net financing expenses were EUR 27.0 (28.5) million in 2009.

Net income in 2009 was EUR 7.1 (120.8) million and earnings per share EUR 0.05 (1.91).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 352 million lower at EUR 2,687 million than at the end of 2008. Equity at the end of 2009 was EUR 871 (855) million representing EUR 14.20 (13.95) per share. Return on equity (ROE) was 0.8 (13.7) percent, return on capital employed (ROCE) 0.2 (12.7) percent and the total equity / total assets ratio 37.5 (33.0). Tangible assets on the balance sheet were EUR 301 (284) million and intangible assets EUR 784 (754) million.

Cash flow from operating activities before financial items and taxes in 2009 was EUR 290 (134) million. Cash flow was positively affected by the fall of EUR 201 million during the year in net working capital. At the end of 2009, net working capital was EUR 123 (324) million. This fall was due to shrunken component and materials inventories and lower receivables. In addition, at the beginning of 2009, the balance sheet showed a significant amount of work-in-progress, which healthy early-year delivery volumes within Kalmar and MacGregor have reduced.

Cargotec's liquidity is healthy. The dividend payment totalled EUR 37.4 (66.0) million.

Net debt at year-end was EUR 335 (478) million, including EUR 612 (565) million in interest-bearing debt. Gearing was 38.0 (55.3) percent.

Cargotec's financing structure is healthy. Interest-bearing debt consists mainly of long term corporate bonds maturing from the year 2012. In order to strengthen its financial structure, Cargotec raised a total of EUR 100 million as five-year Pension Premium Loans (TyEL) in March and June 2009. In addition, Cargotec had EUR 585 million of unused long term credit facilities at the end of the financial period.

Key figures on financial performance, including comparison data, are shown in their entirety under the section Key figures of the Financial Statements.

New products and product development

Research and product development expenditure in 2009 was EUR 36.5 (47.0) million, representing 1.4 (1.4) percent of sales. Despite the weak market situation, Cargotec continues to invest in product development.

During the financial period, Hiab introduced a new medium range loader crane specially designed for the construction industry, and several new products in the small crane product family. In addition, Hiab launched its first stiff boom crane for the Chinese market. Furthermore, a new 30-tonne demountable and three new hooklifts were introduced in Hiab's demountable product family. The safety of Hiab cranes was enhanced in order to fulfil the new Machine Directive 2006/42/EC in Europe, which entered into force in December 2009.

During the financial period, Kalmar continued its product development and introduced several new products improving energy efficiency in particular. A new streamlined reachstacker ensures cost-effective and flexible container handling for medium capacity ports. Due to the new technology used in Kalmar's electrical shuttle carriers, this equipment features reduced fuel consumption and lower emissions. Moreover, the all-electric rubber-tyred gantry crane (RTG) was further improved with several safety and environmental features. Additionally, three new hybrid terminal tractors for technology trials were supplied to the Port of Long Beach, USA. Kalmar also launched a customised automation platform for the management of container handling equipment fleet in ports and terminals and a new heavy range terminal tractor for LoLo (lift-on, lift-off) operations. The tractor has been designed in close cooperation with customers and meets the strictest requirements for ergonomics and driveability, energy efficiency as well as environmental friendliness.

During the first half of the year, Kalmar finalised performance testing related to the development of its automatic stacking crane system in the Hamburg CTB terminal. The automatic stacking crane meets German requirements for security systems. Integration testing with the customer's terminal system will continue in 2010.

In addition, Kalmar prepared the commencement of ship-to-shore crane production in Asia. At the same time, Kalmar changed its cranes to enable easier final assembly at the customer's site. This makes their transportation simpler and less expensive. New Kalmar ship-to-shore cranes will be delivered with a novel crane control system featuring the crane's control, crane management and fault diagnostics.

In November, an electric drive innovation MacRack was introduced to simplify the operation of MacGregor side-rolling hatch covers.

In May, MacGregor introduced an innovative ultra-deepwater lifting system, which includes a side-mounted hang-off frame for the transfer of loads from a steel-rope winch fitted standard crane, to vertically suspended fibre ropes. This development is a continuation of the January delivery of the first subsea knuckle-jib crane equipped with an option for fibre rope handling. Technology for handling lightweight fibre rope rather than traditional steel wire rope offers several advantages: much heavier loads can be handled without placing a strain on the crane at unlimited depths and, consequently, overall safety is improved due to lighter equipment still capable of carrying out heavy work operations.

Capital expenditure

Capital expenditure for the financial period, excluding acquisitions and customer financing, totalled EUR 87.8 (76.8) million. Investments in customer financing were EUR 19.0 (35.9) million. Depreciation for 2009 amounted to EUR 58.7 (57.4) million.

Cargotec made the decision to proceed with an investment plan for a multi-assembly unit (MAU) in Stargard Szczecinski in Northern Poland, to improve its global supply footprint. This new MAU is intended to support the production of a wide range of Cargotec equipment. Production began in rented premises at the end of the third quarter of 2009. Production in Cargotec's own premises at a new site is planned for the second quarter of 2010. The cash flow impact of the investment cost was EUR 19.1 million in 2009.

The expansion of container spreader production capacity in Malaysia was finalised during the fourth quarter of 2009. The new factory for rough terrain container handlers in Texas, USA, started production. In addition, the capacity expansion investment in Narva, Estonia and the doubling of production capacity in Shanghai, China, were finalised during the first half of 2009.

On the Move change programme

In January 2008, Cargotec announced the launch of an extensive On the Move change programme. This change programme was intended to form a basis for profitable growth through improved customer focus and efficiency. Of the programme's estimated EUR 80–100 million savings target, half will result from non-volume-related cost structure adjustments and supply set-up changes and has been included in an overall cost savings estimate exceeding EUR 150 million. The materialisation of the other, volume-related half of the original On the Move savings target will require an improvement in the market situation. This stand-alone change programme was concluded at the end of the year. Ongoing issues were transferred to operative areas of responsibility.

The projects in the first phase focused on streamlining support functions and the company structure as well as initiating information management (IM) projects for the improvement of efficiency. Changes in company structure were to a large extent finalised during the year. IM projects will continue in 2010.

At the beginning of 2009, Cargotec established a common Supply organisation, responsible for sourcing and supply and which is developing global supply closer to customers as well as steering such operations towards lower cost environments. During 2009, Cargotec implemented a major change in its supply footprint. In 2008, the decision was taken to close a factory in the USA and Finland. Further similar decisions were taken during the year 2009, affecting factories in Indonesia, the Netherlands and Sweden. As a consequence of these factory closures and in order to enhance efficiency, the operations and capacity utilisation of the remaining factories will be developed.

As part of the On the Move change programme, Cargotec merged Hiab and Kalmar business areas globally. The resulting new business area, Industrial and Terminal, comprising Hiab and Kalmar business areas, began operating at the beginning of October, while financial reporting continued according to the previous structure until year-end. The new Industrial and Terminal organisation includes Product Solutions, responsible for ensuring the competitiveness of the global product offering, Service Solutions with responsibility for ensuring the competitiveness of the global service offering and three regional organisations, the Americas, Asia-Pacific and EMEA, with responsibility for sales and service.

Acquisitions and disposals

During the financial period, Cargotec completed two acquisitions. In December, Cargotec acquired the port service and equipment-related part of Moroccan Société Maghrepic S.A.'s business operations. Maghrepic has been Cargotec's dealer representative in Morocco and has long experience in service and spare parts. According to the deal, Cargotec employed 44 persons, most of whom are service technicians. In August, Cargotec acquired the assets of the Danish sales and services company Arne Holst & Co. A/S. This acquisition included the takeover of business assets and customer contacts, as well as the transfer of four employees to Cargotec. In addition, Cargotec acquired an 18 percent minority holding in Kalmar España S.A. and 20 percent minority holdings in the Italian Officine Cargotec Ferrari Genova S.r.l and Officine Cargotec Ferrari Prato S.r.l., as well as in the Australian Hiab Australia Pty Ltd. Subsequent to these transactions, Cargotec owns all shares in the companies.

In November, Cargotec agreed on the termination of the cooperation agreement with the Chinese company Goodway signed in 2006. The cooperation agreement will be terminated in early 2010.

In October, Cargotec agreed to transfer its off-road forestry cranes business to the Finnish Mesera Salo Oy. The transfer agreement also included stationary mounted off-road crane models. As part of the deal, some key employees in the off-road crane business transferred to Mesera. The real estate related to the business and located in Salo, Finland, was sold to the Finnish Rakennus-Järvi Oy in December.

Personnel

Cargotec employed 9,606 (11,826) people at the end of the year, 2,220 fewer than at the end of 2008. Due to restructuring measures, the number of personnel declined most in Sweden and Finland. Hiab employed 3,127 (4,308) people, Kalmar 3,862 (4,766), and MacGregor 2,286 (2,577). The average number of employees in 2009 was 10,785 (11,777). Part-time personnel represented 3 (3) percent of employees. 16 (15) percent of personnel were female and 84 (85) percent male. The number of personnel in corporate-level support functions increased due to the establishment of Cargotec's shared service centre as well as common supply and country organisations.

At the end of 2009, 19 (20) percent of Cargotec's total employees were located in Sweden, 11 (13) percent in Finland and 30 (30) percent in the rest of Europe. North and South American personnel represented 11 (11) percent, personnel in Asia-Pacific 26 (24) percent and the rest of the world 2 (2) percent of total employees.

Salaries and remunerations to employees totalled EUR 351 (387) million for the financial period.

During the year, all of Cargotec's human resources (HR) policies were revised. These policies contain provisions on the HR principles and practices as well as recruitment, internal transfers, training, performance management, foreign assignments, management contracts, compensation and rewarding, job titles, and respect for the employee in the workplace. HR policies are updated annually and are implemented in Cargotec's operating countries through its global HR management network.

A dramatic change in Cargotec's operating model characterised 2009. Focus areas in HR management had to be adjusted to the rapidly changing circumstances. The key objective was to offer strong global support for change management.

Adjusting capacity to demand and other restructuring measures

In September 2008, capacity adjustment measures were begun, mainly in Western Europe and North America, due to the fall in demand and profitability. During 2009, these measures were extended to Cargotec units all over the world, with the goal of improving the Company's profitability and securing its competitiveness.

Adjustment measures began with reductions in temporary employees and subcontractors. During 2009, as part of a long term plan, Cargotec implemented a major transformation of its production set-up. The decision taken in 2008 to close a factory in the United States and Finland was followed in 2009 by closures in the Netherlands, Indonesia and Sweden. Alongside employee dismissals due to these factory closures, other units saw permanent employee reductions. In addition, temporary lay-offs or shorter working weeks were implemented in several production units, in line with the flexibility possible under local legislation.

As part of the On the Move change programme, Cargotec decided to merge Hiab and Kalmar business areas throughout the world. The elimination of overlaps led to employee reductions in several units.

Cargotec also began planning the conversion of the Tampere unit into a competence and technology centre, which will improve the worldwide competitiveness of the Company's products. The plan is to shift the operational focus from traditional production to developing of new products and concepts and enabling of serial production. In the wake of this almost three-year process of transformation, it is estimated that the Tampere unit will employ around 250 people in place of the current 550.

Due to capacity adjustment and other restructuring measures, the number of employees had fallen by the end of 2009 by 2,867: 1,497 in Hiab, 1,079 in Kalmar, 281 in MacGregor and 10 in group administrative functions. In Sweden there were employee reductions of 595, plus 550 in Finland and a total of 1,722 in other countries. During the first half of 2010, it is estimated that approximately 400 people will leave the Company as a result of already initiated restructuring measures.

It is estimated that already completed and ongoing restructuring initiatives, including structural capacity adjustment measures, will create total annual cost savings exceeding EUR 150 million. This savings estimate includes all cost structure streamlining actions announced since the beginning of 2008. By the end of the year, the running rate of savings achieved was EUR 140 million.

Environment

The environmental principles are specified in Cargotec's environmental policy. Cargotec's operations, in other words its assembly plants, service units and offices, mainly have local environmental impacts while the most significant impacts globally are generated through the use of Cargotec's equipment. Further environmental impacts are the result of material deliveries associated with Cargotec's operations, and of business travel.

Cargotec has introduced a corporate-wide environmental key performance indicator (KPI) monitoring system. International standards were applied when creating the system. At the moment, the related monitoring covers 16 assembly plants and nine other units. The KPIs are published on Cargotec's website annually.

Environmental impact assessment is repeated in line with a standard procedure every time operations are affected by major changes such as mergers or acquisitions, or when entirely new operations are launched. Environmental impact assessment involves an analysis of the local impacts of the units' operations on soil, water systems, the natural environment and the atmosphere. In 2009, the most significant environmental impact assessment was conducted in the vicinity of a plant being constructed in Poland.

Internal control and risk management

The key task of internal control is to ensure that management decisions are implemented across the organisation, that operations run efficiently and that business-related decision making is sound and appropriate. Internal control is also responsible for ensuring that risk management efforts are adequate and that personnel comply with Company policies as well as non-company regulations and laws.

Cargotec's Board of Directors has approved the Company's risk management policy. A core principle is preventive action for identifying, assessing and handling risks and, if they materialise, treating them effectively. The President and CEO and the Executive Board are responsible for the methods, implementation and supervision of risk management, and report on these to the Board of Directors. Risk management is spread across business areas and units. Each unit is responsible for assigning responsibility for risk management and identifying, managing and reporting risks. The Corporate Risk Management function is responsible for the overall development of risk management, supported by corporate-wide risk management principles, practices and risk reports. Financial risks are centrally managed by the Corporate Treasury.

Strategic and business risks are related to business cycles in the world economy and Cargotec's customer sectors, the availability of raw materials and components and the related price trends, mergers and acquisitions, and the operations of dealers and subcontractors. The Company prepares for them by signing long term delivery agreements and seeking alternative suppliers. Cargotec requires that the companies in its supply chain are familiar with Cargotec's risk management principles and practices, and follow similar principles. Risk management guidelines and instructions on self-assessment have been drafted for suppliers and subcontractors.

Operational risks relate to persons, property, processes, products, information technology and practices. The materialisation of operational risks may result in bodily injuries, property damage, business interruptions or product liability claims. First and foremost, Cargotec's main operational risk management measures involve better product safety and business processes in order to ensure business continuity. With respect to key person risks, succession plans for leadership and key assignments are updated on an annual basis for the purpose of ensuring continuity in operations.

Main hazard risks include risks related to personnel, property, business interruptions and logistics. In addition to preventive risk management measures, the Company protects itself against these risks by taking out global insurance policies covering all units.

Efforts to develop the risk management system will continue in accordance with the Company's risk management policy.

For a more detailed description of financial risks, see Note 3 Financial Risk Management of the Financial Statements.

Changes in the organisation and management

In June 2009, Cargotec announced the merger of Hiab and Kalmar business areas. As a result, two business areas were formed: Marine, comprising former MacGregor business area, and Industrial and Terminal, which comprises former Hiab and Kalmar business areas. Olli Isotalo continues to head the Marine business while Pekka Vauramo heads the Industrial and Terminal business. Pekka Vauramo is also continuing in his role as Deputy to CEO. These changes did not affect Cargotec's external financial reporting in 2009. As of 1 January 2010, Cargotec will report in two reporting segments Industrial and Terminal, and Marine.

The new Industrial and Terminal organisation includes Product Solutions, responsible for ensuring the competitiveness of the global product offering, Service Solutions with responsibility for ensuring the competitiveness of the global service offering and three regional organisations, EMEA, the Americas and Asia-Pacific, with responsibility for sales and service.

Unto Ahtola was appointed Executive Vice President, Product Solutions, and a member of Cargotec's Executive Board. He joined Cargotec on 2 November 2009. Stefan Gleuel, formerly Senior Vice President, MacGregor Service Division, was appointed Executive Vice President, Service Solutions, as of 1 October 2009, and a member of Cargotec's Executive Board.

Harald de Graaf was appointed Executive Vice President, EMEA, as of 1 July 2009. He continues as a member of Cargotec Executive Board. Ken Loh was appointed Executive Vice President, Asia-Pacific, and a member of Cargotec's Executive Board as of 1 October 2009. Mr Loh's previous post was President, Kalmar Asia-Pacific Region. As of 1 October 2009, Lennart Brelin was appointed Executive Vice President, Americas, and a member of Cargotec's Executive Board. Lennart Brelin worked previously as Senior Vice President, Hiab Americas region.

Kirsi Nuotto, a member of Cargotec's Executive Board, was appointed Executive Vice President, Human Resources and Communications, as of 1 July 2009.

New branding strategy

Cargotec defined a new corporate-wide branding strategy and launched a new visual image, aimed at strengthening the Cargotec name and its main strategic brands Hiab, Kalmar and MacGregor. The new brand strategy supports Cargotec's One Company approach and is built on the strong reputation of its market-leading brands.

Cargotec itself is more visibile in the common, new visual identity of these brands: they all share a common symbol, the elephant. The Cargotec elephant will be displayed on most materials together with the three main brands, Hiab, Kalmar and MacGregor. These three brands all have a strong reputation within Cargotec's customer base and, in the future, products will continue to be branded with these names.

Annual General Meeting

Decisions taken at Cargotec Corporation's Annual General Meeting

Cargotec Corporation's Annual General Meeting (AGM) was held in Helsinki on 5 March 2009. The AGM approved the financial statements and consolidated financial statements and granted discharge from liability to the President and CEO and the members of the Board of Directors for the accounting period 1 January–31 December 2008.

The AGM approved a dividend of EUR 0.59 per class A share and EUR 0.60 per class B share outstanding be paid.

The number of the members of the Board of Directors was confirmed at six. Tapio Hakakari, Ilkka Herlin, Peter Immonen, Karri Kaitue and Antti Lagerroos were re-elected to the Board of Directors. Anja Silvennoinen was elected as a new member to the Board of Directors. The meeting decided that a yearly remuneration of EUR 80,000 be paid for the Chairman, EUR 55,000 for the Deputy Chairman and EUR 40,000 for the other Board members. In addition, it was decided that members receive EUR 500 for attendance at Board and Committee meetings and that 30 percent of the yearly remuneration will be paid in Cargotec Corporation's class B shares and the rest in money.

Authorised public accountants Johan Kronberg and PricewaterhouseCoopers Ltd were re-elected as auditors.

Authorisations granted by the Annual General Meeting

The AGM authorised the Board of Directors to decide on the purchasing of own shares with non-restricted equity. The shares may be repurchased in order to develop the capital structure of the Company, to finance or carry out possible acquisitions, to implement the Company's share-based incentive plans, to be transferred for other purposes or to be cancelled. Altogether no more than 6,400,000 own shares may be repurchased, of which no more than 952,000 are class A shares and 5,448,000 are class B class. The above mentioned amounts include the 2,990,725 class B shares repurchased during 2005–2008 in the Company's possession on the AGM date.

In addition, the AGM authorised the Board to decide on the issuance of a maximum of 6,400,000 treasury shares, of which no more than 952,000 are class A shares and 5,448,000 are class B shares, in one or more lots. The share issue can be directed and it is to be used to as compensation in acquisitions and in other arrangements, to finance acquisitions or for personnel incentive purposes.

Both authorisations shall remain in effect for a period of 18 months from date of decision of the AGM.

Organisation of the Board of Directors

The Board of Directors elected Ilkka Herlin to continue as Chairman of the Board. Tapio Hakakari was elected as Deputy Chairman. Cargotec's Senior Executive Vice President Kari Heinistö continues to act as secretary of the Board of Directors.

The Board of Directors decided that the Audit Committee and Nomination and Compensation Committee continue to assist the Board in its work. The Board of Directors elected among its members Ilkka Herlin, Karri Kaitue (chairman) and Anja Silvennoinen as members of the Audit Committee. Tapio Hakakari, Ilkka Herlin (chairman), Peter Immonen and Antti Lagerroos were elected to the Nomination and Compensation Committee.

Shares and trading

Share capital

Cargotec's share capital on 31 December 2009 totalled EUR 64,304,880. The share capital increased by EUR 600 due to share subscriptions with Cargotec 2005B option rights during the financial period. On 31 December 2009, the number of class B shares listed on the NASDAQ OMX Helsinki was 54,778,791 while that of unlisted class A shares totalled 9,526,089. Class B shares accounted for 85.2 (85.2) percent of the total number of shares and 36.5 (36.5) percent of votes. Class A shares accounted for 14.8 (14.8) percent of the total number of shares and 63.5 (63.5) percent of votes. The total number of votes attached to all shares was 15,002,624 (15,002,744).

In a distribution of dividends, the dividend paid on the class B shares is higher than that on the class A shares. The difference between the dividends paid on the different classes of shares is at minimum one (1) percent and at maximum two and one half (2.5) percent, calculated from the accounting par value of the share.

Own shares

At the end of 2009, Cargotec held a total of 2,959,487 own class B shares, which corresponds to 4.60 percent of the total number of shares and 1.97 percent of votes. The shares were repurchased in 2005–2008.

The Board of Directors decided to exercise the authorisation conferred by the AGM held on 5 March 2009, to acquire own shares. In accordance with this authorisation, the shares may be repurchased in order to develop the capital structure of the Company, to finance or carry out possible acquisitions, to implement the Company's share-based incentive plan, to be transferred for other purposes or to be cancelled. No own shares were repurchased in 2009.

For further information on Board authorisations for the purchase of shares, see the section "Shares and Shareholders".

Share-based incentive programme – issue of own shares as reward

On 5 March 2009, the Board of Directors decided on a directed bonus issue of 31,356 class B shares owned by the Company to the 61 participants in the Company's share-based incentive programme as a reward for the earnings period 2007–2008. A total of 118 class B shares were returned to the Company, entailing a directed bonus issue of 31,238 class B shares. The decision in favour of a directed bonus issue is based on the authorisation of the AGM of Shareholders held on 5 March 2009. The maximum amount to be paid out in shares from the incentive programme during 2007–2011 is 387,500 class B shares.

Option rights

The Company has no valid option programme. The subscription period with 2005B option rights ended on 31 March 2009. A total of 333,570 Cargotec class B shares were subscribed under 2005B option rights during the subscription period. After the end of the subscription period, the unused option rights became null and void and have been removed from their holders' book-entry accounts.

Market capitalisation and trading

At the end of 2009, the total market value of class B shares was EUR 1,001 million, excluding treasury shares held by the Company. The year-end market capitalisation, in which unlisted class A shares are valued at the average price of class B shares on the last trading day of the year, was EUR 1,183 million, excluding treasury shares held by the Company.

The class B share closed at EUR 19.31 on the year end. The average share price in 2009 was EUR 11.55, the highest quotation being EUR 19.31 and the lowest EUR 6.37. The share value increased 139 percent during the year. In 2009, approximately 55 million class B shares were traded on the NASDAQ OMX Helsinki, corresponding to a turnover of approximately EUR 630 million. The average daily trading volume of class B shares was 218,255 shares or EUR 2,509,293.

Loans, liabilities and commitments to persons belonging to the Company's inner circle

The loans Cargotec has granted to Moving Cargo Oy, a company jointly owned by the management (Mäkinen, Vauramo, Isotalo, Heinistö, Sipilä, Leijonhufvud, de Graaf, Nuotto, Sommarberg and Vartiainen) for the financing of a top management incentive programme, totalled EUR 3.5 million on 31 December 2009. Cargotec has not granted other special benefits nor made other corresponding arrangements with parties belonging to its inner circle.

For further information on the terms of the loan, see Note 34 Related-party transactions.

Board of Directors and the President and CEO

The election of the members of the Board of Directors and of the auditor and their remunerations as well as changes in the Articles of Association, are decided by the Annual General Meeting of Shareholders. The Board of Directors elects Cargotec's President and CEO and determines the terms of his/her employment. The period of notice of the President and CEO is six months and he has the right to compensation for termination of employment of 12 months' salary.

Short term risks and uncertainties

Despite signs of recovery in the world economy and financial markets, economic trends are still characterised by uncertainty. Similar uncertainty surrounds the development of demand for Cargotec's products and services, and the willingness of its customers to invest, during 2010.

The uncertain market situation may continue to lead to the deferment of investment decisions or the postponement or cancellation of orders. Furthermore, customers' financial situations will affect the collection of receivables and the level of credit loss. The weak market situation is also burdening suppliers and sub-contractors, which may have a knock-on effect on Cargotec's supply chain.

Cargotec estimates that approximately EUR 300 million of the order book at the beginning of 2010 involves a risk of cancellation. A continuation in shipping overcapacity may lead to a reappraisal by ship owners of the need to cancel ordered vessels.

Events after the reporting period

In January 2010, Cargotec sold its US-based hydraulic cylinders manufacturing business Waltco Hydraulics to Ligon Industries, LLC. Waltco Hydraulics, situated in Ohio, was part of Waltco Lift Corp. belonging to the Industrial and Terminal business area in Cargotec. Waltco Hydraulics employed 25 people.

In January 2010, Cargotec announced that its Executive Board is renewed. The Executive Board consists of the following members: Mikael Mäkinen, President and CEO; Pekka Vauramo, Deputy to CEO and Senior Executive Vice President, Industrial and Terminal business area; Olli Isotalo, Executive Vice President, Marine business area; Axel Leijonhufvud, Executive Vice President, Supply; Eeva Sipilä, Executive Vice President, Chief Financial Officer; Kirsi Nuotto, Executive Vice President, HR and Communications; Matti Sommarberg, Executive Vice President, Chief Technology Officer; Harald de Graaf, Executive Vice President, EMEA region; Ken Loh, Executive Vice President, Asia-Pacific region; Lennart Brelin, Executive Vice President, Americas region; Unto Ahtola, Executive Vice President, Product Solutions, Industrial and Terminal and Stefan Gleuel, Executive Vice President, Service Solutions, Industrial and Terminal.

Senior Executive Vice President Kari Heinistö and Executive Vice President of Hiab business area Pekka Vartiainen will leave the Executive Board. Kari Heinistö will join a new employer as of 1 April 2010. Pekka Vartiainen will develop a common way of working with Cargotec's defence business customers.

Board of Directors' proposal on the distribution of profit

The parent company's distributable equity on 31 December 2009 was EUR 875,129,857.79 of which net income for the period was EUR -48,369,672.04. The Board of Directors proposes to the AGM, convening on 5 March 2010, that of the distributable profit, a dividend of EUR 0.39 for each of the 9,526,089 class A shares and EUR 0.40 for each of the 51,819,304 outstanding class B shares be paid, totalling EUR 24,442,896.31. The remaining distributable equity, EUR 850,686,961.48 will be retained and carried forward.

No significant changes have occurred in the Cargotec's financial position after the end of the financial year. Liquidity is good and, in the Board of Director's view, the proposed distribution of dividend poses no risk to the Company's financial standing.

Outlook

There are tentative positive signs visible in the order intake for industrial business. Uncertainty continues in port terminal business. Based on the strong order book, sales in marine cargo handling business are expected to remain on a healthy level in 2010. Cargotec's 2010 sales are estimated to be on the 2009 level and operating profit to exceed EUR 100 million. It is estimated that still a few million euros in restructuring costs from currently ongoing restructuring measures will be booked during early 2010.

Annual General Meeting 2010

Cargotec Corporation's Annual General Meeting will be held at the Marina Congress Center in Helsinki on 5 March 2010 at 11.00 am EET.

Helsinki, 3 February 2010
Cargotec Corporation
Board of Directors

Consolidated financial statements (IFRS)

Consolidated statement of income

MEUR	Note	1 Jan–31 Dec 2009	%	1 Jan–31 Dec 2008	%
Sales	4, 6	**2,580.9**		**3,399.2**	
Cost of goods sold		-2,158.7		-2,762.5	
Gross profit		**422.2**	**16.4**	**636.7**	**18.7**
Other operating income	7	42.7		39.1	
Selling and marketing expenses		-144.5		-189.9	
Research and development expenses		-34.4		-43.6	
Administration expenses		-179.0		-212.0	
Restructuring costs	8	-61.1		-19.1	
Other operating expenses	7	-46.5		-38.0	
Share of associated companies' and joint ventures' net income		0.8		0.6	
Operating profit	4, 9, 10	**0.3**	**0.0**	**173.7**	**5.1**
Financing income	11	14.5		16.0	
Financing expenses	11	-41.6		-44.5	
Income before taxes		**-26.7**	**-1.0**	**145.2**	**4.3**
Taxes	12	33.9		-24.4	
Net income for the period		**7.1**	**0.3**	**120.8**	**3.6**
Net income for the period attributable to:					
Equity holders of the Company		3.1		118.4	
Minority interest		4.0		2.4	
Total		**7.1**		**120.8**	
Earnings per share for profit attributable to the equity holders of the Company:	13				
Basic earnings per share, EUR		0.05		1.91	
Diluted earnings per share, EUR		0.05		1.91	

Consolidated statement of comprehensive income

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Net income for the period	7.1	120.8
Gain/loss on cash flow hedges	6.9	-131.1
Gain/loss on cash flow hedges transferred to statement of income	36.2	29.2
Translation differences	20.5	9.8
Taxes relating to components of other comprehensive income	-14.6	27.9
Comprehensive income for the period	**56.1**	**56.6**
Comprehensive income for the period attributable to:		
Equity holders of the Company	52.1	53.2
Minority interest	4.0	3.4
Total	**56.1**	**56.6**

The notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position

MEUR	Note	31 Dec 2009	31 Dec 2008
ASSETS			
Non-current assets			
Goodwill	14	689.6	669.2
Other intangible assets	15	94.7	85.0
Property, plant and equipment	16	301.2	283.5
Investments in associated companies and joint ventures	17, 18	7.5	7.0
Available-for-sale investments	19, 22	1.5	2.0
Loans receivable and other interest-bearing assets [1)]	22	7.4	7.7
Deferred tax assets	20	113.9	97.2
Derivative assets	32	9.1	55.0
Other non-interest-bearing assets	23, 24	8.0	8.1
Total non-current assets		**1,233.0**	**1,214.6**
Current assets			
Inventories	21	609.3	881.9
Loans receivable and other interest-bearing assets [1)]	22	2.9	0.2
Income tax receivables		30.6	18.5
Derivative assets	32	38.8	130.4
Accounts receivable and other non-interest-bearing assets	23, 24	506.1	714.0
Cash and cash equivalents [1)]	22, 24	266.6	79.2
Total current assets		**1,454.5**	**1,824.3**
Total assets		**2,687.4**	**3,038.9**

[1)] Included in interest-bearing net debt.

MEUR	Note	31 Dec 2009	31 Dec 2008
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Share capital		64.3	64.3
Share premium account		98.0	98.0
Translation differences		-1.1	-20.4
Fair value reserves		-24.9	-54.5
Retained earnings		734.6	768.0
Total equity attributable to the equity holders of the Company	25, 26	**870.8**	**855.3**
Minority interest		10.6	9.1
Total equity		**881.5**	**864.4**
Non-current liabilities			
Loans [1)]	22, 27	511.2	440.2
Deferred tax liabilities	20	29.7	43.0
Pension obligations	28	37.8	33.5
Provisions	29	19.0	34.6
Derivative liabilities	32	28.4	84.5
Other non-interest-bearing liabilities	22, 30	28.6	26.6
Total non-current liabilities		**654.7**	**662.5**
Current liabilities			
Current portion of long term loans [1)]	22, 27	23.0	4.0
Other interest-bearing liabilities [1)]	22, 27	60.1	110.6
Provisions	29	66.2	70.4
Advances received		339.0	420.4
Income tax payables		40.1	53.2
Derivative liabilities	32	58.0	129.3
Accounts payable and other non-interest-bearing liabilities	22, 30	564.8	724.0
Total current liabilities		**1,151.3**	**1,512.0**
Total equity and liabilities		**2,687.4**	**3,038.9**

[1)] Included in interest-bearing net debt. In addition, the calculation of the interest-bearing net debt includes the hedging of cross-currency risk relating to the USD 300 million Private Placement bond, totalling on 31 December 2009, EUR 17.5 (31 Dec 2008: 10.2) million.

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

MEUR	Attributable to the equity holders of the Company							
	Share capital	Share premium account	Translation differences	Fair value reserves	Retained earnings	Total	Minority interest	Total equity
Equity 1 Jan 2008	64.2	97.4	-29.6	19.9	738.7	890.6	6.1	896.7
Comprehensive income for the period*			9.2	-74.5	118.4	53.2	3.4	56.6
Dividends paid					-65.3	-65.3	-0.6	-66.0
Shares subscribed with options	0.1	0.6				0.7		0.7
Acquisition of treasury shares					-23.6	-23.6		-23.6
Share-based incentives, value of received services*					-0.2	-0.2		-0.2
Other changes							0.2	0.2
Equity 31 Dec 2008	**64.3**	**98.0**	**-20.4**	**-54.6**	**768.0**	**855.3**	**9.1**	**864.4**
Equity 1 Jan 2009	64.3	98.0	-20.4	-54.6	768.0	855.3	9.1	864.4
Comprehensive income for the period*			19.3	29.6	3.1	52.1	4.0	56.1
Dividends paid					-36.7	-36.7	-1.5	-38.2
Shares subscribed with options	0.0	0.0				0.0		0.0
Share-based incentives, value of received services*					0.1	0.1		0.1
Other changes							-1.0	-1.0
Equity 31 Dec 2009	**64.3**	**98.0**	**-1.1**	**-24.9**	**734.6**	**870.9**	**10.6**	**881.5**

*Net of tax.

The notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

MEUR	Note	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Net income for the period		7.1	120.8
Depreciation and impairments		60.0	60.1
Financing items and taxes		-6.9	52.9
Change in receivables		243.9	-171.2
Change in payables		-301.6	309.3
Change in inventories		287.9	-237.5
Other adjustments		-0.8	-0.6
Cash flow from operations		**289.7**	**133.8**
Interest received		1.8	4.9
Interest paid		-25.3*	-25.5
Dividends received		0.0	0.0
Other financial items		36.6	11.2
Income taxes paid		-38.6	-30.7
Cash flow from operating activities		**264.2**	**93.7**
Capital expenditure		-106.8	-113.2
Proceeds from sales of fixed assets	16	29.7	15.0
Acquisitions, net of cash	5	-7.6	-46.5
Cash flow from investing activities, other items		-2.5	-10.5
Cash flow from investing activities		**-87.2**	**-155.1**
Proceeds from share subscriptions		0.0	0.7
Acquisition of treasury shares		0.0	-23.6
Proceeds from long term borrowings		100.6	0.7
Repayments of long term borrowings		-4.2	-2.4
Proceeds from short term borrowings		16.5	61.3
Repayments of short term borrowings		-46.9	-32.0
Dividends paid		-37.4	-66.6
Cash flow from financing activities		**28.6**	**-61.9**
Change in cash		**205.6**	**-123.3**
Cash, cash equivalents and bank overdrafts 1 Jan	24	45.9	167.5
Effect of exchange rate changes		0.9	1.7
Cash, cash equivalents and bank overdrafts 31 Dec	24	**252.5**	**45.9**
Bank overdrafts 31 Dec		14.2	33.3
Cash and cash equivalents 31 Dec		**266.6**	**79.2**

*Interests paid include EUR 0.1 million capitalised interests.

The notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting principles for the consolidated financial statements

General information

Cargotec Corporation is a limited liability company domiciled in Helsinki, Finland. The registered address is Sörnäisten rantatie 23, 00500 Helsinki, Finland. Cargotec is the world's leading provider of cargo handling solutions whose products are used in the different stages of material flow in ships, ports, terminals, distribution centres and local transportation.

Cargotec Corporation B shares are listed on the NASDAQ OMX Helsinki since 1 June 2005. Cargotec has until 31 December 2009 been organised into three business areas: Hiab, Kalmar and MacGregor. As of 1 January 2010, the operations have been reorganised and will in the future consist of two business areas: Industrial and Terminal, and Marine. Cargotec has during the past years been strongly developed through strengthening the global service network and offering improving the competitiveness of the supply set-up as well as through acquisitions.

These consolidated financial statements were approved for publishing by the Board of Directors on 3 February 2010. Pursuant to the Finnish Limited-Liability Companies Act the shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after their publication. The Annual General Meeting also has the right to amend the financial statements. A copy of the Annual Report is available on the Internet at www.cargotec.com and a copy of the consolidated financial statements and parent company's financial statements from Cargotec Corporation's head office, at Sörnäisten rantatie 23, 00500, Helsinki, Finland.

Accounting principles

Cargotec Corporation's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Financial information is presented in millions of euros and business transactions are based on historical cost conversion unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum total.

Cargotec has applied the following new and amended standards and interpretations as of 1 January 2009:

- IAS 1: Presentation of Financial Statements. The amendment has an impact on the presentation of the Statement of Comprehensive Income and the Statement of Changes in Equity.
- IAS 23: Borrowing Costs. The amended standard requires that the costs, including borrowing costs, that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. In previous years, Cargotec has expensed such borrowing costs when incurred. The amendment has no material impact on the financial statements.
- IFRS 2: Share-based payments (Amendment) – Vesting Conditions and Cancellations. The amended standard requires that all non-vesting conditions should be taken into account when estimating the fair value of equity instruments granted. Additionally, the amendment provides clarification on how to account for cancellations of a share-based payment arrangement. The amendment has no material impact on the financial statements.
- IFRS 2 Share-based payments (Amendment). The amendment to IFRS 2 clarifies that an entity that receives goods or services from its suppliers must apply IFRS 2 even though the entity has no obligation to make the required share-based cash payments. The amendment has no material impact on the financial statements.
- IFRS 1 (Amendment) First-time adoption of Financial Instruments – Additional Exemptions for First-time Adopters. It has no impact on financial statements, as Cargotec is not first-time adopter of IFRS.
- IFRS 7 Financial instruments (Amendment). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by levels of a fair value measurement hierarchy. The amendment has no material impact on the financial statements.
- IFRS 8: Operating segments. The standard requires that the segment information in the financial statements should be based on the management reporting of the Company. The application of IFRS 8 has no material impact of the presentation of the segment information, as the previously presented segment information was based on the required management reporting structure.
- IAS 1: Presentation of Financial Statement (Amendment) and IAS 32: Financial Instruments: Presentation (Amendment) – Puttable Financial Instruments and Obligations Arising on Liquidation. The amended standards require certain puttable financial instruments to be categorised as equity, whereas they were previously categorised as liability. The amendment has no material impact on the financial statements.
- IAS 39 Financial instruments: Recognition and measurement – Eligible Hedged Items. The amendment clarifies the application of hedge accounting to the inflation component of financial instruments and to the option contracts when they are used as a hedging instrument. It has no material impact on the financial statements.
- Amendments to standards IFRS 1: First-Time adoption of IFRS and IAS 27: Consolidated and separate financial statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate in Adoption of IFRS. The amendment concerns of IFRS first time adopters and therefore has no impact on Cargotec's financial statements.
- New interpretations: IFRIC 13 Customer Loyalty programmes, IFRIC 14 The Limit on a Defined Benefit Asset and Minimum Funding Requirements and their Interaction. The mentioned interpretations have no material impact on the financial statements.
- IASB published a document, "Improvements to International Financial Reporting Standards," for the effective standards in May 2008. According to the Company's approximation the improvements will have no material impact on the Cargotec financial statements

Consolidation principles

The consolidated financial statements include the parent company Cargotec Corporation and the subsidiaries, which it owns directly or indirectly (by holding more than 50 percent of the voting rights or in which it otherwise exercises control). Intercompany shareholdings have been eliminated using the purchase method. Investments in associated companies (in which Cargotec holds 20–50 percent of the voting rights or exercises significant influence, but has no control) and Joint Ventures (joint control with the other owners) are accounted for in the consolidated financial statements under the equity method.

All inter-company transactions, receivables, liabilities, unrealised profits and distribution of profits within Cargotec are eliminated in the consolidated financial statements. Distribution of net income for the period to the equity holders of the parent company and to minority interest is presented in the income statement. Equity attributable to minority interest is disclosed as a separate item in the equity.

Cargotec applies a policy of treating transactions with minority interests as transactions with external parties. Disposals to minority interests result in gains and losses, which are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Subsidiaries acquired during the financial period are included in the consolidated financial statements from the date of control, and divested subsidiaries up to the date of control ceasing.

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Open foreign currency-denominated receivables and liabilities at the end of the financial period, both intragroup and external, are translated using the exchange rate of the balance sheet date. Foreign exchange gains and losses related to normal business operations are treated as adjustments to sales or costs. Exchange rate differences on derivative instruments designated as cash flow hedges of future cash flows are recorded in hedge reserve under equity, until transferred to income statement simultaneously with the underlying cash flow. Exchange rate differences on other hedges relating to business operations are recorded in other operating expenses. Foreign exchange gains and losses associated with financing are included in financial income and expenses.

Some intragroup loan agreements form part of a net investment as their settlement is not planned, and it is not probable in foreseeable future. The translation differences are recognised initially in translation differences under equity, and reclassified from equity to profit or loss on disposal of the net investment. Exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders equity. When a foreign operation is partially disposed or sold, exchange differences that were recognised in equity are recognised in the statement of income as part of the gain or loss on sale.

Foreign subsidiaries

Items of each subsidiary included in the consolidated financial statements are measured using the currency that best reflects the operational environment of that subsidiary ("the functional currency"). The consolidated financial statements are presented in euros, which is the functional and reporting currency of the parent company.

The income statements of subsidiaries whose functional currency is other than the euro are translated into euros using the average exchange rate of the financial period. Balance sheet items, with the exception of net income for the financial period, are translated into euros with the balance sheet date exchange rate. Translation differences caused by different exchange rates are recorded in equity.

Translation differences from elimination of net investments in foreign subsidiareis and from the loans and other instruments designated as hedges to the net investments are recognised in the equity. When the foreign entity or a part of it is disposed, accumulated translation differences are recognised in the income statement as a part of the gain or loss on the sale.

Segment reporting

Cargotec's chief operational decision maker is the Board of Directors, who makes the strategic decisions. The Board of Directors is responsible for allocating resources and assessing performance of operating segments. Operating segments are based on the internal reporting provided to the Board of Directors. The reported segments are Cargotec's business areas. There are no differences in accounting principles between internal and external reporting.

Revenue recognition

Sales includes revenues from goods and services sold net of sales taxes, discounts and translation differences from foreign currency denominated revenues. Revenues from goods sold are recorded after the significant risks and rewards have been transferred to the buyer and the Company no longer has authority or control over the goods. Usually this means the moment when goods have been handed over to the customer in accordance with the agreed contractual terms.

Revenue from repair work is recognised when the work has been carried out and revenues from short term services when the service has been rendered. Income from the leases is recognised on a straight line basis over the lease term.

Revenue from separately identified long term contracts is recorded as sales under the percentage of completion method when the outcome of the project can be measured reliably. The percentage of completion is determined by reference to the individual contract costs incurred to date as a percentage of the total estimated contract costs. When the conditions for percentage of completion method are not met, costs are recognised as incurred and revenues to the extent that corresponding costs are expected to be recovered. Possible contract losses are recognised as an expense immediately.

Research and development costs

Research costs are expensed when incurred. Development costs are capitalised when certain criteria related to economic and technical feasibility are met, and it is expected that the product will generate future economic benefits. Capitalised development costs include mainly materials, supplies and direct labour costs. Earlier expensed development costs are not capitalised later. Capitalised development costs are depreciated systematically over their useful economic life. Unfinished development projects are impairment tested annually.

Income taxes

Tax expenses in the income statement includes taxes on the taxable income of the companies for the period, tax adjustments for previous financial periods and the change in deferred taxes. The income tax effects of items recognised directly in equity are recognised similarly directly in equity. Deferred tax assets or liabilities are calculated based on temporary differences between financial reporting and the taxation calculated with effective prevailing tax rates. Temporary differences arise for example from defined benefit plans, provisions, elimination of inter-company inventory profits, depreciation differences on tangible assets, untaxed reserves, tax losses carried forward and fair value adjustments of assets and liabilities of acquired companies. Deferred tax assets relating to tax losses carried forward and other temporary differences are recognised only to the extent that it is probable that future taxable profits will be available, against which the unused tax losses can be utilised.

Goodwill

Acquired companies are accounted for using the purchase method according to which the assets and liabilities of acquired companies are measured at fair value at the date of acquisition. Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is tested for impairment at least annually by using value-in-use method in which goodwill is allocated to cash-generating units. Goodwill is recognised at cost, decreased by potential impairment. Impairment losses are recognised in the income statement.

Other intangible assets

Other intangible assets include patents, trademarks, licenses, software, the acquired order book and customer relationships. Other intangible assets acquired in a business combination are valued at fair value at acquisition date. Intangible assets with definite useful lives are stated at cost less accumulated amortisations and impairment losses, if any. These assets are amortised on a straight-line basis over their useful lives, which typically do not exceed 10 years. Trademarks with indefinite useful lives are not amortised, but they are tested for impairment by using the value-in-use method. Impairment losses are recognised in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciations and impairment losses, if any. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation is recorded on a straight-line basis over the expected economic useful life of assets as follows:

- Buildings 5–40 years
- Machinery and equipment 4–10 years
- Land and water areas are not depreciated.

Ordinary maintenance and repair costs are charged to the income statement during the financial period in which they incur. The cost of major renovations is included in the asset's carrying amount.

Gains and losses on sales of property, plant and equipment are included in the operating income.

Financing costs

Financing costs are charged to the income statement during the financial period in which they incur, with the exception that the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset.

Impairments

The book values of non-current tangible and other intangible assets and that of other assets are reviewed for potential impairment annually. Should any indication arise, the asset is tested for impairment. An impairment test determines the recoverable amount of an asset. The recoverable amount is the fair value less costs to sell or the higher cash flow-based value in use. An impairment loss is charged to the income statement when the carrying amount exceeds the recoverable amount.

If the recoverable amount of a single asset cannot be reliably determined, the impairment is considered at the level of cash generating unit (CGU), which is independent from the other units, and whose cash flows are separately identifiable and independet from cash flows of the other units.

A previously recognised impairment loss is reversed only if there has been a significant change in the estimates used to determine the recoverable amount, however, not to an extent higher than the carrying amount that would have been determined if no impairment loss had been recognised in prior years.

Goodwill and intangible assets with indefinite useful lives are tested for impairment when any indication of impairment exists, however, at least annually. Goodwill is allocated to the cash-generating units (CGU) of the Group, identified according to a business unit or a group of business units, where the business combination is expected to contribute to the future business at the level which goodwill is monitored for internal management purposes. The recoverable amount of a CGU is determined by value-in-use calculations. In assessing the recoverable amount, estimated future cash flows are discounted to their present value based on the weighted average cost of capital prevailing in the Company for the currency area, where the cash-generating unit can be considered to be located. The weighted average cost of capital reflects current market view of the time value of the money and risks relate to the unit to be tested. Impairment losses recognised for goodwill in the income statement are not reversed.

Leases, Cargotec as lessee

Cargotec has rented property, plant and equipment. Lease agreements in which the lessor bears the ownership risks and rewards are classified as operating leases. Operating lease expenses are charged to the income statement on a straight-line basis over the lease period.

Lease agreements in which the Company has substantially all of ownership risks and rewards are classified as finance leases. Finance lease agreements are entered into the balance sheet as assets and liabilities at the inception of the lease period at the lower of the fair value of the leased equipment or the estimated present value of the minimum lease payments. Assets acquired under finance lease agreements are depreciated over the shorter of the useful life of the asset or the lease period. Lease payments are allocated between repayment of the lease liability and finance charge, so as to achieve a constant interest rate on outstanding balance. Lease obligations, net of finance charges, are included in interest-bearing liabilities.

Leases, Cargotec as lessor

Cargotec rents out container handling equipment under non-cancellable operating leases with varying terms and renewal rights. In operating leases the risks and rewards incident to ownership of an asset remain with the lessor. The leased asset is recognised in the balance sheet according to the nature of the asset. Income from operating leases is recognised on a straight-line basis over the lease term. The depreciation of the leased asset is consistent with the normal depreciation policy of similar assets.

In a finance lease the risks and rewards of ownership are transferred to the lessee. The selling profit is recognised similarly to profit from an outright sale. Finance lease receivables are recognised in balance sheet at present value. The financial charge relating to the finance lease contract is recognised in the income statement over the lease term so as to achieve a constant interest rate on outstanding balance.

Customer finance

Trade finance arrangements are used in certain customer segments, distribution channels and geographical markets. In these arrangements the Company is involved in arranging financing for the customer and/or the dealer with a financing partner. Trade finance contracts are classified as operating or finance lease contracts, hire purchase contracts or loans with similar features.

Revenue recognition and balance sheet treatment of sales transactions that include end customer or dealer financing depend on the true nature of the transaction, i.e. how risks and rewards related to ownership are divided between the Company, the customer and the financing partner.

Inventories

Inventories are measured at the lower of cost or estimated net realisable value. Cost is determined using standard cost, which approximates actual cost on a first-in-first-out (FIFO) basis. The cost of finished goods and work in progress includes raw materials, direct labour, other direct costs and a proportion of both indirect costs related to manufacturing and overheads. An allowance is recorded for obsolete items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Financial assets and liabilities

Financial assets

Financial assets are classified as financial assets recorded at fair value through profit or loss, loans and other receivables, held-to-maturity investments and financial assets available-for-sale. The classification of assets is done at the initial purchase and is determined by the aim of the asset. The assets with maturities under 12 months are included in balance sheet in current assets, and those with maturities over 12 months in non-current assets.

The financial assets recorded at fair value through profit or loss category includes derivative instruments on which hedge accounting is not applied. They are measured at fair value without the impact of possible transaction costs. The changes in fair value are recognised in the income statement.

Loans and other receivables are not quoted in the market and they are not kept for trading purposes. Loans receivable are measured at amortised cost using the effective interest method. Transaction costs directly attributable to the acquisition or issue of the financial asset are included in the initial recognised amount. An impairment loss is recognised in the income statement if the book value of the loan receivable is greater than the estimated recoverable amount.

Accounts receivable are recorded at original invoiced amount less an estimated valuation allowance for impairment. An allowance is recognised when there is objective evidence that Cargotec will not be able to collect all amounts due.

Held-to-maturity investments are valued at accrued cost and they are included in current or non-current financial assets. There were no held-to-maturity investments on the balance sheet date.

The financial assets available for sale may consist of investments in shares or interest-bearing assets. Current financial assets available-for-sale are valued at fair value. Changes in fair values are booked in the fair value reserve in equity taking the tax effect into account. The changes in fair values are transferred from equity to income statement when the investment is sold or when there is objective evidence that the fair value has decreased so that recognition of an impairment loss is required. Impairment of interest bearing assets can be reversed through the income statement if the fair value of the asset increases due to an event occurring after the recognition of the impairment loss. Impairment on investments in shares cannot be reversed. The financial assets available-for-sale are carried at cost, as the fair value of these assets cannot be measured reliably or the fair value would not significantly differ from the acquisition cost.

Purchases and sales of derivative instruments are recognised on the trade date, while the settlement date is recognised for other financial asset categories.

A financial asset is derecognised when the contractual rights to cash flow from the asset expire, or are transferred, and when material risks and rewards of ownership have been transferred to another party.

Cash and cash equivalents

Cash and cash equivalents include cash balances, short term deposits with banks and other short term liquid investments with maturity up to three months. Bank overdrafts are included in other current liabilities. In the cash flow statement bank overdrafts are deducted from cash and cash equivalents.

Financial liabilities

Financial liabilities are classified as financial liabilities recorded at amortised cost. Liabilities with maturities under 12 months are included in the balance sheet under current liabilities and those with maturities over 12 months under non-current liabilities, except for derivative instruments recorded at fair value through profit or loss, which are included under current liabilities regardless of maturity.

Financial liabilities recorded at fair value through profit or loss consists of derivative instruments to which hedge accounting is not applied. They are measured at fair value without the impact of possible transaction costs. Changes in fair value are recognised in the income statement.

Financial liabilities recognised at amortised cost are initially recognised in current and non-current liabilities at fair value, net of any transaction costs incurred. Subsequently, the liabilities are valued at amortised cost.This category includes interest-bearing and non-interest-bearing payables. Interest and transaction costs are accrued and recorded in the income statement over the period of the loan payable using the effective interest rate method.

Derivative financial instruments and hedge accounting

On the date a derivative contract is entered into, the Company designates it as either a) cash flow hedge of highly probable operative cash flow or cash flow from a firm commitment, b) fair value hedge of loan or deposit, other balance sheet item or firm commitment in foreign currency, c) hedge of investment in foreign entity or as d) derivative not qualifying for hedge accounting. At the balance sheet date all derivative instruments fell into the categories of cash flow hedges or derivatives not qualifying for hedge accounting. Derivative instruments, maturing after twelve months, are included in non-current assets and liabilities. Other derivative instruments are included in current assets and liabilities.

Derivative instruments are initially recognised on the balance sheet at cost, which equals the fair value, and are subsequently measured at fair value on each balance sheet date. Fair values of FX forward contracts and forward rate agreements are based on quoted market rates at the balance sheet date. The fair values of cross-currency and interest rate swaps are calculated as the present value of the estimated future cash flows. Options are valuated based on generally accepted valuation models. No options or forward rate agreements were in use on the balance sheet date.

Hedge accounting in accordance with IAS 39 is applied to hedges of operative cash flows and hedges of cash flows associated with foreign currency denominated borrowings. To qualify for hedge accounting the Company documents the hedge relationship of the derivative instrument and the underlying hedged item, the Company's risk management targets and the strategy of applying hedge accounting. When starting hedge accounting and at least in every interim closing, the Company documents and estimates the effectiveness of the hedge by measuring the ability of the hedging instrument to offset changes in fair value of the underlying asset or cash flow.

Changes in the fair value of effective cash flow hedges are recognised in equity in fair value reserves. The ineffective portion is recognised immediately in the income statement. Cumulative gain or loss on the hedge deferred to equity is recognised in the income statement as adjustment to the underlying cash flow when the underlying cash flow is recognised. Changes in the fair value of hedging instruments relating to operative items that no longer are expected to materialise are recognised immediately in the income statement in other operating expenses. If the hedging instrument is sold, the contract is revoked or exercised or the relation of the hedging instrument and the underlying item is revoked, the cumulative change in the fair value of the hedging instrument is booked as a separate item in the equity and is recognised in the income statement when the underlying operative item materialises.

Changes in the fair value of derivatives that qualify as fair value hedges are recorded in the income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Any gain or loss on effective hedges of net investments in foreign operations is recognised in equity through the statement of changes in equity. The gains and losses accumulated in equity on an efficient portion of the hedging instrument are transferred into the income statement when the foreign operation is disposed of.

Changes in the fair values of hedges, for which hedge accounting is not applied, are recognised in the income statement, either in operative income and expenses, or financial income and expenses depending on the underlying exposure.

Dividends

The dividends proposed by the Board of Directors are not recognised in the financial statements until approved by the Company's shareholders at the Annual General Meeting.

Loans payable

Loans payable are initially recognised in current and non-current liabilities at fair value, net of transaction costs incurred. Interest and transaction costs are accrued and recorded in the income statement over the period of the loan payable using the effective interest rate method.

Pension obligations

The Cargotec operates various pension plans in accordance with local conditions and practices. The plans are classified as either defined contribution plans or defined benefit plans. Contributions to the defined contribution plans are charged directly to the income statement in the year to which these contributions relate.

Defined benefit plans are funded through payments to insurance companies or pension funds as determined by actuarial calculations. The liability of defined benefit pension plan is the present value of future obligations less the fair value of plan assets together with adjustments for unrecognised actuarial gains or losses. Pension costs assessed by annual actuarial calculations, are recognised in the income statement over the expected average remaining working lives of the employees. The liability of a defined benefit pension plan is determined by the projected unit credit method. The yield of a high-quality bond issued by a corporate or government is used as a discount factor in net present value calculations. Unrecognised actuarial gains or losses are booked in the income statement over the expected average remaining working lives of the employees to the extent that they exceed the greater of 10 percent of the liability or 10 percent of the fair value of plan assets.

Provisions

Provisions are recognised when the Cargotec has a current legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are accounted for using the best estimate for the costs required to settle the obligation on the balance sheet date. In case the time value of money is significant the provision is stated at present value.

Provisions for warranties cover the estimated costs to repair or replace products still under warranty on the balance sheet date. Provision for warranty is calculated based on historical experience of levels of repairs and replacements.

A provision is recorded for a loss-making contract when the necessary costs required to fulfil the commitment exceed the gain to be received from the contract.

A restructuring provision is recorded when the Cargotec has prepared a detailed restructuring plan and started the implementation of the plan or communicated the plan. A restructuring plan consists of at least the following information: the business which is affected by the restructuring, the main units affected by the restructuring, the location, the job descriptions and the estimated number of employees who will receive compensation for termination of employment as well as the costs to be incurred and the timetable of the plan. No provision is made for expenses related to the ordinary scope of the business.

Treasury shares

When the Company purchases shares of Cargotec Corporation, the consideration paid and directly attributable costs are recognised as a deduction in equity. When such shares are sold, the consideration received, net of directly attributable transaction costs and income tax effect, is included in equity.

Share-based payments

Cargotec has a share-based incentive plan which includes an incentive paid as B shares as well as an incentive paid in cash. The benefits granted in accordance with the incentive plan are valued at fair value at the granting date and are expensed on a straight-line basis over the earning period.

The fair value of the equity settled incentive is the share value at the granting date. The fair value of the options is determined using the Black-Scholes option pricing model. These share-based payments are booked as an equity increase. The cash settlement is valued at fair value and recognised as a liability at each annual closing until the settlement of the liability.

The expensed amount is based on the estimated future benefits at the end of the earning period. The non-market criteria, like profitability or increase in sales, are not included in the fair value of the option but taken into account when estimating the total benefits. The estimate is updated at every annual closing, changes in estimates are recorded through the statement of income.

Option rights

When the option rights are used for subscription of the shares, the consideration received, net of transaction costs, is credited to the share capital at accounting par value and the remainder to the share premium account. Possible transaction costs are deducted from the consideration received.

Adoption of new or amended IFRS standards and interpretations

In 2010 Cargotec will adopt the following new and amended standards and interpretations by the IASB:

- IAS 27: Consolidated and Separate Financial Statements. The amended standard requires that the changes in a parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions. If the control is lost, the remaining investment should be measured at fair value at the date that the control is lost and any resulting gain or loss should be recognised in profit or loss. The respective accounting will be applied to associated companies (IAS 28) and jointly controlled entities (IAS 31). Due to the standard amendment, subsidiary loss can be allocated to minorities even in a situation when the loss exceeds the minority's investment.
- IFRS 3: Business Combinations. The scope of the revised standard is broader than earlier. The revised standard includes several significant changes, which have impact on accounting of goodwill and sales profit or loss resulting from disposal of businesses. The changes have an impact on profit and loss in the acquisition year and in the years when additional earn-outs are paid or additional acquisitions performed. Assets and liabilities that arose from business combinations whose acquisition dates preceded the application of revised standard will not be adjusted.
- IFRIC 9 and IAS 39 (amendment)*: Reassessment of Embedded Derivatives on Reclassification. The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements. The interpretation does not have a material impact on the consolidated financial statements.
- New interpretations: IFRIC 12: Service Concession Arrangements, IFRIC 15: Agreements for the Construction of Real Estate and IFRIC 18: Transfer of Assets from Customers. The interpretations will have no impact on the financial statements.
- IASB published changes to 12 standards or interpretations as part of the annual

Improvements to IFRS's project in April 2009.* The changes do not have a material impact on the consolidated financial statements.

The following standards, interpretations and amendments will be applied in 2011 or later:

- IAS 32 (amendment): Financial instruments: Presentation – Classification of Rights Issues. The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.
- IAS 24 (revised): Related Party Disclosures.* The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.
- IFRS 9: Financial Assets – Classification and Measurement.*
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments* and IFRIC 14 (amendment) Prepayments of a Minimum Funding Requirement.

Management is assessing the impact of the above mentioned standards and interpretations on the consolidated financial statements.

*The mentioned standards, interpretations or amendments have not yet been endorsed in the EU.

2. Management estimates

When preparing the consolidated financial statements, management makes estimates and assumptions which have an impact on the reported assets and liabilities, the presentation of the contingent assets and liabilities in notes and the reported income and expenses of the financial year. These estimates are based on the management's historical experience, best knowledge about the events and other factors, such as expectations on future events, which can be considered feasible. The actual amounts may differ from the estimates used in the financial statements. The accounting estimates were used to determine the size of the items reported in the financial statements, such as possible impairments of goodwill or other assets, as well as provisions and taxes.

Revenue recognition

The percentage of completion method is applied to separately identified long term construction contracts. Application of the percentage of completion method requires an estimate of the actual costs incurred in proportion of the estimated total costs. If the estimate of the final outcome of the contract changes, the recognition of revenue and profit is adjusted in the period the change can be estimated. The expected loss from the long term construction contract is expensed immediately.

Taxes

The determination of income taxes and deferred tax assets and liabilities and the amount of deferred tax to be recognised requires management judgement. On 31 December 2009, Cargotec had EUR 65.7 (2008: 23.3) million deferred tax assets resulting from carried forward tax losses.

Cargotec is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Cargotec recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Provisions

A provision is recognised when Cargotec has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. A provision may be recognised only when the amount can be reliably estimated. The amount to be recorded is the best estimate of the cost required to settle the obligation. The estimate of the financial impact of the past event requires management judgement, which is based on the similar events occurred in the past, and where applicable, external experts' opinion. Provisions are reviewed on a regular basis, and when necessary, adjusted to reflect the current best estimate. The most significant provisions are warranty provisions, which include the cost of repairing or replacing products during the warranty period. Restructuring provision is recognised when Cargotec has prepared a detailed restructuring plan and published it. The provision reflects the management's best estimate of the net present value of the future cash outflows. The actual costs may differ from the estimated costs. On 31 December 2009, provisions totalled EUR 85.2 (2008: 105.0) million, of which EUR 9.9 (2008: 3.6) million were restructuring provisions.

Business combinations

The measurement of fair value of assets acquired through business combinations is based on the market value of similar assets (tangible assets), or an estimate of expected cash flows (intangible assets). Determining cash flows requires management judgement and assumptions. The management trusts the estimates and assumptions to be sufficiently reliable for determining fair values. More information on the measurement of fair value of assets acquired through business combinations is presented in note 5 Acquisitions and disposals.

Impairment testing

The book values of assets are reviewed regularly, at least annually, in order to assess whether an asset has been impaired. In assessing impairment both external and internal sources of information are considered. External sources include a significant decline in market value that is not the result of the passage of time or a normal use of the assets or an increase in interest sales. Internal sources of information include evidence of the obsolescence of, or physical damage to, an asset. When the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised as an expense immediately, and the carrying amount is reduced to the asset's recoverable amount.

Goodwill and other intangible assets with indefinite life are tested at least annually. The recoverable amounts of cash generating units (CGU) are based on value-in-use calculations. These calculations require the use of estimates (Note 14 Goodwill). On 31 December 2009, Cargotec had a goodwill amounting to EUR 689.6 (2008: 669.2) million and other intangible assets with indefinite life totalling EUR 40.0 (2008: 41.2) million. Additional information on the sensitivity of the recoverable amount to assumptions used is given in Note 14 Goodwill.

3. Financial risk management

Organisation of the finance function and financial risk management

Cargotec finance function and financial risk management are conducted according to the Treasury Policy, approved by the Board of Directors. Organisation of responsibilities and the principles of financial risk management, monitoring and reporting are defined in the Treasury Policy. The Treasury Committee, appointed by the Board, is responsible for Treasury Policy compliance and for organising and monitoring treasury functions. Detailed guidelines for financing functions are defined in Treasury Instructions, approved by the Treasury Committee.

The objective of treasury management is to secure sufficient funding for business operations, avoiding financial constraint at all times, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit and operational risks) and to provide management with information on the financial position and risk exposures of Cargotec and its business units.

Cargotec Treasury is responsible for funding at the corporate level, for managing liquidity and financial risks, for providing efficient setting up of financing operations and for monitoring business units' financial positions. Cargotec Treasury reports on these issues monthly to the Board of Directors. The business units are responsible for hedging their financial risks according to the Treasury Policy and instructions from Cargotec Treasury.

Currency risk

Cargotec operates in approximately 120 countries and is, due to global operations, exposed to risks arising from foreign exchange rate fluctuations. A significant proportion of Cargotec sales and costs are generated in foreign currencies, mostly in US dollars and Swedish krona. Cargotec also operates in countries in which hedging of currency risks is restricted, such as China and South Korea.

The objective of currency risk management is to hedge operations against exchange rate fluctuations, thus allowing time for the business units to react and adapt to changes in exchange rates. Foreign currency positions, which include sales, purchases and financing related contractual cash flows, and also highly probable forecast cash flows, are hedged through forward contracts. The business units report their risk exposures and hedging levels to Cargotec Treasury. In countries in which hedging is restricted, foreign currency-denominated loans and deposits may be used as hedging instruments.

Cargotec applies hedge accounting under IAS 39 to the majority of its hedges. A change in the fair value of a hedge future cash flow is recognised in the hedge reserve under equity until the cumulative profit or loss is recorded in the income statement simultaneously with the underlying cash flow. Hedge accounting is not applied in cases where its impact on the consolidated income statement is deemed insignificant by Cargotec Treasury.

Cash flows of the USD 300 million Private Placement corporate bonds, funded in February 2007 and maturing in the years 2014 to 2019, are converted into euro flows through long term cross-currency and interest rate swaps. Resulting from the hedging, Cargotec effectively holds a EUR 225 million long term fixed-rate debt.

Sensitivity analysis, in accordance with IFRS 7, aims to represent the sensitivity of the consolidated income and equity with respect to foreign exchange rate fluctuations. The income statement sensitivity is due to foreign currency-denominated financial assets and liabilities in the balance sheet, the hedges assigned to balance sheet items and the hedges to which hedge accounting is not applied, i.e. to which changes in fair values are recognised through profit or loss. The sensitivity of equity arises from hedges of forecast cash flows, to which hedge accounting is applied, and hence exchange rate differences recognised in the cash flow hedge reserve under equity. A foreign exchange rate impact on the hedge reserve is expected to be offset by the corresponding impact on the underlying cash flow and the income statement as the forecast flows materialise. The majority of the hedges and underlying cash flows mature within 2 years, except for the interest flows of the US dollar-denominated corporate bonds, and their respective hedges, which materialise within 10 years.

The presentation of the exchange sensitivity has been changed so that the open exposure is shown per currency paid. The exchange rate change percentages used for calculating the sensitivity are the historic volatilities of the respective currencies. The comparison figures of 2008 using the 2009 volatilities. If the US dollar had strengthened/weakened 12 percent against the euro, the pre-tax profit would have been EUR 1.6 million higher/lower (31 Dec 2008: 0.3 million lower/higher), and the other components of equity EUR 3.2 million higher/lower (31 Dec 2008: EUR 0.7 million lower/higher).

If the Swedish krona had strengthened/weakened 12 percent against the euro, the pre-tax profit would have been EUR 1.9 (31 Dec 2008: 0.8) million lower/higher, and the other components of equity EUR 39.8 (31 Dec 2008: 49.4) million higher/lower.

If the Swedish krona had strengthened/weakened 20 percent against the US dollar, the pre-tax profit would have been EUR 0.5 (31 Dec 2008: 1.1) million lower/higher, and the other components of equity EUR 40.8 (31 Dec 2008: 77.2) million higher/lower.

Investments in non-euro-area subsidiaries cause translation differences, recorded in consolidated equity (translation risk). In addition to equity shares, Cargotec holds intracorporate loan contracts regarded as net investments. Exchange rate gains and losses arising from these loans are recorded as translation differences. During 2009, in total EUR 535 million of intracorporate loans were converted into net investment loans and the related foreign exchange hedges were terminated. On 31 December 2009, Swedish krona-denominated net investment loans totalled EUR 740 (31 Dec 2008: 238) million and Norwegian krona-denominated net investment loans EUR 62 (31 Dec 2008: 0) million.

The objective of managing the translation position is to hedge the capital structure so as to balance the effect of foreign exchange rate fluctuations on debt and equity. The capital structures of foreign subsidiaries may be hedged through cross-currency and interest rate swaps or foreign currency-denominated debt instruments. For the moment, no hedging requirements have emerged due to the capital structure.

Interest rate risk

Fluctuations in market interest rates have an effect on consolidated interest outflows and the fair values of interest-bearing receivables, loans payable and derivative instruments. The objective of interest rate risk management is to mitigate the impact of interest rate changes on the income statement, balance sheet and cash flow, also taking account of the market value of net debt. To manage the interest rate risk, the duration of the financial portfolio is maintained within the limits set by the Treasury Committee, by balancing between fixed and floating rate debt and by derivative instruments.

On 31 December 2009, Cargotec's consolidated interest-bearing debt totalled EUR 594.3 (31 Dec 2008: 554.8) million, of which EUR 307.6 (31 Dec 2008: 314.7) million consisted of fixed rate corporate bonds, EUR 99.9 (31 Dec 2008: 0.8) million of other long term fixed-rate loans, EUR 5.7 (31 Dec 2008: 8.9) million of finance lease liabilities and the rest, EUR 181.1 (31 Dec 2008: 230.3) million of floating rate loans, short term loans and bank overdrafts. On 31 December 2009, the average duration of interest-bearing debt, excluding bank overdrafts, was 42 (31 Dec 2008: 50) months.

The EUR 277.0 (31 Dec 2008: 87.2) million investment portfolio consisted mainly of short term deposits and bank account balances. Interest-bearing loan receivables totalled EUR 10.4 (31 Dec 2008: 7.9) million. The average duration of the deposits was less than one month, and that of the loan receivables 15 (31 Dec 2008: 21) months.

Following the sensitivity analysis in accordance with IFRS 7, the consolidated interest expense would be EUR 0.4 (31 Dec 2008: 0.7) million higher/lower per one percentage point increase/decrease in interest rates. The income statement sensitivity is due to variable rate loans, bank account balances and bank overdrafts.

Interest fixing periods

31 Dec 2009 MEUR	0–6 mths	6–12 mths	12–24 mths	24–36 mths	Later	Total
Interest-bearing assets	267.8	5.2	0.4	3.5	-	277.0
Non-current loans from financial institutions	-100.0	-	-16.9	-33.3	-50.5	-200.7
Corporate bonds	-	-	-	-99.9	-207.7	-307.6
Finance lease liabilities	-2.3	-0.5	-0.7	-1.0	-1.2	-5.7
Current interest-bearing liabilities*	-76.3	-4.1	-	-	-	-80.3
Net	**89.3**	**0.7**	**-17.2**	**-130.8**	**-259.3**	**-317.3**

Interest fixing periods

31 Dec 2008 MEUR	0–6 mths	6–12 mths	12–24 mths	24–36 mths	Later	Total
Interest-bearing assets	79.5	4.2	-	-	3.5	87.2
Non-current loans from financial institutions	-118.8	-0.8	-0.1	-0.1	-0.7	-120.6
Corporate bonds	-	-	-	-	-314.7	-314.7
Finance lease liabilities	-1.7	-1.6	-1.3	-0.7	-3.7	-8.9
Current interest-bearing liabilities*	-107.7	-2.9	-	-	-	-110.6
Net	**-148.7**	**-1.2**	**-1.4**	**-0.8**	**-315.6**	**-467.6**

*Including bank overdrafts.

On 31 December 2009, the interest fixing period for corporate bonds ranged between 3 and 10 years.

Other market risk

In addition to the risks related to the treasury function, Cargotec is exposed to price and supply risks relating to raw material and component purchases. The business units are responsible for identifying these risks and determining the required hedging measures. These risks are managed by a thorough supplier selection process and long term relationships with strategic suppliers.

Liquidity and funding risks

Liquidity risk is managed by retaining long term liquidity reserves, exceeding short term liquidity requirement. On 31 December 2009, the liquidity reserves, including cash and cash equivalents and long term unused credit facilities, totalled EUR 852 (31 Dec 2008: 714) million. The short term liquidity requirement includes the repayments of short and long term debt within the next 12 months, as well as the strategic liquidity requirement, defined by Treasury Committee, which covers the operative funding demand within the following 12 months. On 31 December 2009, repayments of short and long term interest-bearing liabilities due in the following 12 months totalled EUR 68.9 (31 Dec 2008: 80.9) million.

On 31 December 2009, the committed unused long term credit facilities, included in liquidity reserves, totalled EUR 585 (31 Dec 2008: 635) million, of which EUR 535 million matures in year 2012 and EUR 50 million in 2013. According to the facility agreements, Cargotec has a right to withdraw funds on three days' notice on agreed terms. Additionally, to fulfil short term cash management requirements, Cargotec has short term bank overdraft facilities of EUR 188 (31 Dec 2008: 113) million and a EUR 150 million Commercial Paper facility, which was unused on 31 December 2009 (31 Dec 2008: EUR 36.2 million used).

Funding risk is defined as risk of an untenably high proportion of loans or credit facilities maturing at a time when refunding is not economically or contractually feasible. The risk is minimised by balancing the repayment schedules of loans and credit facilities, as well as retaining flexible credit facility agreements. Cargotec loan agreements include a covenant restricting the corporate capital structure. According to the covenant, Cargotec gearing must be retained below 125 percent. On 31 December 2009, gearing was 38.0 (31 Dec 2008: 55.3) percent. According to management assessment, Cargotec is in good position regarding liquidity and there are no significant concentrations of risks relating to refunding.

The following tables represent maturity analysis of financial liabilities. The figures are non-discounted contractual cash flows. Cargotec Treasury reports cash flows and liquidity position monthly to the Board of Directors.

Maturities of financial liabilities

31 Dec 2009 MEUR	2010	2011	2012	2013	2014	Later	Total
Derivatives							
Fx forward contracts, outflow	-2,012.7	-341.0	-31.8	-1.7	0.0	0.0	-2,387.2
Fx forward contracts, inflow	1,992.2	332.0	31.3	1.8	0.0	0.0	2,357.3
Cross-currency and interest rate swaps, outflow	-10.5	-10.5	-10.5	-10.5	-79.0	-175.1	-296.0
Cross-currency and interest rate swaps, inflow	11.6	11.6	11.6	11.6	74.3	165.3	285.9
Derivatives, net	**-19.4**	**-7.9**	**0.6**	**1.2**	**-4.8**	**-9.8**	**-40.0**
Accounts payable and other non-interest-bearing liabilities	-507.4	-41.0	-11.9	-5.0	-2.2	-2.1	-569.6
Loans from financial institutions, repayments	-66.1	-36.9	-83.3	-33.3	-16.7	-30.6	-267.0
Loans from financial institutions, finance charges	-4.8	-4.0	-2.9	-1.6	-0.7	-0.8	-14.9
Corporate bonds, repayments	-	-	-100.0	-	-65.9	-142.3	-308.2
Corporate bonds, finance charges	-15.4	-15.4	-13.4	-11.6	-8.5	-23.9	-88.2
Finance leases, repayments	-2.8	-0.8	-0.9	-0.3	-0.1	-0.8	-5.7
Finance leases, finance charges	-0.1	-0.1	-0.1	-0.1	0.0	-0.2	-0.6
Total	**-616.1**	**-106.1**	**-212.0**	**-50.7**	**-99.0**	**-210.4**	**-1,294.2**

The maturities of corporate bonds range between 2012 and 2019.

Maturities of financial liabilities

31 Dec 2008 MEUR	2009	2010	2011	2012	2013	Later	Total
Derivatives							
Fx forward contracts, outflow	-2,689.6	-694.6	-219.1	-14.7	-0.2	-	-3,618.2
Fx forward contracts, inflow	2,684.0	653.3	205.0	13.7	0.2	-	3,556.2
Cross-currency and interest rate swaps, outflow	-10.5	-10.5	-10.5	-10.5	-10.5	-255.0	-307.4
Cross-currency and interest rate swaps, inflow	12.0	12.0	12.0	12.0	12.0	249.0	309.0
Derivatives, net	**-4.0**	**-39.8**	**-12.6**	**0.5**	**1.5**	**-6.0**	**-60.4**
Accounts payable and other non-interest-bearing liabilities	-678.1	-5.6	-5.3	-5.3	-5.9	-4.6	-704.7
Loans from financial institutions, repayments	-77.7	-19.2	-20.2	-50.6	-0.1	-30.0	-197.8
Loans from financial institutions, finance charges	-5.8	-5.8	-3.9	-2.7	-1.4	-3.4	-23.0
Corporate bonds, repayments	-	-	-	-100.0	-	-215.6	-315.6
Corporate bonds, finance charges	-15.8	-15.8	-15.8	-13.8	-12.0	-34.0	-107.2
Finance leases, repayments	-3.3	-1.3	-0.7	-1.4	-0.3	-2.0	-8.9
Finance leases, finance charges	-0.4	-0.3	-0.2	-0.2	-0.2	-0.9	-2.1
Total	**-785.1**	**-87.8**	**-58.6**	**-173.5**	**-18.3**	**-296.4**	**-1,419.8**

The maturities of corporate bonds range between 2012 and 2019.

Credit and counterparty risks

The business units are responsible for managing the operational credit risks. On account of the diverse and global clientele, Cargotec is not exposed to significant credit risk concentrations. Credit risks are managed through contractual clauses including advance payments, bank guarantees or other guarantees. Risks of default or fraud are controlled by monitoring the creditworthiness of customers. Credit risks relating to major contracts are shared with financial institutions, insurance companies or export guarantee boards, when feasible. More information on trade receivables is presented in Note 23.

Cargotec holds no significant amounts of external loan receivables. Deposits of liquidity reserves and trading in financial instruments are only accepted with counterparties confirmed by the Treasury Committee. The Treasury Committee examines counterparties and sets counterparty limits based on their solvency and creditworthiness. Cargotec Treasury actively reviews counterparty risks and may reject a counterparty on immediate notice. During year 2009, only Cargotec main relationship banks were accepted as counterparties.

The maximum risk relating to investments corresponds to their carrying amount. However, according to the management assessment no credit losses are anticipated on the investments of liquidity reserves.

Operational risks of the treasury function

The management of operational risks aims to eliminate losses or increased risk levels due to errors in procedures or insufficient monitoring. The risks are minimised by maintaining a high level of proficiency, identifying and documenting routine procedures and organising responsibilities.

Risks relating to transactions are minimised by conducting regular general assessments and monitoring trading limits, market valuations and daily trade confirmations.

Capital structure management

The goal of Cargotec capital structure management is to secure operational preconditions at all times and to maintain the optimum capital cost structure. The target capital structure is determined by Shareholders and is regularly monitored by the Board of Directors.

Total capital is calculated as the sum of equity and net debt. Gearing, calculated as the ratio of net debt to equity, is the key figure monitored for capital structure management. Net debt is calculated as net of interest-bearing liabilities and assets, including cash and cash equivalents. Cargotec's long term target is to retain gearing below 50 percent.

MEUR	31 Dec 2009	31 Dec 2008
Interest-bearing liabilities*	611.8	565.0
Interest-bearing loan receivables	-10.4	-7.9
Cash and cash equivalents	-266.6	-79.2
Interest-bearing net debt	**334.8**	**477.8**
Equity	881.5	864.4
Gearing	**38.0%**	**55.3%**

*The hedging of US Private Placement corporate bonds to eliminate the effect of exchange rate changes is included in interest-bearing liabilities for calculation of gearing.

4. Segment information

The operating segments are based on the management reports prepared for the Board of Directors, and the accounting principles applied in these reports. The Board of Directors monitors the business operations in Hiab, Kalmar and MacGregor business areas. Operating segments are not aggregated to build the reporting segments reported below. The transfer pricing between business areas is based on market prices. There are no differences between internal and external accounting principles.

Hiab is the global market leader in on-road load handling solutions for moving, lifting, loading and unloading products, goods or raw material from vehicles. Kalmar is the wolrd's leading provider of container and heavy load handling equipment and services. Kalmar has activities in terminals, ports, heavy industry and distribution centres. MacGregor is the global market leader in providing marine cargo flow solutions, offshore solutions and related services. Its solutions are used in general cargo, bulk, container and RoRo vessels, tankers, bulk terminals and the offshore industry.

4.1. Operating segments

Segment results

Sales of the operating segments comprises sales of products and services provided by operating segments. The financial performance of the operating segments is measured through operating profit (excluding restructuring costs). Financing income and expenses, taxes and certain corporate administration costs are not allocated to the operating segments.

1 Jan–31 Dec 2009 MEUR	Hiab	Kalmar	MacGregor	Segments total	Eliminations and nonallocated items	Cargotec total
Sales						
Services	169.5	330.9	190.0	690.3	-	690.3
Products	396.1	676.2	818.2	1,890.5	-	1,890.5
External sales total	565.5	1,007.1	1,008.2	2,580.9	-	2,580.9
Internal sales	2.7	0.5	0.4	3.6	-3.6	0.0
Total sales	**568.3**	**1,007.6**	**1,008.6**	**2,584.5**	**-3.6**	**2,580.9**
Depreciation and amortisation	15.8	32.1	9.0	56.9	1.8	58.7
Impairment charges	-	1.3	-	1.3	-	1.3
Share of associated companies' and joint ventures' net income	0.1	0.3	0.4	0.8	-	0.8
Operating profit excluding restructuring costs	**-35.0**	**24.6**	**105.2**	**94.9**	**-33.5**	**61.3**
% of sales	-6.2%	2.4%	10.4%	-	-	2.4%
Restructuring costs*					61.1	61.1
Operating profit	**-61.8**	**8.2**	**103.3**	**49.7**	**-49.4**	**0.3**
% of sales	-10.9%	0.8%	10.2%	-	-	0.0%
Financing items	-	-	-	-	-	-27.0
Income before taxes	**-**	**-**	**-**	**-**	**-**	**-26.7**

*The restructuring costs allocated to operating segments are: Hiab EUR 26.8 million, Kalmar EUR 16.4 million, MacGregor EUR 1.9 million and Corporate administration EUR 15.9 million.

1 Jan–31 Dec 2008 MEUR	Hiab	Kalmar	MacGregor	Segments total	Eliminations and nonallocated items	Cargotec total
Sales						
Services	211.8	436.9	222.1	870.8	-	870.8
Products	687.1	1,078.3	763.0	2,528.4	-	2,528.4
External sales total	898.9	1,515.3	985.1	3,399.2	-	3,399.2
Internal sales	8.1	0.2	0.0	8.3	-8.3	0.0
Total sales	**907.0**	**1,515.5**	**985.1**	**3,407.5**	**-8.3**	**3,399.2**
Depreciation and amortisation	15.1	33.0	8.7	56.8	0.6	57.4
Impairment charges	0.7	2.0	-	2.7	-	2.7
Share of associated companies' and joint ventures' net income	0.1	0.2	0.2	0.6	-	0.6
Operating profit excluding restructuring costs	**49.4**	**89.6**	**83.6**	**222.6**	**-29.8**	**192.8**
% of sales	5.4%	5.9%	8.5%	-	-	5.7%
Restructuring costs*					19.1	19.1
Operating profit	**35.2**	**85.1**	**83.6**	**203.9**	**-30.1**	**173.7**
% of sales	3.9%	5.6%	8.5%	-	-	5.1%
Financing items	-	-	-	-	-	-28.5
Income before taxes	**-**	**-**	**-**	**-**	**-**	**145.2**

*The restructuring costs allocated to operating segments are: Hiab EUR 14.1 million, Kalmar EUR 4.5 million and Corporate administration EUR 0.3 million.

Segment assets and liabilities

Operating segments' assets comprise all business assets and liabilities that can be allocated to the operating segment. Unallocated assets comprise loans and other interest-bearing assets, cash and cash equivalents, income tax receivables, deferred tax assets, deferred interests and derivatives designated as hedges of future treasury transactions. Unallocated liabilities comprise loans and other interest-bearing liabilities, income tax payables, deferred tax liabilities, accrued interests and derivatives designated as hedges of future treasury transactions.

31 Dec 2009 MEUR	Hiab	Kalmar	MacGregor	Segments total	Eliminations and nonallocated items	Cargotec total
Non-interest-bearing assets	585.1	783.9	862.9	2,231.8	16.4	2,248.3
Investments in associated companies and joint ventures	0.6	4.1	2.8	7.5	-	7.5
Unallocated assets, interest-bearing	-	-	-	-	277.0	277.0
Other unallocated assets	-	-	-	-	154.7	154.7
Total assets	**585.7**	**787.9**	**865.7**	**2,239.3**	**448.1**	**2,687.4**
Non-interest-bearing liabilities	137.2	292.2	637.8	1,067.1	3.2	1,070.3
Unallocated liabilities, interest-bearing*	-	-	-	-	611.8	611.8
Other unallocated liabilities, interest-free	-	-	-	-	123.9	123.9
Total liabilities	**137.2**	**292.2**	**637.8**	**1,067.1**	**738.8**	**1,806.0**
Assets employed	448.5	495.7	227.9	1,172.2	13.3	1,185.5
Capital expenditure	23.2	54.5	11.6	89.3	17.5	106.8

31 Dec 2008 MEUR	Hiab	Kalmar	MacGregor	Segments total	Eliminations and nonallocated items	Cargotec total
Non-interest-bearing assets	697.9	1,081.8	933.9	2,713.6	6.9	2,720.6
Investments in associated companies and joint ventures	0.5	3.9	2.5	7.0	-	7.0
Unallocated assets, interest-bearing	-	-	-	-	87.2	87.2
Other unallocated assets	-	-	-	-	224.2	224.2
Total assets	**698.5**	**1,085.7**	**936.5**	**2,720.6**	**318.3**	**3,038.9**
Non-interest-bearing liabilities	173.6	512.7	713.7	1,400.0	-12.6	1,387.4
Unallocated liabilities, interest-bearing*	-	-	-	-	565.0	565.0
Other unallocated liabilities, interest-free	-	-	-	-	222.1	222.1
Total liabilities	**173.6**	**512.7**	**713.7**	**1,400.0**	**774.5**	**2,174.5**
Assets employed	524.9	572.9	222.8	1,320.6	19.5	1,340.1
Capital expenditure	25.0	65.3	18.0	108.4	4.4	112.8

*The unallocated interest-bearing net debt includes the hedging of cross-currency risk relating to the USD 300 million Private Placement bond, totalling, on 31 December 2009, EUR 17.5 (31 Dec 2008: 10.2) million.

Orders

	Orders received		Order book	
MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008	31 Dec 2009	31 Dec 2008
Hiab	524.8	818.1	119.2	164.2
Kalmar	737.8	1,565.8	427.0	704.2
MacGregor	569.1	1,393.4	1,603.6	2,186.5
Eliminations	-3.3	-8.6	-0.5	-0.5
Total	**1,828.4**	**3,768.7**	**2,149.3**	**3,054.4**

Number of employees

	Average		At the end of the year	
	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008	31 Dec 2009	31 Dec 2008
Hiab	3,746	4,509	3,127	4,308
Kalmar	4,277	4,680	3,862	4,766
MacGregor	2,476	2,449	2,286	2,577
Corporate administration and support functions	285	139	331	175
Total	**10,785**	**11,777**	**9,606**	**11,826**

4.2. Information divided by geographical area

Sales

Sales are reported by customer location, while assets and capital expenditure is reported by the location of the assets. The geographical areas are based on main market division.

1 Jan–31 Dec 2009 MEUR	Hiab	Kalmar	MacGregor	Segments total	Eliminations and nonallocated items	Cargotec total
Finland	28.1	16.3	8.2	52.6	-1.4	51.2
Other EMEA	340.8	562.2	238.9	1,141.9	-0.5	1,141.4
Americas	130.6	264.3	63.4	458.4	-1.0	457.3
Asia-Pacific	68.7	164.8	698.1	931.6	-0.7	930.9
Total	**568.3**	**1,007.6**	**1,008.6**	**2,584.5**	**-3.6**	**2,580.9**

1 Jan–31 Dec 2008 MEUR	Hiab	Kalmar	MacGregor	Segments total	Eliminations and nonallocated items	Cargotec total
Finland	44.1	70.8	9.3	124.2	-5.4	118.8
Other EMEA	600.2	816.8	365.3	1,782.2	-0.2	1,782.0
Americas	159.6	361.1	37.5	558.2	-1.8	556.4
Asia-Pacific	103.1	266.8	573.0	942.9	-1.0	941.9
Total	**907.0**	**1,515.5**	**985.1**	**3,407.5**	**-8.3**	**3,399.2**

*Non-current assets**

MEUR	31 Dec 2009	31 Dec 2008
Finland	51.4	49.0
Other EMEA	257.9	245.8
Americas	35.2	35.6
Asia-Pacific	58.9	45.0
Goodwill	689.6	669.2
Total	**1,093.0**	**1,044.6**

*Excluding financial instruments and deferred tax assets. Goodwill has not been allocated to geographical areas.

Capital expenditure

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Finland	12.8	16.3
Other EMEA	63.5	64.5
Americas	7.5	13.9
Asia-Pacific	23.0	18.1
Total	**106.8**	**112.8**

Number of employees

	31 Dec 2009	31 Dec 2008
Finland	1,040	1,548
Other EMEA	4,976	6,145
Americas	1,080	1,246
Asia-Pacific	2,510	2,887
Total	**9,606**	**11,826**

5. Acquisitions and disposals

Acqusitions 2009

In 2009 Cargotec completed two acquisitions. In December, Cargotec acquired the port service and equipment part of Moroccan Société Maghrepic S.A.'s business operations. Maghrepic has been Cargotec's dealer representative in Morocco and has long experience as a service and spare parts provider. According to the deal, Cargotec employed 44 persons, most of whom are service technicians. In August, Cargotec acquired the assets of a Danish sales and services company Arne Holst & Co. A/S. This acquisition included the takeover of business assets and customer contacts as well as the transfer of four employees to Cargotec.

In addition, Cargotec acquired an 18 percent minority holding of Kalmar España S.A. and 20 percent minority holdings of the Italian Officine Cargotec Ferrari Genova S.r.l and Officine Cargotec Ferrari Prato S.r.l. as well as the Australian Hiab Australia Pty Ltd. Subsequent to these transactions, Cargotec owns all shares in the companies.

In 2009, Hiab established a small joint venture focusing on the environmental segment in China.

The transaction price of the acquisitions completed in 2009 amounted to EUR 7.2 million and the related goodwill in Cargotec balance sheet to EUR 3.1 million. Goodwill amounting to EUR 2.2 million is related to the acquisition of the minority interests.

Management estimates that the consolidated sales for 2009 would have been EUR 2,588 million if the acquisitions had been completed on 1 January 2009.

The business combinations of Société Maghrepic S.A. and Arne Holst & Co. A/S were accounted as preliminary as the determination of fair values to be assigned to the assets, liabilites and contingent liabilities was not yet finalised.

The business combinations of Equipos y Servicios Terminales y Puertos SRL, CVS Technoports S.r.l. and CVS Service S.r.l. were accounted as preliminary at the end of 2008, as the determination of fair values was unfinished. The accounting of these acquisitions was finalised in 2009. This had no impact on the previous year's figures.

Disposals 2009

In November, Cargotec agreed on the termination of the cooperation agreement with the Chinese company Goodway signed in 2006. The cooperation will be terminated in early 2010.

In October, Cargotec agreed to transfer its off-road forestry cranes business to the Finnish Mesera Salo Oy. The transfer agreement also included stationary mounted off-road crane models. As part of the deal, some key employees in the off-road crane business transferred to Mesera. The real estate related to the business and located in Salo, Finland, was sold to the Finnish Rakennus-Järvi Oy in December. These transactions had no material impact on Cargotec's result or cash flow.

Acquisitions 2008

In 2008 Cargotec made eight acquisitions, of which four in Hiab's business area.

In February, in order to strengthen its R&D capabilities, Cargotec acquired 60 percent of Idea Design & Consulting S.r.l, Italy. The accounting of this business combination also includes the minority share, which includes a redemption obligation. The acquisition was finalised in February.

In February, Hiab made an agreement to acquire the UK-based Del Equipment (UK) Limited and the US-based Ultron Lift Corp. These companies manufacture tail lifts in the UK and USA. The acquisitions were finalised at the end of March. In February, Hiab signed also an agreement to acquire 70 percent of the operations of the Australian O'Leary's Material Handling Services Pty Ltd., the leading supplier of tail lifts in Western Australia. The acquisition was closed in April. At the end of March, Hiab concluded an agreement to acquire the majority of the operations of the South African Bowman Cranes (Pty) Limited. This company supplies, installs and services truck-related load handling equipment. The acquisition was finalised in June. In June, Hiab concluded an agreement to acquire the business of Zepro Tailgate (1987) Limited in New Zealand. In addition to tail lift sales, the business comprises installation, repairs, maintenance and spare parts sales. The acquisition was closed in July.

In April, MacGregor signed an agreement to acquire the US-based Platform Crane Service, Inc (PCS). The acquisition was closed in May.

In August Kalmar acquired Argentinean Equipos y Servicios Terminales y Puertos SRL (ESTP). In addition to new equipment distribution, the company provides equipment commissioning, technical and spare part support as well as equipment repairing and refurbishing in South America. In October Kalmar acquired 80 percent of two Italian service companies, CVS Technoports S.r.l. and CVS Service S.r.l.

Management estimates that the consolidated sales for 2008 would have been EUR 3.426 million if the acquisitions had been completed on 1 January 2008.

The table below summarises the acquisitions completed in 2008. The business combinations of Equipos y Servicios Terminales y Puertos SRL, CVS Technoports S.r.l. and CVS Service S.r.l. were accounted as preliminary as the determination of fair values to be assigned to the assets, liabilites and contingent liabilities were not yet finalised.

MEUR	Net fair values of identifiable assets and liabilities of the acquired businesses	Assets and liabilities immediately before the business combination
Other intangible assets	4.3	0.0
Property, plant and equipment	3.5	3.3
Inventories	12.9	12.7
Non-interest-bearing assets	14.3	14.3
Interest-bearing assets and cash and cash equivalents	0.9	0.9
Interest-bearing liabilities	-6.3	-6.3
Other non-interest-bearing liabilities	-21.7	-19.9
Acquired net assets	**7.8**	**5.0**
Transaction price	52.0	
Costs related to acquisitions	2.6	
Goodwill	**46.8**	
Transaction price paid in cash	45.7	
Costs related to acquisitions	2.4	
Cash and cash equivalents in acquired businesses	-0.9	
Total cash outflow from acquisitions	**47.2**	

The business combinations of Hydramarine AS, Indital Construction Machinery Ltd, Bay Equipment Repairs Inc and Balti ES were accounted as preliminary at the end of 2007, as the determination of fair values was still unfinished. The accounting of these acquisitions was finalised in 2008.

6. Long term construction contracts

Sales include EUR 203.6 (2008: 214.0) million of income recognised based on the percentage of completion of the long term construction contracts. The balance sheet includes from the percentage of completion method, EUR 95.6 (31 Dec 2008: 86.7) million in unbilled contract revenue and EUR 76.8 (15.5) million in advances received.

7. Other operating income and expenses

Other operating income

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Gain on disposal of intangible and tangible assets	1.6	0.7
Customer finance-related other income	26.4	22.9
Rent income	1.6	2.3
Income from order cancellations	6.1	5.9
Other income	7.0	7.3
Total	**42.7**	**39.1**

Other operating expenses

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Loss on disposal of intangible and tangible assets	0.4	0.1
Customer finance-related other expenses	26.1	21.8
Expenses from order cancellations	7.1	5.9
Other expenses	12.9	10.2
Total	**46.5**	**38.0**

Audit fees

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Annual audit	2.4	2.3
Other statements	0.0	0.0
Tax advice	0.7	0.8
Other services	0.7	0.7
Total	**3.8**	**3.8**

8. Restructuring costs

1 Jan–31 Dec 2009 MEUR	Hiab	Kalmar	MacGregor	Other	Total
Employment termination costs	22.1	14.0	1.7	1.1	38.9
Impairments of assets	0.2	0.3	-	-	0.5
Inventory write-downs	2.2	0.1	-	-	2.2
Other restructuring costs*	2.4	2.1	0.2	14.8**	19.5
Total	**26.8**	**16.4**	**1.9**	**15.9**	**61.1**

1 Jan–31 Dec 2008 MEUR	Hiab	Kalmar	MacGregor	Other	Total
Employment termination costs	9.9	2.4	-	0.3	12.6
Impairments of assets	0.7	2.0	-	-	2.7
Inventory write-downs	0.8	-	-	-	0.8
Other restructuring costs*	2.8	0.1	-	0.1	3.0
Total	**14.1**	**4.5**	**-**	**0.3**	**19.1**

*Includes e.g. contract (other than employment contract) termination costs.
**Other restructuring costs include a write-off of receivables related to an unrealised acquisition, amounting to EUR 9,8 million.

Restructuring costs include, depending on their nature, in restructuring provisions or in accruals in the balance sheet. A part of the restructuring costs was paid before the year-end.

In September 2008, capacity adjustment measures were begun, mainly in Western Europe and North America, due to a fall in demand and profitability. During 2009, these measures were extended to Cargotec units all over the world. In 2009, factories were closed in Finland, United States, the Netherlands, Indonesia and Sweden. Alongside employee dismissals due to the factory closures, other units saw permanent employee reductions. Carcotec also began planning the conversion of the Tampere unit into a competence and technology centre, transferring the focus from traditional production to developing of new products and enabling of serial production.

9. Personnel expenses

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Wages and salaries	350.9	387.5
Equity-settled share-based payments	0.4	-0.2
Cash-settled share-based payments	0.1	-0.8
Pension costs*	33.6	27.1
Other statutory employer costs	83.2	108.6
Total	**468.2**	**522.2**

*Pension costs are presented in more detail in Note 28 Employee benefits. Information on key management compensation is presented in Note 34 Related-party transactions and information on share-based payment transactions in Note 26 Share-based payments.

10. Depreciation, amortisation and impairment charges

Depreciation, amortisation and impairment by function

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Cost of goods sold	35.4	38.2
Sales and marketing	10.8	9.7
Research and development	1.2	1.4
Administration	7.4	5.0
Other	5.2	5.8
Total	**60.0**	**60.1**

Depreciation and amortisation by asset type

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Intangible assets	9.1	8.3
Buildings	9.1	8.0
Machinery & equipment	21.5	21.0
Finance lease agreements	0.9	0.7
Customer finance agreements	18.1	19.4
Total	**58.7**	**57.4**

Impairment charges by asset type

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Goodwill	-	-
Other intangible assets	-	0.0
Property, plant and equipment	1.3	2.7
Total	**1.3**	**2.7**

11. Financing income and expenses

Financing income

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Interest income on loans receivable and cash and cash equivalents	2.0	4.2
Interest income on derivative instruments, cash flow hedges	12.2	11.5
Other financing income	0.3	0.3
Dividend income on assets available for sale	0.0	0.0
Total	**14.5**	**16.0**

Financing expenses

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Interest expenses on financial liabilities measured at amortised cost	25.1	31.1
Capitalised borrowing costs	-0.1	-
Interest expenses on derivative instruments, cash flow hedges	10.5	10.5
Arrangement and commitment fees relating to interest-bearing loans	0.8	0.8
Other financing expenses	1.9	1.2
Exchange rate differences, net	3.4	0.9
Total	**41.6**	**44.5**

Exchange rate differences included in financing income and expenses

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Exchange rate differences on interest bearing loans and receivables	22.2	-75.1
Exchange rate differences on derivative instruments, cash flow hedges	-7.3	11.8
Exchange rate differences on derivative instruments, non-hedge accounted	-18.2	62.4
Total	**-3.4**	**-0.9**

Operating profit includes in total EUR -11.2 (2008: 20.4) million of exchange rate differences arising from accounts receivable and payable, and EUR -0.5 (2008: -0.3) million of exchange rate differences on derivative instruments, on which hedge accounting is not applied.

Additionally, operating profit includes exchange rate differences on forward contracts designated as cash flow hedges, totalling EUR -36.2 (2008: -29.2) million, of which EUR -28.8 (2008: -18.7) million in sales, EUR -1.4 (2008: -5.4) million in cost of goods sold, and the portion of ineffective hedges and released cash flow hedges related to cancelled projects, EUR -5.9 (2008: -5.1) million in other operating expenses.

12. Income taxes

Taxes in income statement

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Current year tax expense	20.9	46.3
Deferred tax expense	-44.5	-8.9
Tax expense for previous years	-10.3	-13.0
Total	**-33.9**	**24.4**

Reconciliation of effective tax rate

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Income before taxes	-26.7	145.2
Tax calculated at domestic tax rate*	-7.0	37.8
Effect of different tax rates in foreign subsidiaries	0.4	-6.1
Previous years' taxes	-10.3	-13.0
Tax exempt income and non-deductible expenses	-16.0	0.0
Benefit arising from previously unrecognised tax losses and temporary differences	0.0	-2.4
Unrecognised current year tax losses and temporary differences	4.9	10.7
Change in previously unrecognised tax losses and temporary differences	-6.3	-2.5
Effect of changes in tax rates	0.3	0.0
Total	**-33.9**	**24.4**
Effective tax rate, %	126.7%	16.8%

*The domestic (Finland) tax rate is 26% (2008: 26%).

Taxes relating to components of other comprehensive income

	1.1.–31.12.2009			1.1.–31.12.2008		
MEUR	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Cash flow hedges	43.1	-13.5	29.6	-102.0	27.9	-74.0
Translation differences	20.5	-1.2	19.3	9.8	-	9.8
Total other comprehensive income	**63.6**	**-14.6**	**49.0**	**-92.1**	**27.9**	**-64.2**

13. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to the equity holders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of shares for the effect of all potential dilutive shares. The options have a diluting effect, when the exercise price with an option is lower than the market value of the Company share. The diluting effect is the number of shares that the Company has to issue gratuitously because the received funds from the exercised options do not cover the fair value of the shares. The fair value of the Company's share is determined as the average market price of the shares during the period. Cargotec had an option program until 31 March 2009.

	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Net income attributable to the equity holders of the Company, MEUR	3.1	118.4
Weighted average number of shares during financial period, ('000)	61,338	61,893
Basic earnings per share, EUR	**0.05**	**1.91**

	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Net income attributable to the equity holders of the Company, MEUR	3.1	118.4
Weighted average number of shares during financial period, ('000)	61,338	61,893
Effect of share options, ('000)	-	89
Diluted weighted average number of shares during financial period, ('000)	61,338	61,982
Diluted earnings per share, EUR	**0.05**	**1.91**

14. Goodwill

MEUR	2009	2008
Book value 1 Jan	669.2	670.2
Translation difference	26.1	-47.8
Companies acquired	3.1*	46.8*
Other changes	-8.8	-
Book value 31 Dec	**689.6**	**669.2**

*Including EUR 2.2 (10.2) million goodwill from the acquisition of minority interests.

Impairment testing of goodwill

For impairment testing goodwill is allocated to business segments, which form Cargotec´s cash generating units.

MEUR	31 Dec 2009	31 Dec 2008
Hiab	197.6	195.8
Kalmar	224.9	218.9
MacGregor	267.1*	254.5*
Total	**689.6**	**669.2**

*MacGregor includes EUR 121.8 (31 Dec 2008: 128.6) million goodwill of the Offshore division, treated separately for impairment testing.

Goodwill is impairment tested always when there is an indication that the current value may be impaired, or at least annually. The impairment testing of goodwill is carried out by using the net present values of future cash flows. The recoverable amount of a cash generating unit (CGU) is determined on the basis of value-in-use calculations. The cash flow projections are based on the next year’s budget and the following three years’ strategic forecasts approved by the Board of Directors and the management. The fifth year is added to the forecast period by extrapolating it on the basis of average development in the past years and during the estimated planning horizon, taking into account the cyclical nature of the CGUs. The key assumptions relate to market and profitability outlooks.

When estimating future growth, information available by external market research isntitutions has been used with the assumption that no material changes in market shares from current situation would occur. Key issues affecting profitability are sales volume, competitiveness and cost efficency. The better average profitability of service business means that its relative share of sales also has an impact on profitability. Additionally, in Hiab, Kalmar and MacGregor offshore business the utilisation rate of factories and their cost competitiveness has a significant impact on profitability. When estimating profitability the significant restructuring measures implemented in the Company have been taken into account.

Cash flows beyond the forecast period are projected by using a two percent long term growth rate, which does not exceed the forecasted long term growth rate of the CGUs. The pre-tax discount rate (WACC) used was for Hiab 9.8 (2008: 10.5), for Kalmar 10.8 (2008:10.5) and for MacGregor 9.7 (2008: 10.5) percent. The discount rates used have been calculated before tax and reflect the risks related to each segment. The discount rate is determined as a sum of on numerous factors, but the decrease in risk-free interest rate and the increase in credit risk premiums were the main drivers in discount rate changes compared to the previous year. Based on the impairment tests performed, no impairments were recognised during 2009 and 2008.

Sensitivity analyses of the key assumptions have been prepared as a part of the impairment testing process for each CGU separately. In the first sensititivity analysis the impact of two percentage unit higher discount rate was tested. In the second analysis, a scenario for each CGU was determined with signicifantly lower sales, profitability and cash flow forecasts than in the base scenario. A sensitivity analysis was performed with probability weightings on these two scenarios. In the third sensitivity analysis performed, both of these before mentioned changes, i.e. increase in discount rate and probability weighted cash flow scenarions, were assumed to happen at the same time. The carrying values did not exceed the recoverable amount in the sensitivity analyses of any cash generating unit, and neither does management foresee any relatively likely change in the assumptions to cause impairment.

15. Other intangible assets

MEUR	Development costs	Trademarks	Patents and licenses	Other*	Total
Acquisition cost 1 Jan 2009	12.6	43.4	21.1	39.3	116.5
Translation difference	0.0	0.2	-0.2	1.1	1.1
Additions	5.8	-	7.0	1.7	14.6
Disposals	-0,1	-	-0.2	-2.9	-3.2
Reclassification	1.6	-	0.5	0.5	2.5
Companies acquired	-	-	-0.1	2.9	2.8
Acquisition cost 31 Dec 2009	**19.9**	**43.6**	**28.1**	**42.7**	**134.2**
Accumulated amortisation and impairment 1 Jan 2009	-0.7	-1.0	-8.7	-21.1	-31.5
Translation difference	-	-0.4	0.0	-0.7	-1.2
Amortisation during the financial period	-1.1	-0.6	-3.2	-4.1	-9.1
Impairment charges	-	-	-	-	0.0
Disposals	0.0	-	0.3	2.2	2.5
Reclassification	0.0	-	-0.1	0.0	-0.2
Companies acquired	-	-	0.0	-0.2	-0.1
Accumulated amortisation and impairment 31 Dec 2009	**-1.8**	**-2.0**	**-11.7**	**-24.0**	**-39.5**
Book value 1 Jan 2009	11.9	42.4	12.4	18.2	85.0
Book value 31 Dec 2009	18.1	41.6	16.3	18.7	94.7

MEUR	Development costs	Trademarks	Patents and licenses	Other*	Total
Acquisition cost 1 Jan 2008	9.2	42.7	17.9	35.5	105.3
Translation difference	0.0	-0.5	0.6	-1.6	-1.5
Additions	3.7	-	2.8	2.1	8.6
Disposals	-0.4	-	-0.1	-0.1	-0.6
Reclassification	-	-	0.0	-0.2	-0.3
Companies acquired	-	1.2	-	3.6	4.8
Acquisition cost 31 Dec 2008	**12.6**	**43.4**	**21.1**	**39.3**	**116.5**
Accumulated amortisation and impairment 1 Jan 2008	-0.7	-0.4	-7.6	-15.6	-24.3
Translation difference	0.0	-	0.0	0.8	0.8
Amortisation during the financial period	-0.3	-0.6	-1.1	-6.3	-8.3
Impairment charges	-	-	-	0.0	0.0
Disposals	0.4	-	-	-	0.4
Reclassification	-	-	0.0	0.0	0.0
Companies acquired	-	-	0.0	-	0.0
Accumulated amortisation and impairment 31 Dec 2008	**-0.7**	**-1.0**	**-8.7**	**-21.1**	**-31.5**
Book value 1 Jan 2008	8.5	42.3	10.3	20.0	81.0
Book value 31 Dec 2008	11.9	42.4	12.4	18.2	85.0

*Other intangible assets include service agreements, customer relationships and other intangible assets from business combinations.

The trademarks have been valued at fair value in connection with the acquisition (see Note 5 Acquisitions and disposals). Some of the trademarks have been assessed to have indefinite useful lives, including MacGregor. It is estimated that they will create cash flow for an indefinite period. The estimate is based on their position as global, market area or customer segment-specific market leaders and their long history. The MacGregor trademark has been used since the 1930's and it is continuously developed. The trademarks are impairment tested annually or more frequently if there is an indication that their current value would not be recoverable. The book value of the other intangible asset of indefinite useful life amounted on 31 December 2009 to EUR 40.0 (2008: 41.2) million.

Other trademarks have been estimated to create cash flow during their useful lives, which are assessed to be about 5 years. These trademarks are amortised on a straight-line basis over their useful lives.

16. Property, plant and equipment

MEUR	Land	Buildings	Machinery & equipment	Fixed assets under construction	Advance payments	Total
Acquisition cost 1 Jan 2009	13.6	171.2	446.7	16.4	1.2	649.2
Translation difference	0.3	1.2	9.9	0.0	0.0	11.4
Additions	0.5	7.5	37.8	45.6	2.3	93.7
Disposals	-0.4	-24.4	-68.4	-0.7	-0.7	-94.6
Reclassification	0.0	24.7	6.5	-32.7	-0.5	-2.1
Companies acquired	-0.1	-	0.1	-	-	0.0
Acquisition cost 31 Dec 2009	**14.0**	**180.2**	**432.6**	**28.6**	**2.3**	**657.6**
Accumulated depreciation and impairment 1 Jan 2009	-1.2	-80.6	-283.9	-	-	-365.7
Translation difference	-0.1	-0.9	-6.3	-	-	-7.3
Depreciation during the financial period	-0.1	-9.6	-40.0	-	-	-49.6
Impairment	-	-1.0	-0.3	-	-	-1.3
Disposals	0.0	21.8	45.9	-	-	67.7
Reclassification	0.0	0.0	-0.2	-	-	-0.2
Companies acquired	-	-	0.0	-	-	0.0
Accumulated depreciation and impairment 31 Dec 2009	**-1.5**	**-70.3**	**-284.7**	**-**	**-**	**-356.4**
Book value 1 Jan 2009	12.4	90.7	162.8	16.4	1.2	283.5
Book value 31 Dec 2009	12.6	109.9	147.9	28.6	2.3	301.2

MEUR	Land	Buildings	Machinery & equipment	Fixed assets under construction	Advance payments	Total
Acquisition cost 1 Jan 2008	12.9	143.3	428.1	11.5	0.1	595.9
Translation difference	-0.1	-3.1	-24.0	-0.3	0.0	-27.5
Additions	0.8	20.1	63.7	18.8	0.7	104.1
Disposals	0.0	-0.4	-29.5	0.0	0.0	-29.9
Reclassification	-	10.8	2.7	-13.6	-0.1	-0.2
Companies acquired	-	0.6	5.7	-	0.5	6.8
Acquisition cost 31 Dec 2008	**13.6**	**171.2**	**446.7**	**16.4**	**1.2**	**649.1**
Accumulated depreciation and impairment 1 Jan 2008	-0.7	-72.4	-269.1	-	-	-342.2
Translation difference	-0.5	2.3	16.2	-	-	18.1
Depreciation during the financial period	-	-8.3	-40.8	-	-	-49.1
Impairment	-	-2.0	-0.7	-	-	-2.7
Disposals	-	0.1	13.2	-	-	13.3
Reclassification	-	-	0.2	-	-	0.2
Companies acquired	-	-0.3	-3.0	-	-	-3.3
Accumulated depreciation and impairment 31 Dec 2008	**-1.2**	**-80.6**	**-283.9**	**-**	**-**	**-365.7**
Book value 1 Jan 2008	12.2	70.9	159.0	11.5	0.1	253.7
Book value 31 Dec 2008	12.4	90.7	162.8	16.4	1.2	283.5

Capitalised borrowing costs

MEUR	Machinery & equipment	Advance payments and fixed assets under construction	Total
1 Jan 2009	-	-	-
Increases	-	0.1	0.1
31 Dec 2009	**-**	**0.1**	**0.1**

Finance lease agreements

Property, plant and equipment include capitalised finance leases as follows:

MEUR	Buildings	Machinery & equipment	Total
Acquisition cost 1 Jan 2009	6.0	4.2	10.2
Translation difference	0.1	0.3	0.4
Additions	1.9	0.3	2.1
Disposals	-2.2	-0.4	-2.6
Reclassification	0.0	-0.7	-0.7
Companies acquired	-	-	-
Acquisition cost 31 Dec 2009	**5.7**	**3.6**	**9.4**
Accumulated depreciation and impairment 1 Jan 2009	-2.9	-1.9	-4.9
Translation difference	0.0	-0.2	-0.2
Depreciation during the financial period	-0.6	-0.3	-0.9
Impairment	-1.0	-	-1.0
Disposals	1.5	0.1	1.6
Companies acquired	-	-	-
Reclassifications	0.0	0.1	0.1
Accumulated depreciation and impairment 31 Dec 2009	**-3.0**	**-2.2**	**-5.2**
Book value 1 Jan 2009	3.1	2.2	5.4
Book value 31 Dec 2009	2.7	1.4	4.2

MEUR	Buildings	Machinery & equipment	Total
Acquisition cost 1 Jan 2008	6.2	4.2	10.4
Translation difference	-0.4	-0.2	-0.6
Additions	0.2	0.9	1.1
Disposals	-	-0.3	-0.3
Reclassification	-	-1.3	-1.3
Companies acquired	0.0	0.8	0.8
Acquisition cost 31 Dec 2008	**6.0**	**4.2**	**10.2**
Accumulated depreciation and impairment 1 Jan 2008	-2.7	-2.0	-4.7
Translation difference	0.1	0.2	0.3
Depreciation during the financial period	-0.3	-0.4	-0.7
Disposals	-	0.2	0.2
Reclassification	-	0.1	0.1
Accumulated depreciation and impairment 31 Dec 2008	**-2.9**	**-1.9**	**-4.9**
Book value 1 Jan 2008	3.5	2.2	5.7
Book value 31 Dec 2008	3.1	2.2	5.4

Customer finance agreements

Property, plant and equipment include machinery and equipment leased out under customer finance contracts classified as operating leases as follows:

MEUR	Machinery & equipment
Acquisition cost 1 Jan 2009	167.7
Translation difference	3.1
Additions	19.1
Disposals	-26.8
Reclassification	0.5
Companies acquired	-
Acquisition cost 31 Dec 2009	**163.6**
Accumulated depreciation and impairment 1 Jan 2009	-87.0
Translation difference	-1.8
Depreciation during the financial period	-18.1
Disposals	10.0
Reclassification	-
Companies acquired	-
Accumulated depreciation and impairment 31 Dec 2009	**-96.9**
Book value 1 Jan 2009	80.7
Book value 31 Dec 2009	66.7

MEUR	Machinery & equipment
Acquisition cost 1 Jan 2008	156.9
Translation difference	-8.8
Additions	35.9
Disposals	-16.4
Reclassification	0.1
Companies acquired	-
Acquisition cost 31 Dec 2008	**167.7**
Accumulated depreciation and impairment 1 Jan 2008	-75.8
Translation difference	5.0
Depreciation during the financial period	-19.4
Disposals	3.2
Reclassification	-0.1
Companies acquired	-
Accumulated depreciation and impairment 31 Dec 2008	**-87.0**
Book value 1 Jan 2008	81.2
Book value 31 Dec 2008	80.7

17. Investments in associated companies

MEUR	2009	2008
Book value 1 Jan	6.5	4.5
Translation difference	-0.3	-0.1
Share of net income	0.8	0.3
Additions	-	1.3
Reclassification	-	0.6
Book value 31 Dec	**7.1**	**6.5**

On 31 December 2009 the book value of investments in associated companies includes EUR 2.8 (31 Dec 2008: 2.8) million of goodwill. The book value of associated companies and joint ventures at the end of the period does not include shares in publicly listed companies.

Associated companies

31 Dec 2009						Shareholding (%)	
MEUR	Country	Assets	Liabilities	Sales	Net income	Parent company	Group
Hymetal S.A.	France	7.1	5.6	16.4	0.2	-	40.0
Haida-MacGREGOR Jiangyin Sealing Co., Ltd	China	5.2	1.1	8.0	0.9	-	25.0
Montaje, Mantenimiento y Reformas de Instalaciones Portuarias, S.A.	Spain	7.0	4.2	14.7	0.8	-	30.0
Processiones, Superficiales y Aplicaciones, S.L.	Spain	0.7	0.4	0.0	0.1	-	30.0
Dalian Nurmi Hydraulics Co., Ltd.	China	7.6	0.9	8.3	0.8	25.0	25.0
MacGREGOR-Yingke Marine Equipment Design & Consulting (Shanghai) Co., Ltd	China	0.2	0.0	0.6	0.0	-	25.0

On 31 December 2009, in addition to companies mentioned above, Cargotec had holdings in 2 associated companies.

31 Dec 2008						Shareholding (%)	
MEUR	Country	Assets	Liabilities	Sales	Net income	Parent company	Group
Hymetal S.A.	France	7.7	6.3	15.6	0.3	-	40.0
Haida-MacGREGOR Jiangyin Sealing Co., Ltd	China	5.0	1.5	9.2	0.7	-	25.0
Montaje, Mantenimiento y Reformas de Instalaciones Portuarias, S.A.	Spain	9.8	7.3	10.2	0.3	-	30.0
Processiones, Superficiales y Aplicaciones, S.L.	Spain	0.4	0.2	1.3	0.0	-	30.0
Dalian Nurmi Hydraulics Co., Ltd.	China	5.6	0.0	5.2	0.2	25.0	25.0

On 31 December 2008, in addition to companies mentioned above, Cargotec had holdings in 4 associated companies.

The figures presented in the tables above are based on the latest available financial statements.

18. Investments in joint ventures

MEUR	2009	2008
Book value 1 Jan	0.5	0.4
Translation difference	0.0	0.0
Share of net income	-0.1	0.1
Book value 31 Dec	**0.4**	**0.5**

The book value of joint ventures at the end of the period does not include shares in publicly listed companies.

Joint ventures

31 Dec 2009						Shareholding (%)	
MEUR	Country	Assets	Liabilities	Sales	Net income	Parent company	Group
Kalmar (Malaysia) Sdn. Bhd.	Malaysia	0.3	0.3	0.5	0.0	-	50.0
Starmax V.O.F	The Netherlands	1.9	2.2	8.5	-0.1	-	50.0
MacGREGOR Vinashing Marine Equipment Company Limited	Vietnam	0.2	-	-	0.0	-	49.0

31 Dec 2008						Shareholding (%)	
MEUR	Country	Assets	Liabilities	Sales	Net income	Parent company	Group
Kalmar (Malaysia) Sdn. Bhd.	Malaysia	0.3	0.3	0.5	0.0	-	50.0
Starmax V.O.F	The Netherlands	3.0	2.7	7.4	0.3	-	50.0

The figures presented in the tables above are based on the latest available financial statements.

19. Non-current available-for-sale investments

MEUR	2009	2008
Book value 1 Jan	2.0	2.3
Translation difference	0.1	-0.1
Additions	0.0	0.4
Disposals	-0.6	-0.1
Reclassification	-	-0.6
Companies acquired	-	0.0
Book value 31 Dec	**1.5**	**2.0**

Non-current available-for-sale investments include unlisted shares (mainly shares in holiday, tennis and golf clubs) which are carried at cost as the fair value of these assets cannot be measured reliably or the fair value would not significantly differ from the acquisition cost.

20. Deferred tax assets and liabilities

Deferred tax assets

MEUR	1 Jan 2009	Charged to income statement	Charged to other comprehensive income items	Translation difference	Acquired/sold companies	31 Dec 2009
Tax losses carried forward	23.3	41.2	-	1.3	-	65.7
Provisions	18.1	-7.0	-	-0.3	-	10.8
Depreciation difference	1.4	0.9	-	-0.1	-	2.2
Pensions	3.7	-0.5	-	0.2	-	3.3
Consolidation entries	7.0	-1.7	-	0.0	-	5.3
Change in fair value	34.4	-0.1	-19,9	0.0	-	14.4
Other temporary differences for assets	13.9	14.8	-	-0.5	-	28.1
Total	**101.7**	**47.5**	**-19,9**	**0.4**	**-**	**129.7**
Offset deferred tax liabilities	-4.5	-10.6	-	-0.8	-	-15.8
Total, net	**97.2**	**36.9**	**-19,9**	**-0.3**	**-**	**113.9**

Deferred tax liabilities

MEUR	1 Jan 2009	Charged to income statement	Charged to other comprehensive income items	Translation difference	Acquired/sold companies	31 Dec 2009
Depreciation difference	2.7	-0.2	-	0.7	-	3.2
Goodwill amortisation	4.6	3.1	-	-0.5	-	7.2
Allocation of fair value on acquisitions	8.9	-1.0	-	1.0	0.7	9.6
Research and development	2.8	0.1	-	0.0	-	2.9
Change in fair value	13.2	0.3	-6.4	0.0	-	7.0
Other temporary differences for liabilities	15.2	0.7	1.2	-1.5	-	15.6
Total	**47.4**	**3.0**	**-5.2**	**-0.3**	**0.7**	**45.5**
Offset deferred tax assets	-4.5	-10.6	-	-0.8	-	-15.8
Total, net	**43.0**	**-7.6**	**-5.2**	**-1.1**	**0.7**	**29.7**

Deferred tax assets

MEUR	1 Jan 2008	Charged to income statement	Charged to other comprehensive income items	Translation difference	Acquired/sold companies	31 Dec 2008
Tax losses carried forward	14.9	10.0	-	-1.7	-	23.3
Provisions	15.2	2.3	-	0.5	0.1	18.1
Depreciation difference	1.6	-0.3	-	-0.1	0.1	1.4
Pensions	3.9	0.0	-	-0.3	-	3.7
Consolidation entries	7.7	-0.7	-	-0.1	0.1	7.0
Change in fair value	1.8	-	32.6	0.0	0.0	34.4
Other temporary differences for assets	10.4	3.4	-	0.0	0.1	13.9
Total	**55.5**	**14.7**	**32.6**	**-1.6**	**0.4**	**101.7**
Offset deferred tax liabilities	-	-4.5	-	-	-	-4.5
Total, net	**55.5**	**10.3**	**32.6**	**-1.6**	**0.4**	**97.2**

Deferred tax liabilities

MEUR	1 Jan 2008	Charged to income statement	Charged to other comprehensive income items	Translation difference	Acquired/sold companies	31 Dec 2008
Depreciation difference	3.9	-0.7	-	-0.4	0.0	2.7
Goodwill amortisation	3.4	0.5	-	0.2	0.5	4.6
Allocation of fair value on acquisitions	12.7	-3.1	-	-1.0	0.2	8.9
Research and development	1.1	1.7	-	-	-	2.8
Change in fair value	8.4	-	4.7	0.0	0.0	13.2
Other temporary differences for liabilities	9.0	6.0	-	-0.5	0.8	15.2
Total	**38.5**	**4.5**	**4.7**	**-1.8**	**1.5**	**47.4**
Offset deferred tax assets	-	-4.5	-	-	-	-4.5
Total, net	**38.5**	**0.0**	**4.7**	**-1.8**	**1.5**	**43.0**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. On 31 December 2009, Cargotec had EUR 45.3 (31 Dec 2008: 68.1) million of tax losses carried forward of which no deferred tax assets were recognised because the realisation of the tax benefit is not probable. Tax losses of EUR 14.2 (31 Dec 2008: 6.0) million will expire during the next five years and the rest EUR 31.1 (31 Dec 2008: 62.1) million have no expiry date or will expire after five years.

Deferred tax liability on undistributed earnings of foreign subsidiaries has not been recognised because distribution of the earnings is in the control of the Company and such distribution is not probable within the foreseeable future.

21. Inventories

MEUR	31 Dec 2009	31 Dec 2008
Raw materials and supplies	194.3	274.6
Work in progress	256.2	355.4
Finished goods	138.5	198.5
Advance payments paid for inventories	20.3	53.5
Total	**609.3**	**881.9**

Obsolescence allowances of inventories to net realisable value were EUR 59.0 (31 Dec 2008: 49.9) million during the period.

22. Financial instruments by category

Book value by category of financial assets

31 Dec 2009 MEUR	Loans and receivables at amortised cost	Available-for-sale financial assets	Assets at fair value through income statement	Derivatives defined as cash flow hedges	Total
Non-current financial assets					
Interest-bearing receivables	7.4				7.4
Available-for-sale investments		1.5			1.5
Derivative assets				9.1	9.1
Other non-interest-bearing receivables	8.0				8.0
Total	**15.4**	**1.5**	**-**	**9.1**	**26.0**
Current financial assets					
Loans receivable	2.9				2.9
Derivative assets			5.9	32.9	38.8
Accounts receivable and other non-interest-bearing receivables	506.1				506.1
Cash and cash equivalents	266.6				266.6
Total	**775.7**	**-**	**5.9**	**32.9**	**814.5**
Total financial assets	**791.1**	**1.5**	**5.9**	**42.0**	**840.5**

Book value by category of financial liabilities

31 Dec 2009 MEUR	Financial liabilities at amortised cost	Liabilities at fair value through income statement	Derivatives defined as cash flow hedges	Total
Non-current financial liabilities				
Interest-bearing liabilities	511.2			511.2
Derivative liabilities			28.4	28.4
Other non-interest-bearing liabilities	28.6			28.6
Total	**539.9**	**-**	**28.4**	**568.2**
Current financial liabilities				
Interest-bearing liabilities	83.0			83.0
Derivative liabilities		4.3	53.7	58.0
Accounts payable and other non-interest-bearing liabilities	541.0			541.0
Total	**624.0**	**4.3**	**53.7**	**682.1**
Total financial liabilities	**1,163.9**	**4.3**	**82.1**	**1,250.3**

Book value by category of financial assets

31 Dec 2008 MEUR	Loans and receivables at amortised cost	Available-for-sale financial assets	Assets at fair value through income statement	Derivatives defined as cash flow hedges	Total
Non-current financial assets					
Interest-bearing receivables	7.7				7.7
Available-for-sale investments		2.0			2.0
Derivative assets				55.0	55.0
Other non-interest-bearing receivables	8.1				8.1
Total	**15.8**	**2.0**	**-**	**55.0**	**72.8**
Current financial assets					
Loans receivable	0.2				0.2
Derivative assets			82.1	48.3	130.4
Accounts receivable and other non-interest-bearing receivables	714.0				714.0
Cash and cash equivalents	79.2				79.2
Total	**793.5**	**-**	**82.1**	**48.3**	**923.9**
Total financial assets	**809.3**	**2.0**	**82.1**	**103.3**	**996.7**

Book value by category of financial liabilities

31 Dec 2008 MEUR	Financial liabilities at amortised cost	Liabilities at fair value through income statement	Derivatives defined as cash flow hedges	Total
Non-current financial liabilities				
Interest-bearing liabilities	440.2			440.2
Derivative liabilities			84.5	84.5
Other non-interest-bearing liabilities	26.6			26.6
Total	**466.9**	**-**	**84.5**	**551.4**
Current financial liabilities				
Interest-bearing liabilities	114.6			114.6
Derivative liabilities		14.9	114.5	129.3
Accounts payable and other non-interest-bearing liabilities	695.2			695.2
Total	**809.8**	**14.9**	**114.5**	**939.1**
Total financial liabilities	**1,276.6**	**14.9**	**199.0**	**1,490.5**

Assets and liabilities at fair value through income statement, and derivatives designated as cash flow hedges, consist solely of currency forwards and cross-currency swaps. In the fair value hierarchy, in accordance with IFRS 7.27, these derivative contracts are classified at level 2, i.e. valuation is based on observable inputs.

Other row items are recognised at amortised cost. Information on their fair values is presented under each respective note.

23. Accounts receivable and other non-interest-bearing receivables

Non-current receivables

MEUR	31 Dec 2009	31 Dec 2008
Non-current non-interest-bearing assets	8.0	8.1

Current receivables

MEUR	31 Dec 2009	31 Dec 2008
Accounts receivable	349.6	535.9
Receivables from construction contracts	73.9	77.7
Deferred interests	4.3	4.5
Other deferred assets	78.3	96.0
Total	**506.1**	**714.0**

The Company has deducted EUR 18.8 (31 Dec 2008: 15.5) million for doubtful accounts from accounts receivable.

Ageing analysis of accounts receivables

MEUR	31 Dec 2009	31 Dec 2008
Not due	251.0	367.7
1–90 days overdue	79.0	146.4
91–360 days overdue	19.1	22.9
Over 360 days overdue	0.5	-1.0
Total	**349.6**	**535.9**

Credit loss provisions, classified into ageing analysis of accounts receivables

MEUR	31 Dec 2009	31 Dec 2008
Not due	-	-
1–90 days overdue	0.7	1.0
91–360 days overdue	7.9	6.5
Over 360 days overdue	10.2	7.9
Total	**18.8**	**15.5**

24. Cash and cash equivalents

MEUR	31 Dec 2009	31 Dec 2008
Cash at bank and on hand	86.9	78.2
Short term deposits	179.8	1.1
Total	**266.6**	**79.2**

Cash and cash equivalents in the cash flow statement

MEUR	31 Dec 2009	31 Dec 2008
Cash and cash equivalents	266.6	79.2
Bank overdrafts used	-14.1	-33.3
Cash and cash equivalents in the cash flow statement	**252.5**	**45.9**

25. Equity

Total equity consists of share capital, share premium account, translation differences, fair value reserves, retained earnings and minority interest. The share premium account includes the impacts of change in share capital, which exceeds the accounting par value of the shares. Translation differences caused by translation of foreign companies' financial statements are included in translation differences. Fair value reserves include the changes in fair value of derivatives hedging cash flows and changes in fair value of available-for-sale financial assets. Net income for the period as well as changes in treasury shares owned by the Company are recorded in retained earnings.

Shares and share capital

According to Cargotec's Articles of Association, the Company's share capital is divided into class A and class B shares, the maximum total number of shares being 260 million. The number of class A shares is at maximum 260 million and the number of class B shares is at maximum 260 million. Cargotec class B shares are quoted on the NASDAQ OMX Helsinki. The accounting par value of both class A and class B shares is one euro per share. The shares have no nominal value. The Articles of Association state that Cargotec's minimum share capital is EUR 60 million and the maximum share capital EUR 260 million. The share capital can be raised or reduced within these limits without an amendment to the Articles of Association. Cargotec share capital is fully paid up.

At the Annual General Meeting, each class A share is assigned one vote, as is each block of 10 class B shares, with the provision that each shareholder is entitled to at least one vote. Cargotec class B shares entitle the holder to a higher dividend than class A shares. According to the Articles of Association, class B shares entitle to at least one percent and at most 2.5 percent higher dividend than class A shares, calculated from the accounting par value of the share.

At the end of 2009, Cargotec held 2,959,487 (31 Dec 2008: 2,990,725) class B shares as treasury shares. During the financial period no own share were purhcased; the total cost for shares purhased during 2008 was EUR 23.6 million. During the financial period 31,328 Cargotec's class B shares were disposed free of charge as a part of Cargotec's share-based incentive plan. Board authorisations to resolve to repurchase and to dispose of treasury shares and to increase the share capital are presented in the chapter Shares and Shareholders.

Number of shares

	Number of class A shares	Number of class B shares	Total
Number of shares 1 Jan 2008	9,526,089	54,694,284	64,220,373
Share subscription with option rights		83,907	83,907
Number of shares 31 Dec 2008	**9,526,089**	**54,778,191**	**64,304,280**
Treasury shares 31 Dec 2008		-2,990,725	-2,990,725
Number of shares outstanding 31 Dec 2008	**9,526,089**	**51,787,466**	**61,313,555**
Number of shares 1 Jan 2009	9,526,089	54,778,191	64,304,280
Share subscription with option rights		600	600
Number of shares 31 Dec 2009	**9,526,089**	**54,778,191**	**64,304,280**
Treasury shares disposed		31,238	31,238
Treasury shares 31 Dec 2009		-2,959,487	-2,959,487
Number of shares outstanding 31 Dec 2009	**9,526,089**	**51,819,304**	**61,345,393**

Dividend distribution

After 31 December 2009, the following dividends were proposed to be paid by the Board of Directors: EUR 0.39 per each class A share and EUR 0.40 per each class B share in circulation, a total of EUR 24,442,896.31.

26. Share-based payments

Option programme

Cargotec has no exercisable option programme. Share subscription period with 2005 A option rights ended on 31 March 2008 and with 2005B option rights on 31 March 2009. During the subscription period 216,555 Cargotec's class B shares were subscribed with 2005A option rights and 333,570 shares with 2005B option rights. The unused option rights were expired and they were removed from the holders' securities account.

Number of option rights

	Number of 2005A options	Number of 2005B options
Number of option rights 1 Jan 2008	12,725	50,154
Exercised option rights	-12,725	-15,244
Number of option rights 31 Dec 2008	**-**	**34,910**
Exercisable option rights 31 Dec 2008	-	34,910
Number of option rights 1 Jan 2009		34,910
Exercised option rights		-200
Expired option rights		-34,710
Number of option rights 31 Dec 2009		**-**
Exercisable option rights 31 Dec 2009		-

The weighted average share price at the dates of exercise of share options in 2009 was EUR 7.27 (2008: 20.38).

The share-based incentive programme

Cargotec has a share-based incentive programme for key management. In January 2007, Cargotec published a programme covering approximately 60 persons for the period 2007–2011. Incentive programme consists of four earnings periods. Potential rewards will be paid during 2009–2012 in both class B shares and cash. The cash payment covers taxes and tax-related payments resulting from the reward. The rewards are based on the achievement of sales and operating profit targets in each earning period. With the expection of the final earnings period, a prohibition applies to shares distributed as reward, on handing over or selling the shares within one year of the end of the earnings period in question. The shares will be lost if the holder leaves the Company before the prohibition period ends. The maximum amount to be paid out as shares from the incentive programme is 387,500 class B shares.

In March 2009, a total of 31,356 class B shares of the maximum 135,825 shares were rewarded for the achievement of the targets in earnings period 2007–2008. A total of 118 shares were returned to the Company by the end of the year. The share price at grant date was EUR 45.14.

As the targets for earnings period 2009 were not met, there will be no share allocation in 2010. The third earnings period of the incentive programme is 2010.

27. Interest-bearing liabilities

Book value of interest-bearing liabilities

MEUR	31 Dec 2009	31 Dec 2008
Non-current		
Loans from financial institutions	200.7	120.2
Corporate bonds	307.6	314.7
Finance lease liabilities	2.9	5.3
Total	**511.2**	**440.2**
Current portion of long term loans		
Loans from financial institutions	20.2	0.4
Finance lease liabilities	2.7	3.6
Total	**23.0**	**4.0**
Current		
Loans from financial institutions	45.9	77.3
Bank overdrafts used	14.2	33.3
Total	**60.1**	**110.6**
Total interest-bearing liabilities	**594.3**	**554.8**

On 31 December 2009, the average interest rate of long term loans and corporate bonds after hedging of US dollar-denominated corporate bonds through cross-currency and interest rate swaps, was 3.4 (31 Dec 2008: 4.4) percent. The average interest rate of short term loans was 4.6 (31 Dec 2008: 4.3) percent.

The fair values of corporate bonds, presented below, are calculated as discounted cash flows using market rates as discount factor. The fair values of other interest-bearing liabilities are not materially different from their carrying amounts.

Corporate bonds

			Fair value, MEUR		Book value, MEUR	
	Coupon rate, %	Nominal value	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
2005–2012	3.80	100 MEUR	104.5	100.1	99.9	99.8
2007–2014	5.44	95 MUSD	65.9	79.6	65.8	68.1
2007–2017	5.58	120 MUSD	95.7	107.5	83.1	86.0
2007–2019	5.68	85 MUSD	68.7	79.1	58.8	60.9

Interest-bearing liabilities per currency

MEUR	31 Dec 2009	31 Dec 2008
USD*	208.2	217.9
EUR	307.5	260.4
CNY	41.6	31.7
SEK	20.4	19.9
Other	16.5	25.0
Total	**594.3**	**554.8**

*US dollar denominated Private Placement corporate bonds are hedged through cross currency and interest rate swaps defined as cash flow hedges in accordance with IAS 39.

Finance lease liabilities

Cargotec has non-cancellable finance lease agreements for property, plant and equipment with varying terms and renewal rights.

Minimum lease payments

MEUR	31 Dec 2009	31 Dec 2008
Minimum lease payments		
Less than 1 year	2.9	3.6
1–5 years	2.4	4.5
Over 5 years	1.0	2.9
Total	**6.3**	**11.1**
Future finance charges	-0.6	-2.1
Present value of finance lease liabilities	**5.7**	**8.9**

Present value of minimum lease payments

MEUR	31 Dec 2009	31 Dec 2008
Less than 1 year	2.7	3.6
1–5 years	2.2	3.3
Over 5 years	0.8	2.0
Present value of finance lease liabilities	**5.7**	**8.9**

28. Employee benefits

Cargotec has various employee benefit plans throughout the world. Pension arrangements are made in accordance with local regulations and practise in line with the defined contribution pension plans or defined benefit pension plans. For defined benefit pension plans, retirement, disability, death and termination income benefits are determined, retirement benefits generally being a function of years worked and final salary.

In Finland, pension cover has been arranged through local insurance companies in accordance with defined contribution plans (Finnish Statutory Employment Pension Scheme, "TyEL"). In Sweden, several companies have arranged the pension cover through both insurance companies and book reserves in accordance with the Swedish "FPG/PRI System".

The main countries having funded defined benefit plans are the UK, Norway and Sweden. Defined benefit pension plans are funded by the relevant group companies to satisfy local statutory funding requirements. The rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on high-quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government shall be consistent with the currency and estimated term of the post-employment benefit obligations.

Amounts recognised in balance sheet

	Defined benefit plans		Other post-employment benefits		Total	
MEUR	**31 Dec 2009**	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**	**31 Dec 2009**	**31 Dec 2008**
Present value of unfunded obligations	24.0	21.1	-	-	24.0	21.1
Present value of funded obligations	45.6	32.0	-	-	45.6	32.0
Fair value of benefit plans' assets	-24.2	-18.3	-	-	-24.2	-18.3
Unrecognised actuarial gains (+)/losses (-)	-7.6	-1.3	-	-	-7.6	-1.3
Total	**37.8**	**33.5**	**-**	**-**	**37.8**	**33.5**

Movement in the benefit obligation

	Defined benefit plans		Other post-employment benefits		Total	
MEUR	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Benefit obligation 1 Jan	53.1	68.0	-	-	53.1	68.0
Current service costs	4.8	1.5	-	-	4.8	1.5
Interest costs	3.0	2.6	-	-	3.0	2.6
Contributions by plan participants	-0.7	-2.2	-	-	-0.7	-2.2
Net actuarial gains (-)/losses (+) recognised	2.1	-1.0	-	-	2.1	-1.0
Translation difference	10.4	-10.3	-	-	10.4	-10.3
Benefits paid	-3.1	-4.3	-	-	-3.1	-4.3
Curtailments	0.0	-1.1	-	-	0.0	-1.1
Benefit obligation 31 Dec	**69.5**	**53.1**	**-**	**-**	**69.5**	**53.1**

Movement in the fair value of plan assets

MEUR	Defined benefit plans 2009	2008	Other post-employment benefits 2009	2008	Total 2009	2008
Plan assets 1 Jan	18.3	27.1	-	-	18.3	27.1
Expected return on plans assets	1.8	1.1	-	-	1.8	1.1
Net actuarial gains (-)/losses (+) recognised	0.3	-2.3	-	-	0.3	-2.3
Translation difference	4.0	-5.1	-	-	4.0	-5.1
Employer contribution	1.3	0.8	-	-	1.3	0.8
Employee contribution	-0.2	-	-	-	-0.2	-
Benefits paid	-1.3	-1.7	-	-	-1.3	-1.7
Settlements	-	-1.5	-	-	-	-1.5
Plan assets 31 Dec	**24.2**	**18.3**	**-**	**-**	**24.2**	**18.3**

Pensions recognised in income statement

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Defined contribution pension plans	25.4	21.3
Defined benefit pension plans	8.3	3.0
Other post-employment benefits	-	-
Total	**33.6**	**24.3**

Defined benefit plans

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Current service costs	4.8	1.3
Interest costs	3.0	2.4
Expected return on plan assets	-1.8	-1.1
Net actuarial gains (-)/losses (+) recognised	1.8	0.3
Past-service costs	0.6	0.0
Gains/loss curtailments	0.0	0.0
Total	**8.3**	**3.0**

Defined benefit plans: assumptions used in calculating benefit obligations

	2009 Europe	2009 USA	2008 Europe	2008 USA
Discount rate, %	3.75–6.0	5.0–6.25	4.3–6.6	6.25–6.5
Expected return on plan assets, %	4.0–5.6	7.0	4.0–6.6	7.0
Future salary increase, %	2.0–4.0	0.0	2.0–4.5	0.0
Future pension increase, %	1.5–4.0		2.5–4.25	
Expected average remaining working years	3–17		5–23	

29. Provisions

MEUR	Provision for warranty	Provision for claims	Provision for restructuring	Provision for loss contracts	Other provisions	Total
Total provision 1 Jan 2009	68.0	2.3	3.6	7.0	24.0	105.0
Translation difference	1.7	-0.1	-	0.0	0.0	1.6
Increase	19.4	2.4	16.5	6.1	1.2	45.6
Provision used	-28.2	-0.9	-9.2	-3.0	-1.1	-42.5
Reversal of provision	-8.1	-0.1	-1.0	-2.1	-13.2	-24.5
Companies acquired/sold	-	-	-	-	-	-
Total provision 31 Dec 2009	**52.9**	**3.6**	**9.9**	**8.0**	**10.8**	**85.2**

MEUR	Provision for warranty	Provision for claims	Provision for restructuring	Provision for loss contracts	Other provisions	Total
Total provision 1 Jan 2008	70.2	0.5	2.1	5.7	30.7	109.1
Translation difference	-4.6	0.0	-	0.0	-3.8	-8.4
Increase	32.3	2.2	3.3	6.1	16.7	60.6
Provision used	-20.5	-0.2	-1.5	-0.3	-0.2	-22.8
Reversal of provision	-10.0	-0.1	-0.3	-4.5	-20.1	-35.0
Companies acquired/sold	0.6	-	-	-	0.7	1.4
Total provision 31 Dec 2008	**68.0**	**2.3**	**3.6**	**7.0**	**24.0**	**105.0**

MEUR	31 Dec 2009	31 Dec 2008
Non-current liabilities	19.0	34.6
Current liabilities	66.2	70.4
Total	**85.2**	**105.0**

Provisions for warranties cover the expenses related to warranty claims from goods sold in the financial period or earlier with a valid warranty. Provisions for claims are made for claims received for which the value, probability and realisation can be estimated. Provisions for loss contracts are recognised when it is probable that contract costs will exceed the estimated total contract revenue. The expected loss is recognised as an expense immediately. Other provisions include various items, e.g. related to product quality, severance, unemployment and other employment items, taxes and the sale of divested operations.

30. Accounts payable and other non-interest-bearing liabilities

Non-current liabilities

MEUR	31 Dec 2009	31 Dec 2008
Other non-interest-bearing liabilities	28.6	26.6

Current liabilities

MEUR	31 Dec 2009	31 Dec 2008
Accounts payable	198.4	344.8
Accrued interests	15.9	17.1
Share-based incentives	0.0	0.2
Accrued salaries, wages and employment costs	70.0	73.5
Advance rents, customer finance	22.9	29.0
Project costs	96.2	70.7
Other accrued expenses	161.5	188.8
Total	**564.8**	**724.0**

31. Commitments

MEUR	31 Dec 2009	31 Dec 2008
Guarantees	0.5	0.2
Dealer financing	0.1	0.2
End customer financing	10.3	11.5
Operating leases	49.1	48.0
Other contingent liabilities	3.7	4.0
Total	**63.7**	**63.9**

Cargotec Corporation has guaranteed obligations of Cargotec companies, arising from ordinary course of business, up to a maximum of EUR 554.7 (2008: 599.3) million.

Cargotec leases property, plant and equipment under non-cancellable operating leases. The leases have varying terms and renewal rights.

It is not anticipated that any material liabilities will arise from trade finance commitments.

The future minimum lease payments under non-cancellable operating leases

MEUR	31 Dec 2009	31 Dec 2008
Less than 1 year	13.1	14.9
1–5 years	23.0	26.5
Over 5 years	13.1	6.7
Total	**49.1**	**48.0**

The aggregate operating lease expenses totalled EUR 14.7 (2008: 15.6) million.

32. Derivatives

Fair values of derivative financial instruments

31 Dec 2009 MEUR	Positive fair value	Negative fair value	Net fair value
FX forward contracts, cash flow hedges	42.0	72.2	-30.1
FX forward contracts, non-hedge-accounted	5.9	4.3	1.6
Cross-currency and interest rate swaps, cash flow hedges	-	9.9	-9.9
Total	**47.9**	**86.4**	**-38.5**
Non-current portion			
FX forward contracts, cash flow hedges	9.1	18.4	-9.4
FX forward contracts, non-hedge-accounted	-	-	-
Cross-currency and interest rate swaps, cash flow hedges	-	9.9	-9.9
Non-current portion	**9.1**	**28.4**	**-19.3**
Current portion	**38.8**	**58.0**	**-19.2**

31 Dec 2008 MEUR	Positive fair value	Negative fair value	Net fair value
FX forward contracts, cash flow hedges	79.6	199.0	-119.4
FX forward contracts, non-hedge-accounted	82.1	14.9	67.2
Cross-currency and interest rate swaps, cash flow hedges	23.7	-	23.7
Total	**185.4**	**213.8**	**-28.4**
Non-current portion			
FX forward contracts, cash flow hedges	31.3	84.5	-53.2
FX forward contracts, non-hedge-accounted	-	0.0	0.0
Cross-currency and interest rate swaps, cash flow hedges	23.7	-	23.7
Non-current portion	**55.0**	**84.5**	**-29.5**
Current portion	**130.4**	**129.3**	**1.1**

Cross-currency and interest rate swaps hedge the US Private Placement corporate bond funded in February 2007 and maturing in years 2014 and 2019. The majority of the highly probable cash flows hedged by FX forward contracts will realise within 2 years.

Nominal values of derivative financial instruments

MEUR	31 Dec 2009	31 Dec 2008
FX forward contracts	2,386.5	3,617.5
Cross-currency and interest rate swaps	225.7	225.7
Total	**2,612.3**	**3,843.3**

33. Group as lessor

Cargotec rents out container handling equipment under non-cancellable operating leases. The leases have varying terms and renewal rights.

The future minimum lease receivables under non-cancellable operating leases

MEUR	31 Dec 2009	31 Dec 2008
Less than 1 year	9.5	10.5
1–5 years	13.4	15.0
Over 5 years	0.8	0.8
Total	**23.7**	**26.3**

Rent income recognised in sales was EUR 10.5 (2008: 13.9) million.

34. Related-party transactions

Cargotec's related parties include the parent company Cargotec Corporation and its subsidiaries, associated companies and joint ventures. Related parties include also the members of the Board of Directors and the Executive Board, including the President and CEO and the Deputy to CEO. Ilkka Herlin together with Wipunen varainhallinta oy (in Ilkka Herlin's control), Mariatorp Oy (in Niklas Herlin's control) and D-sijoitus Oy (in Ilona Herlin's control) exercise through ownership in Cargotec significant influence over the Company.

Transactions with associated companies and joint ventures

	Associated companies		Joint ventures		Total	
MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Sale of products	4.7	6.0	7.0	7.2	11.7	13.2
Sale of services	0.2	2.0	-	-	0.2	2.0
Purchase of products	9.8	10.4	-	0.0	9.8	10.4
Purhcase of services	4.7	7.2	-	-	4.7	7.2

Balances with associated companies and joint ventures

	Associated companies		Joint ventures		Total	
MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Current loans receivable	-	-	0.2	0.2	0.2	0.2
Accounts receivable	0.4	2.0	0.6	3.9	1.0	5.9
Accounts payable	2.2	2.3	-	0.0	2.2	2.3

Transactions with associated companies and joint ventures are made at market price.

Key management compensation

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Wages and salaries	6.0	4.2
Share-based incentive scheme	0.2	-0.4
Termination benefits	0.8	-
Post-employment benefits	0.3	0.1
Total	**7.3**	**3.9**

Key management consist of the Board of Directors and the Executive Board. Executive Board members are covered by the Cargotec's share-based incentive program for key managers for the period 2007–2011. 14,429 Cargotec's class B shares were paid out to Exceutive Board members for the earnings period 2007–2008. Further information on this incentive program is presented in Note 26 Share-based payments.

The period of notice of the President and CEO is six months and he has a right to a compensation for termination of employment of 12 months. He is eligible for a statutory pension. Other members of the Executive Board have a period of notice of 6–12 months and excluding of one person, they are entitled to compensation for termination of employment corresponding to 6–12 months' salary. One member is entitled to retire at the age of 60. In this case, the pension received corresponds to 60 percent of the total average annual salary excluding share-based incentive programmes in the last ten full years of service. This arrangement has been covered with insurances taken out by the Company.

The loans Cargotec has granted to Moving Cargo Oy, a company jointly-owned by the top management members of the company, for financing an incentive program for the management amount to EUR 3.5 million on 31 December 2009 (31 Dec 2008: EUR 3.5 million). Of the total amount, EUR 0.5 million is a non-interest-bearing convertible bond loan, which falls due on 31 March 2012. The rest of the loan carries an interest of 4.78% and will be repaid at the latest when due on 31 March 2012. The convertible bond is unsecured, the collateral for the other loans is Cargotec Corporations shares. Cargotec has not granted any other special advantages to or made any special arrangements with the related parties.

Salaries and remunerations paid

1,000 EUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Mikael Mäkinen President and CEO	962.5*	772.1
Pekka Vauramo Deputy to CEO (as of 18 Dec 2008)	490.8*	12.3
Kari Heinistö Deputy to CEO (until 18 Dec 2008)	-	455.1
Ilkka Herlin Chairman of the Board	85.9	73.7
Tapio Hakakari Deputy Chairman of the Board (as of 5 Mar 2009)	58.1	41.7
Henrik Ehrnrooth Deputy Chairman of the Board (until 5 Mar 2009)	7.5	46.5
Peter Immonen Board member	45.3	42.0
Karri Kaitue Board member	43.8	35.0
Antti Lagerroos Board member (as of 29 Feb 2008)	42.8	30.0
Anja Silvennoinen Board member (as of 5 Mar 2009)	37.8	-
Carl-Gustaf Bergström Board member (until 29 Feb 2008)	-	5.5

*The President and CEO and the Deputy to CEO are members of Cargotec's share-based incentive plan for the years 2007–2011. The President and CEO received 2,820 and the Deputy to CEO 1,410 class B shares for the first earning period.

Further information on share and option ownership of the Board of Directors and key management is available under the section "Shares and Shareholders".

35. Subsidiaries

31 Dec 2009	Country	Shareholding (%) Group
Cargotec Sweden AB	Sweden	100
Cargotec Finland Oy	Finland	100
MacGREGOR-Kayaba Ltd	Japan	75
Cargotec Solutions LLC	USA	100
Cargotec Netherlands B.V.	The Netherlands	100
Cargotec USA Inc.	USA	100
Cargotec Germany Gmbh	Germany	100
MacGREGOR Hydramarine AS	Norway	90*
Kalmar RT Center LLC	USA	100
MacGREGOR Plimsoll Pte Ltd	Singapore	90*
Cargotec UK Ltd.	United Kingdom	100
Cargotec France SAS	France	100
Kalmar Industries South Africa (Pty) Ltd	South Africa	100
Cargotec Asia Limited	Hong Kong	100
Kalmar Belgium NV	Belgium	100
Cargotec CHS Asia Pacific Pte Ltd.	Singapore	100
Cargotec Iberia SA	Spain	100
Waltco Lift Corp.	USA	100
Cargotec (ARE) LLC	United Arab Emirates	49*
MacGREGOR (DEU) GmbH	Germany	100
Hiab Australia Pty. Ltd.	Australia	100
MacGREGOR Shanghai Trading Co., Ltd.	China	100
Kalmar Hebefahrzeuge Handelges.m.b.H.	Austria	100
Hiab AS	Norway	100
Kalmar Norge AS	Norway	100
Z-Lyften Produktion AB	Sweden	100
Catracom NV	Belgium	100
Cargotec RUS LLC	Russia	100
MacGREGOR (NOR) AS	Norway	100
Hiab K.K.	Japan	100
Hiab S.A. de C.V.	Mexico	64
Servicios Hiab S.A. de C.V.	Mexico	64
Hiab SA/NV	Belgium	100
Kalmar Port Machinery Shanghai Ltd	China	100
Cargotec Italia S.r.l.	Italy	100
Cargotec India Private Limited	India	100
Hiab (Pty) Ltd.	South Africa	74

31 Dec 2009	Country	Shareholding (%) Group
Kalmar Equipment (Australia) Pty. Ltd.	Australia	100
Zepro Danmark A/S	Denmark	100
MacGREGOR Plimsoll Offshore Services Pte Ltd	Singapore	90*
Hiab Sp. Z o.o.	Poland	100
DEL Equipment (UK) Ltd.	United Kingdom	100
Moffett Engineering Ltd	Ireland	100
Moffett Research & Development Ltd	Ireland	100
Bransdale Limited	Ireland	100
Kalmar Port Machinery (Shenzhen) Co., Ltd	China	100
Cargotec Brazil Indústria e Comércio de Equipamentos para Movimentacao de Cargas Ltda	Brazil	100
Officine Cargotec Ferrari Prato S.r.l.	Italy	100
MacGREGOR (KOR) Ltd	Republic of Korea	100
Hiab Chile S.A.	Chile	100
Cargotec Industries (China) Co., Ltd	China	100
Hiab Load Handling Equipment (Shanghai) Co., Ltd	China	100
MacGREGOR (GRC) EPE	Greece	100
Interhydraulik Zepro GmbH	Austria	100
MacGREGOR (DNK) A/S	Denmark	100
Hiab Sdn Bhd	Malaysia	100
Kalmar Danmark A/S	Denmark	100
Officine Cargotec Ferrari Genova S.r.l.	Italy	100
Platform Crane Services Mexico S. de. R.L.	Mexico	100
Hiab spol s.r.o.	Slovakia	100
SRMP - Societe Reunionaise de Maintenance Portuaire	France	51
O'Leary's Material Handling Services Pty Ltd	Australia	70
Cargotec Poland Sp. Z.o.o.	Poland	100
Tagros d.o.o.	Slovenia	100
Hiab New Zealand Ltd	New Zealand	100
MacGREGOR (HRV) d.o.o.	Croatia	100
MacGREGOR Plimsoll Sdn Bhd	Malaysia	90*
Cargotec ACT B.V.	The Netherlands	100
Hiab Kft.	Hungary	100
Hiab s.r.o	Czech Republic	100
MacGREGOR BLRT Baltic OÜ	Estonia	51

31 Dec 2009	Country	Shareholding (%) Group
MacGREGOR (ARE) GULF LLC	United Arab Emirates	49*
Shanghai Huaguan Hiab Special Purpose Vehicle Co., Ltd.	China	33**
Cargotec Argentina S.R.L.	Argentina	100
Hiab d.o.o.	Croatia	100
MacGREGOR (POL) Sp. Z o.o	Poland	100
PT MacGREGOR Plimsoll Indonesia	Indonesia	90*
MacGREGOR Qatar Navigation Company WLL	Qatar	49*
Cargotec Port Security LLC	USA	100
Cargotec de México, S.A. de C.V.	Mexico	100
Moffett B.V.	The Netherlands	100
Cargotec Albania SHPK	Albania	100
Cargotec Maghreb SA	Morocco	100
MacGREGOR (BRA) Ltda	Brazil	100
Cargotec Estonia AS	Estonia	100
Hiab Cranes, S.L.	Spain	100
OOO MacGREGOR (RUS)	Russia	100
Cargotec Ukraine, LLC	Ukraine	100
MacGREGOR Plimsoll (Tianjin) Co., Ltd	China	90*
Kalmar Nederland C.V.	The Netherlands	100
Cargotec Holding Sweden AB	Sweden	100
Cargotec Holding, Inc.	USA	100
Bromma (Malaysia) Sdn. Bhd.	Malaysia	100
MacGREGOR Beteiligungs GmbH	Germany	100
MacGREGOR (SGP) Pte Ltd.	Singapore	100
Zeteco AB	Sweden	100
Cargotec FZCO	United Arab Emirates	100
Cargotec Swizerland S.A.	Switzerland	100
Cargotec Holding Netherlands B.V.	The Netherlands	100
Cargotec Patenter AB	Sweden	100
Cargotec Engineering Italy S.r.l.	Italy	60*
Waltco Lift Inc.	Canada	100
Forastar Oy Ab	Finland	100
Oy Sisu Ab	Finland	100
Cargotec Solutions Oy	Finland	100
Kiinteistö Oy Kalasatama	Finland	100
MacGREGOR Goodway (Shanghai) Marine Engineering Consulting Co., Ltd.	China	67

31 Dec 2009	Country	Shareholding (%) Group
MacGREGOR (CYPRUS) Ltd.	Cyprus	100
Bromma Far East Pte. Ltd.	Singapore	100
MacGREGOR (HKG) Ltd	Hong Kong	100
All Set Marine Lashing AB	Sweden	100
Cargotec Holding (Ireland) Ltd.	Ireland	100
Cargotec Holding Finland Oy	Finland	100
Kalmar South East Asia Pte. Ltd	Singapore	100
Cargotec Norway AS	Norway	100
Societe Immobiliere Mavivray S.a.r.l.	France	100
Conver Ingenieurtechnik GmbH & Co KG	Germany	100
Cargotec Patenter HB	Sweden	100
MacGREGOR (CHN) Ltd	Hong Kong	100
Zepro Hebebühnen GmbH	Germany	100
Cargotec U.S. Sales Oy	Finland	100
Cargotec U.S. Manufacturing Oy	Finland	100
MacGREGOR (UKR)	Ukraine	99
Conver Ingenieurtechnik GmbH	Germany	100
Bringeven Ltd.	United Kingdom	100
International MacGREGOR-Navire Holding BV	The Netherlands	100
Koffert Sverige AB	Sweden	100
Kalmar B.V.	The Netherlands	100
Kalmar RT Holding LLC	USA	100
Kalmar Nevada Inc.	USA	100
MacGREGOR BLRT Baltic UAB	Lithuania	51
Hiab Ltd.	United Kingdom	100
Cargotec Carribbean Services Ltd.	Bahamas	100
Hiab Hana Ltd.	Republic of Korea	99
Kalmar Ltd. (dormant)	United Kingdom	100
Cargotec Panama S.A.	Panama	100
MacGREGOR (GBR) Ltd	United Kingdom	100
Grampian Hydraulics Limited	United Kingdom	100
Moffett Ltd	United Kingdom	100
MacGREGOR Navire P Equipamentos Portuários e Para Construcão Naval Unipessoal, Lda.	Portugal	100
Cargotec Sweden AB, Taiwan Branch	Taiwan	100

*Cargotec has 100 percent control of the company.
**Cargotec has 66 percent control of the company.

36. Events after the balance sheet date

In January 2010, Cargotec sold its US-based hydraulic cylinders manufacturing business Waltco Hydraulics to Ligon Industries, LLC.

Starting from the beginning of 2010, Cargotec has two segments; Industrial and Terminal, and Marine. The Industrial and Terminal segment consists of the former Hiab and Kalmar segments, Marine consists of the former MacGregor segment.

Financial statements of the parent company (FAS)

Parent company income statement

MEUR	Note	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Sales		**79.1**	**26.1**
Administration expenses	2,3	-100.0	-34.7
Other operating income	4	0.0	0.0
Other operating expenses	5	0.0	-
Operating profit		**-20.9**	**-8.6**
Financing income and expenses	7		
Interest and financial income			
From subsidiaries		36.9	364.1
From other		291.4	208.0
Interest and other financial expenses			
To subsidiaries		-18.8	-50.6
To other		-339.7	-370.6
Total financing income and expenses		-30.2	150.8
Income before appropriations and taxes		**-51.2**	**142.3**
Taxes	8	2.8	16.2
Net income for the period		**-48.4**	**158.5**

Figures are presented according to Finnish Accounting Standards (FAS).

Parent company balance sheet

MEUR	Note	31 Dec 2009	31 Dec 2008
ASSETS			
Non-current assets			
Intangible assets			
Intangible rights		1.1	0.1
Other long term expenditures		4.8	1.6
Total intangible assets	9	**5.9**	**1.6**
Property, plant and equipment			
Land		0.4	0.4
Buildings		0.4	0.4
Machinery & equipment		0.3	0.3
Other fixed assets		0.0	0.0
Fixed assets under construction		2.9	1.0
Total property, plant and equipment	10	**4.0**	**2.1**
Investments			
Investments in subsidiaries		1,478.1	1,508.2
Investments in associated companies		1.4	1.4
Other investments		1.1	1.1
Total investments	11	**1,480.6**	**1,510.7**
Total non-current assets		**1,490.5**	**1,514.4**
Current assets			
Receivables			
Non-current receivables			
Receivables from subsidiaries	12	309.3	281.0
Derivative assets	19	-	23.7
Deferred tax asset		22.2	19.4
Other receivables		7.0	7.7
Total non-current receivables		**338.5**	**331.9**
Current receivables			
Accounts receivable		0.0	0.0
Receivables from subsidiaries	12	1,124.3	1,006.6
Derivative assets	19	6.7	5.0
Other receivables		-	6.5
Deferred assets	13	5.5	7.1
Total current receivables		**1,136.5**	**1,025.3**
Total receivables		**1,475.0**	**1,357.2**
Cash		206.8	15.2
Total current assets		**1,681.9**	**1,372.4**
Total assets		**3,172.4**	**2,886.8**

MEUR	Note	31 Dec 2009	31 Dec 2008
EQUITY AND LIABILITIES			
Equity			
Share capital		64.3	64.3
Share premium account		98.0	98.0
Fair value reserves		5.6	25.1
Retained earnings		923.5	801.4
Net income for the period		-48.4	158.5
Total equity	14	**1,043.0**	**1,147.3**
Liabilities			
Non-current liabilities			
Corporate bonds		307.6	314.7
Loans from financial institutions		191.9	118.8
Liabilities to subsidiaries	16	50.0	50.0
Derivative liabilities		9.9	-
Deferred tax liabilities		2.0	8.8
Total non-current liabilities	15	**561.3**	**492.4**
Current liabilities			
Loans from financial institutions		25.8	49.5
Accounts payable		2.1	3.2
Liabilities to subsidiaries	16	1,508.8	1,154.6
Derivative liabilities	19	3.6	11.1
Other liabilities		-	5.2
Deferred liabilities	17	27.7	23.5
Total current liabilities		**1,568.0**	**1,247.1**
Total liabilities		**2,129.3**	**1,739.4**
Total equity and liabilities		**3,172.4**	**2,886.8**

Figures are presented according to Finnish Accounting Standards (FAS).

Parent company cash flow statement

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Net income for the period	-20.9	-8.6
Adjustments to net income for the period	1.2	0.3
Change in working capital	4.2	9.3
Interest paid	-49.6	-77.4
Dividends received	-	308.9
Interest received	41.5	56.4
Income taxes paid	-	-
Cash flow from operating activities	**-23.6**	**288.9**
Capital expenditure	-7.4	-3.0
Investments in subsidiaries	-14.1	-57.8
Proceeds from investments in subsidiaries	1.0	0.0
Proceeds from sales of fixed assets	-	0.2
Investments in other stocks and shares	-	-1.0
Cash flow from investing activities	**-20.6**	**-61.6**
Acquisition of treasury shares	-	-23.6
Share subscriptions with options	0.0	0.7
Increase in loans receivable	-424.5	-678.7
Disbursement of loans receivable	279.1	149.3
Proceeds from short term borrowings	563.2	122.6
Repayments of short term borrowings	-237.3	-
Proceeds from long term borrowings	92.0	570.8
Repayments of long term borrowings	-	-420.1
Dividends paid	-36.7	-65.3
Group contributions	-	12.8
Cash flow from financing activities	**235.9**	**-331.6**
Change in cash	**191.7**	**-104.3**
Cash and cash equivalents at the beginning of the period	15.2	119.5
Cash and cash equivalents at the end of the period	**206.8**	**15.2**
Change in working capital		
Increase in short term receivables	-	5.1
Decrease in short term receivables	-5.2	-
Increase in short term payables	9.4	4.2
Change in working capital	**4.2**	**9.3**

Figures are presented according to Finnish Accounting Standards (FAS).

Notes to the parent company financial statements

1. Accounting principles for the parent company financial statements

Basis of preparation

Cargotec Corporation financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency-denominated receivables and payables outstanding at the end of the financial period are revalued at the exchange rate prevailing on the balance sheet date. Exchange rate gains/losses relating to operations are treated as adjustments to sales and costs. Exchange rate gains/losses associated with financial instruments are included in financing income and expenses.

Deferred taxes

Deferred tax assets and liabilities, due to temporary differences between the financial statements and tax accounting, are calculated using the future period's tax rate valid at the closing date. Total deferred tax liability is included in the balance sheet and deferred tax assets as estimated probable asset value.

Taxes

Tax expense in the income statement consists of the taxes based on taxable income for the period. The deferred tax assets and liabilities resulting from the fair value fluctuation of the derivative instruments used for hedging the foreign currency nominated bond, funded in February 2007, are recorded in the balance sheet.

Intangible and tangible assets, depreciation and amortisation

Intangible and tangible assets are stated at cost less impairment losses and accumulated depreciation and amortisation. Depreciation and amortisation are determined based on expected useful economic life as follows:

- Intangible rights 5–10 years
- Other capitalised expenditure 5–6 years
- Buildings 25 years
- Machinery and equipment 3–5 years

Provisions

Provisions are recognised when the Company has a current legal or contractual obligation and no corresponding income is expected, or when probable future losses are to be expected.

Derivative instruments

Derivative instruments are initially recognised in the balance sheet at cost, which equals the fair value, and subsequently measured at fair value at each balance sheet date. Fair values of forward contracts and forward rate agreements are based on quoted market rates at the balance sheet date. The fair values of cross-currency swaps are calculated as present value of estimated future cash flows. Options are valuated based on generally accepted valuation models. No options or forward rate agreements were outstanding on the balance sheet date.

Derivative instruments, for which hedge accounting is applied, and for which the underlying cash flow matures after 12 months, are included in non-current assets and liabilities. Other derivative instruments are included in current assets and liabilities.

Hedge accounting in accordance with IAS 39 is applied to hedges of operative cash flows and hedges of cash flows associated with foreign currency-denominated borrowings. To qualify for hedge accounting the Company documents the hedge relationship of the derivative instrument and the underlying hedged item, the Company's risk management targets and the strategy of applying hedge accounting. When starting hedge accounting and at least in every interim closing, the Company documents and estimates the effectiveness of the hedge by measuring the ability of the hedging instrument to offset changes in fair value of the underlying asset or cash flow. Changes in the fair value of effective cash flow hedges are recognised in equity in fair value reserve. The ineffective portion is recognised immediately in the income statement. Cumulative gain or loss on the hedge deferred to equity is recognised in the income statement as adjustment to the underlying cash flow when the underlying cash flow is recognised. Changes in the fair value of hedging instruments relating to operative items that no longer are expected to materialise are recognised immediately in the income statement in other operating expenses. If the hedging instrument is sold, the contract is revoked or exercised or the relation of the hedging instrument and the underlying item is revoked, the cumulative change in the fair value of the hedging instrument is booked as a separate item in the equity and is recognised in the income statement when the underlying operative item materialises.

Changes in the fair values of hedges, for which hedge accounting is not applied, are recognised in the income statement, either in operative income and expenses, or financial income and expenses, depending on the underlying exposure.

Equity

Equity consists of share capital, share premium account, fair value reserves and retained earnings, minus dividends paid. The portion of change in share capital exceeding the accounting par value of the share is recorded in the share premium account. Fair value reserves consist of the cumulative change in the fair value of the derivative instruments defined as cash flow hedges. The net income for the period and changes in treasury shares are recorded in retained earnings.

2. Personnel expenses

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Wages and salaries	17.0	9.7
Pension costs	2.5	1.3
Other statutory employer costs	1.4	0.4
Total	**21.0**	**11.3**

The salaries and remunerations paid to members of the Board during the financial period totalled EUR 0.3 (2008: 0.3) million.

The salaries and remunerations paid to the President and CEO, and deputy to CEO during the financial period totalled EUR 1.5 (2008: 1.2) million.

Average number of employees

	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Administrative employees	148	97

Pension benefits of personnel are arranged with an external pension insurance company.

Pension benefits for top management

One member of the Executive Board is entitled to retire at the age of 60. The pension received corresponds to 60 percent of the total average annual salary excluding share incentive programmes in the last ten full years of service. This arrangement has been covered with insurances taken out by the Company.

3. Depreciation and amortisation

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Intangible rights	0.2	0.0
Other capitalised expenditure	0.9	0.1
Buildings	0.0	0.0
Machinery & equipment	0.2	0.1
Other tangible assets	0.0	0.0
Total	**1.2**	**0.3**

4. Other operating income

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Gains on disposal of intangible and tangible assets	-	0.0
Other income	0.0	-
Total	**0.0**	**0.0**

5. Other operating expenses

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Loss on disposal of intangible and tangible assets	0.0	-
Total	**0.0**	**-**

6. Audit fees

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Annual audit	0.4	0.3
Other statements	0.0	0.1
Tax advice	0.1	0.1
Other services	0.4	0.3
Total	**0.8**	**0.7**

7. Financing income and expenses

Interest and financing income from group companies

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Interest income	32.5	52.9
Dividend income	-	308.9
Exchange rate differences	2.7	1.1
Other financing income	1.8	1.1
Total	**36.9**	**364.1**

Interest and financing income from third parties

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Interest income	0.7	2.2
Exchange rate gains	290.6	205.8
Total	**291.4**	**208.0**

Interest and financing expenses to group companies

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Interest expenses	15.8	49.6
Exchange rate losses	3.0	0.9
Total	**18.8**	**50.6**

Interest and financing expenses to third parties

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Interest expenses	19.5	21.4
Exchange rate losses	278.1	243.4
Impairment of investments in subsidiaries	40.3	105.0
Ohter financing expenses	1.9	0.9
Total	**339.7**	**370.6**

8. Income taxes

MEUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Change in deferred taxes	-2.8	-16.2
Total	**-2.8**	**-16.2**

9. Intangible assets

MEUR	Intangible rights	Other capitalised expenditure	Total
Acquisition cost 1 Jan 2009	0.2	1.7	1.9
Additions	1.2	4.1	5.3
Disposals	-	-0.1	-0.1
Acquisition cost 31 Dec 2009	**1.4**	**5.8**	**7.2**
Accumulated amortisation 1 Jan 2009	0.1	0.2	0.3
Accumulated amortisation associated with reclassified and disposed items	-	0.0	0.0
Amortisation during the period	0.2	0.9	1.0
Accumulated amortisation 31 Dec 2009	0.3	1.0	1.3
Book value 31 Dec 2009	**1.1**	**4.8**	**5.9**
Acquisition cost 1 Jan 2008	0.1	0.1	0.2
Additions	0.1	1.6	1.7
Acquisition cost 31 Dec 2008	**0.2**	**1.7**	**1.9**
Accumulated amortisation 1 Jan 2008	0.0	0.1	0.2
Amortisation during the period	0.0	0.1	0.1
Accumulated amortisation 31 Dec 2008	0.1	0.2	0.3
Book value 31 Dec 2008	**0.1**	**1.6**	**1.6**

10. Property, plant and equipment

MEUR	Buildings	Machinery & equipmet	Other tangible assets	Fixed assets under construction	Total
Acquisition cost 1 Jan 2009	0.4	0.5	0.1	1.0	2.1
Additions	-	0.2	-	1.9	2.1
Disposals	-	0.0	-	-	0.0
Acquisition cost 31 Dec 2009	**0.4**	**0.7**	**0.1**	**2.9**	**4.2**
Accumulated amortisation 1 Jan 2009	0.0	0.2	0.1	-	0.3
Accumulated derpreciation associated with reclassified and disposed items	-	0.0	-	-	0.0
Amortisation during the period	0.0	0.2	0.0	-	0.2
Accumulated amortisation 31 Dec 2009	0.0	0.4	0.1	-	0.5
Book value 31 Dec 2009	**0.4**	**0.3**	**0.0**	**2.9**	**3.7**
Acquisition cost 1 Jan 2008	0.6	0.3	0.1	-	1.0
Additions	-	0.2	-	1.0	1.3
Disposals	-0.2	0.0	0.0	-	-0.2
Acquisition cost 31 Dec 2008	**0.4**	**0.5**	**0.1**	**1.0**	**2.1**
Accumulated amortisation 1 Jan 2008	0.0	0.1	0.1	-	0.2
Accumulated derpreciation associated with reclassified and disposed items	0.0	-	-	-	0.0
Amortisation during the period	0.0	0.1	0.0	-	0.2
Accumulated amortisation 31 Dec 2008	0.0	0.2	0.1	-	0.3
Book value 31 Dec 2008	**0.4**	**0.3**	**0.0**	**1.0**	**1.8**

11. Investments

	Country	Shareholding (%)	Book value 31 Dec 2009 MEUR	Book value 31 Dec 2008 MEUR
Subsidiaries				
Hiab SA/NV	Belgium	100.0	749.4	749.4
Cargotec Sweden AB	Sweden	100.0	223.4	223.4
Cargotec Holding, Inc.	USA	100.0	208.0	208.0
Cargotec Holding Sweden AB	Sweden	100.0	103.3	103.3
Cargotec Holding Netherlands B.V.	The Netherlands	100.0	98.9	98.9
Cargotec UK Ltd	United Kingdom	100.0	44.5	0.0
Cargotec France SAS	France	100.0	16.5	16.5
Cargotec Norway AS	Norway	100.0	13.3	13.3
Kalmar Belgium NV	Belgium	100.0	11.2	11.2
Cargotec Estonia AS	Estonia	100.0	6.0	16.5
Kalmar Danmark A/S	Denmark	100.0	1.4	0.1
Tagros d.o.o.	Slovenia	100.0	1.2	1.2
Kalmar Industries South Africa (Pty) Ltd	South Africa	100.0	0.7	0.7
Kiinteistö Oy Kalasatama	Finland	100.0	0.1	0.1
Forastar Oy Ab	Finland	100.0	0.0	0.0
Oy Sisu Ab	Finland	100.0	0.0	0.0
Cargotec Holding Finland Oy	Finland	100.0	0.0	0.0
Cargotec Solutions Oy	Finland	100.0	0.0	0.0
Hiab Kft.	Hungary	100.0	0.0	2.7
Hiab s.r.o.	Czech Republic	100.0	0.0	1.0
Hiab spol. s.r.o.	Slovakia	100.0	0.0	0.8
Hiab d.o.o.	Croatia	100.0	0.0	0.3
Catracom NV	Belgium	0.2	0.0	0.0
Kalmar UK Holding AB	Sweden	-	-	59.6
Cargotec Engineering Italy S.r.l.	Italy	-	-	1.1
Total			**1,478.1**	**1,508.2**
Associated companies				
Dalian Nurmi Hydraulics Co. Ltd	China	25.0	1.4	1.4
Total			**1.4**	**1.4**
Other shares				
Others			1.1	1.1
Total			**1.1**	**1.1**

12. Receivables from group companies

MEUR	31 Dec 2009	31 Dec 2008
Accounts receivable	22.5	14.5
Other receivables	1,092.6	974.0
Deferred assets	9.2	18.1
Total	**1,124.3**	**1,006.6**

13. Deferred assets from third parties

MEUR	31 Dec 2009	31 Dec 2008
Value added tax receivable	0.0	0.0
Advances paid, investments	0.7	0.4
Other deferred assets	4.8	6.7
Total	**5.5**	**7.1**

14. Equity

MEUR	2009	2008
RESTRICTED EQUITY		
Share capital 1 Jan	64.3	64.2
Share subscriptions with options	0.0	0.1
Share capital 31 Dec	**64.3**	**64.3**
Share premium account 1 Jan	98.0	97.4
Share subscriptions with options	0.0	0.6
Share premium account 31 Dec	**98.0**	**98.0**
Fair value reserves 1 Jan	25.1	12.6
Cash flow hedges	-26.3	16.9
Change in deferred taxes	6.8	-4.4
Fair value reserves 31 Jan	**5.6**	**25.1**
Total restricted equity	**167.9**	**187.4**
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		
Retained earnings 1 Jan	960.0	890.4
Treasury shares acquired	-	-23.6
Treasury shares disposed	0.2	-
Dividends paid	-36.7	-65.3
Retained earnings 31 Dec	**923.5**	**801.4**
Net income for the period	**-48.4**	**158.5**
Total equity	**1,043.0**	**1,147.3**
Total equity attributable to the equity holders of the Company	**875.1**	**960.0**

15. Non-current liabilites

MEUR	31 Dec 2009	31 Dec 2008
Maturity after 5 years		
Corporate bonds	307.6	314.7
Loans from group companies	50.0	50.0
Other non-current liabilities		
Loans from financial institutions	191.9	118.8
Derivative liabilities	9.9	-
Deferred tax liabilities	2.0	8.8
Total non-current liabilities	**561.3**	**492.4**

16. Liabilities to group companies

MEUR	31 Dec 2009	31 Dec 2008
Accounts payable	3.5	0.6
Other debt	1,499.2	1,202.1
Accruals	6.1	1.9
Total	**1,508.8**	**1,204.6**

17. Accruals to third parties

MEUR	31 Dec 2009	31 Dec 2008
Accrued salaries, wages and employment costs	5.7	2.3
Accrued interests	15.7	16.3
Other accruals	6.3	4.8
Total	**27.7**	**23.5**

18. Commitments

MEUR	31 Dec 2009	31 Dec 2008
Guarantees given on behalf of group companies	554.7	599.3
Guarantees given on behalf of associated companies	-	0.2
Guarantees given on behalf of others	0.4	-
Total	**555.1**	**599.5**
Rental liabilities given on behalf of others	3.5	3.7
Leasing liabilities		
Maturity within the next financial period	0.4	0.3
Maturity after the next financial period	0.4	0.4
Total	**4.2**	**4.4**

19. Derivatives

Fair values of derivative financial instruments

	Positive fair value		Negative fair value		Net fair value	
MEUR	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
FX forward contracts	4.6	3.9	3.5	10.2	1.1	-6.3
Intracorporate FX forward contracts	2.1	1.1	0.1	0.9	2.0	0.2
Cross-currency and interest rate swaps	-	23.7	9.9	-	-9.9	23.7
Total	**6.7**	**28.8**	**13.5**	**11.1**	**-6.8**	**17.7**

Nominal values of derivative financial instruments

MEUR	31 Dec 2009	31 Dec 2008
FX forward contracts	483.6	399.1
Intracorporate FX forward contracts	85.0	79.7
Cross-currency and interest rate swaps	225.7	225.7
Total	**794.3**	**704.5**

Key figures

Key financial figures

Consolidated statement of income

		2009	2008	2007	2006	1 Jun–31 Dec 2005	Pro forma 2005
Sales	MEUR	2,581	3,399	3,018	2,597	1,419	2,358
Exports from and sales outside Finland	MEUR	2,530	3,280	2,919	2,528	1,374	2,288
Operating profit	MEUR	0	174	203	240	124	195
% of sales	%	0.0	5.1	6.7	9.3	8.8	8.3
Operating profit from operations	MEUR	61 1)	193 1)	221 2)	223 3)	113 4)	180 4)
% of sales	%	2.4 1)	5.7 1)	7.3 2)	8.6 3)	8.0 4)	7.6 4)
Income before taxes	MEUR	-27	145	184	232	126	191
% of sales	%	-1.0	4.3	6.1	8.9	8.8	8.1
Net income for the period	MEUR	7	121	138	166	87	137
% of sales	%	0.3	3.6	4.6	6.4	6.2	5.8

Other key figures

		2009	2008	2007	2006	1 Jun–31 Dec 2005	Pro forma 2005
Wages and salaries	MEUR	351	387	353	297	160	280
Depreciation, amortisation and impairment	MEUR	60	60	60	41	24	38
Capital expenditure in intangible assets and property, plant and equipment	MEUR	88	77	53	47	18	29
Capital expenditure in customer financing	MEUR	19	36	38	22	21	28
Total % of sales	%	4.1	3.3	3.0	2.6	2.8	2.4
Research and development costs	MEUR	37	47	46	31	18	30
% of sales	%	1.4	1.4	1.5	1.2	1.2	1.3
Equity	MEUR	881	864	897	877	767	767
Total assets	MEUR	2,687	3,039	2,583	1,988	1,781	1,781
Interest-bearing net debt	MEUR	335 5)	478 5)	326 5)	107	121	121
Return on equity	%	0.8	13.7	15.6	20.2	20.8 6)	19.2
Return on capital employed	%	0.2	12.7	16.8	23.1	21.9 6)	20.9
Total equity / total assets	%	37.5	33.0	38.3	47.6	46.2	46.2
Gearing	%	38.0 5)	55.3 5)	36.3 5)	12.3	15.7	15.7
Orders received	MEUR	1,828	3,769	4,106	2,910	1,366	2,385
Order book	MEUR	2,149	3,054	2,865	1,621	1,257	1,257
Average number of employees		10,785	11,777	10,276	8,026	7,446	7,388
Number of employees at the end of the period		9,606	11,826	11,187	8,516	7,571	7,571
Dividends	MEUR	24 7)	37	65	63	41	41

Pro forma accounting principles are described in previous years' Annual Reports (www.cargotec.com).
1) Excluding restructuring costs.
2) Excluding a one-off cost related to a container spreader inspection and repair program.
3) Excluding gains on the sale of property.
4) Excluding gains on the sale of Consolis and the impact of the final accounting of MacGregor acquisition after taxes.
5) Including cross-currency hedging of the USD 300 million Private Placement corporate bonds.
6) Annualised.
7) Board's proposal.

Share-related key figures

		2009	2008	2007	2006	1 Jun–31 Dec 2005	Pro forma 2005
Earnings per share							
Basic earnings per share	EUR	0.05	1.91	2.17	2.57	1.35 2)	2.11
Diluted earnings per share	EUR	0.05	1.91	2.16	2.56	1.34 3)	2.10
Equity per share	EUR	14.20	13.95	14.29	13.72	11.93	11.93
Dividend per class B share	EUR	0.40 1)	0.60	1.05	1.00	0.65	-
Dividend per class A share	EUR	0.39 1)	0.59	1.04	0.99	0.64	-
Dividend per earnings, class B share	%	782.8 1)	31.4	48.4	38.9	48.2	-
Dividend per earnings, class A share	%	763.2 1)	30.8	47.9	38.5	47.5	-
Effective dividend yield, class B share	%	2.1 1)	7.4	3.3	2.4	2.2	-
Price per earnings, class B share	EUR	377.9	13.5	14.6	16.4	21.7	-
Development of share price, class B share							
Average share price	EUR	11.55	21.47	40.55	34.62	24.59	-
Highest share price	EUR	19.31	36.49	49.83	43.50	30.40	-
Lowest share price	EUR	6.37	7.63	29.78	28.84	21.84	-
Closing price at the end of the period	EUR	19.31	8.09	31.65	42.10	29.29	-
Market capitalisation 31 Dec 4)	MEUR	1,183	495	1,971	2,667	1,866	-
Market capitalisation of class B shares 31 Dec 5)	MEUR	1,001	419	1,671	2,266	1,593	-
Trading volume, number of class B shares traded	('000)	54,782	85,697	70,945	52,909	43,423	-
Trading volume, number of class B shares traded	%	92.2	156.6	130.0	97.2	80.0	-
Weighted average number of class A shares 6)	('000)	9,526	9,526	9,526	9,526	9,526	9,526
Number of class A shares 31 Dec 6)	('000)	9,526	9,526	9,526	9,526	9,526	9,526
Weighted average number of class B shares 5)	('000)	51,812	52,367	53,439	54,169	54,222	54,225
Number of class B shares 31 Dec 5)	('000)	51,819	51,787	52,790	53,816	54,191	54,191
Diluted weighted average number of class B shares 5)	('000)	51,812	52,456	53,669	54,502	54,613	54,630

Pro forma accounting principles are described in previous years' Annual Reports (www.cargotec.com).
1) Board's proposal.
2) Annualised earnings per share EUR 2.31.
3) Annualised earnings per share EUR 2.30.
4) Including class A and B shares, excluding treasury shares.
5) Excluding treasury shares.
6) No dilution on class A shares.

Calculation of key figures

$$\textbf{Return on equity (\%)} = 100 \times \frac{\text{Net income for period}}{\text{Total equity (average for period)}}$$

$$\textbf{Return on capital employed (\%)} = 100 \times \frac{\text{Income before taxes + interest and other financing expenses}}{\text{Total assets – non-interest-bearing debt (average for period)}}$$

$$\textbf{Total equity / total assets (\%)} = 100 \times \frac{\text{Total equity}}{\text{Total assets – advances received}}$$

$$\textbf{Gearing (\%)} = 100 \times \frac{\text{Interest-bearing debt* – interest-bearing assets}}{\text{Total equity}}$$

$$\textbf{Basic earnings / share} = \frac{\text{Net income attributable to the equity holders of the Company}}{\text{Share issue-adjusted weighted average number of shares during the period (excluding treasury shares)}}$$

$$\textbf{Equity / share} = \frac{\text{Total equity attributable to the equity holders of the Company}}{\text{Share issue-adjusted number of shares at the end of the period (excluding treasury shares)}}$$

$$\textbf{Dividend / share} = \frac{\text{Dividend for financial period}}{\text{Share issue-adjusted number of shares at the end of the period (excluding treasury shares)}}$$

$$\textbf{Dividend / earnings (\%)} = 100 \times \frac{\text{Dividend for financial period / share}}{\text{Basic earnings / share}}$$

$$\textbf{Effective dividend yield (\%)} = 100 \times \frac{\text{Dividend / share}}{\text{Share issue-adjusted closing price for the class B share at the end of the period}}$$

$$\textbf{Price / earnings (P/E)} = \frac{\text{Share issue-adjusted closing price for the class B share at the end of the period}}{\text{Basic earnings / share}}$$

$$\textbf{Average share price} = \frac{\text{EUR amount traded during the period for the class B share}}{\text{Share issue-adjusted number of class B shares traded during the period}}$$

Market capitalisation at the end of period = Number of class B shares outstanding at the end of the period x closing price for the class B share at the end of the period
+ Number of class A shares outstanding at the end of the period x closing day average price for the class B share

Trading volume = Number of class B shares traded during the period

$$\textbf{Trading volume (\%)} = 100 \times \frac{\text{Number of class B shares traded during the period}}{\text{Average weighted number of class B shares during the period}}$$

*Including cross currency hedging of the USD 300 million Private Placement corporate bonds.

Shares and shareholders

Shares and share capital

On 31 December 2009, Cargotec Corporation's share capital, fully paid and entered in the trade register, totalled EUR 64,304,880, while its stock totalled 54,778,791 class B shares listed on the NASDAQ OMX Helsinki and 9,526,089 unlisted class A shares. The shares are registered in the book-entry securities systems maintained by Euroclear Finland Ltd.

In 2009, the number of shares registered in the trade register increased by 600 as a result of the subscription for shares under 2005B option rights.

Cargotec did not repurchase any own shares during the financial period. On 31 December 2009, the Company held a total of 2,959,487 class B shares, accounting for 4.60 percent of the share capital and 1.97 percent of the total voting rights of all shares. The number of issued class B shares, excluding treasury shares held by the Company, totalled 51,819,304 at the year-end.

At the Annual General Meeting, each class A share is assigned one vote, as is each block of ten class B shares, with the provision that each shareholder is entitled to at least one vote. The total number of votes attached to all shares was 15,002,624 at the end of 2009.

Market capitalisation and trading

On 31 December 2009, the total market value of class B shares was EUR 1,001 million, excluding treasury shares held by the Company. The Company's year-end market capitalisation, in which the unlisted class A shares are valued at the average closing price of class B shares on the last trading day of the financial period, was EUR 1,183 million, excluding treasury shares held by the Company.

Cargotec's class B share closed at EUR 19.31 on 31 December 2009. The highest quotation for the financial period was EUR 19.31 and the lowest EUR 6.37. Moreover, the average share price for the financial period was EUR 11.55. Share price increased by 139 percent during the year. Over the same period, the OMX Helsinki Benchmark Cap index rose by 38 percent.

During the financial period, approximately 55 million class B shares were traded on the NASDAQ OMX Helsinki, corresponding to a turnover of approximately EUR 630 million. The average daily trading volume of class B shares was 218,255 shares or EUR 2,509,293.

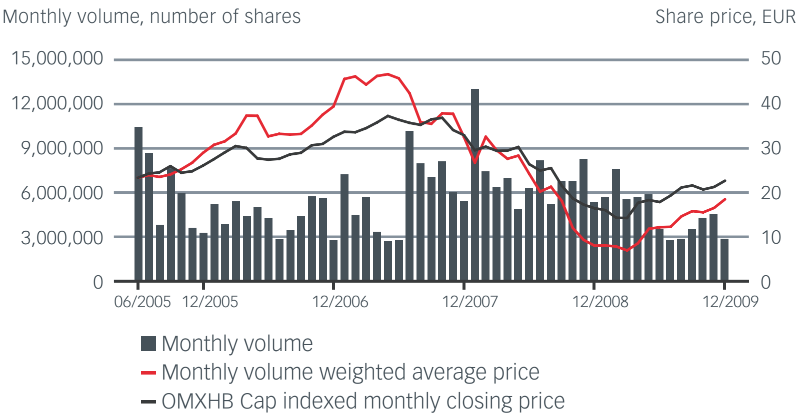
Information on the Cargotec class B share price is available on the Company's website at www.cargotec.com/investors.

Board authorisations

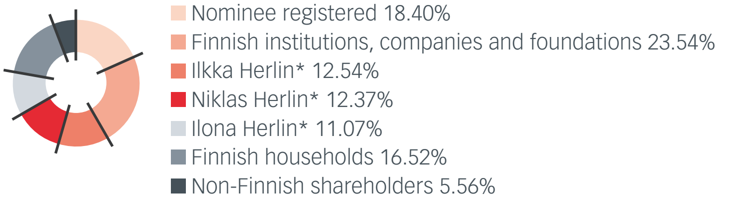
The 2009 Annual General Meeting authorised the Board of Directors to decide to repurchase own shares with non-restricted equity. The shares may be repurchased in order to develop the capital structure of the Company, to finance or carry out possible acquisitions, to implement the Company's share-based incentive plan, to be transferred for other purposes or to be cancelled. Altogether, no more than 6,400,000 own shares may be repurchased, of which no more than 952,000 are class A shares and 5,448,000 are class B shares. The above-mentioned amounts include the 2,990,725 class B shares already in the Company's possession in March 2009. This authorisation was not exercised during the financial period.

In addition, the Annual General Meeting authorised the Board of Directors to decide on the issuance of a maximum of 6,400,000 treasury shares, of which no more than 952,000 are class A shares and 5,448,000 are class B shares, in one or more lots. The share issue can be directed and is to be used as compensation in acquisitions

Share price and volume



Breakdown by shareholder category on 31 December 2009 without treasury shares (% of shares outstanding)



*Ownership information includes shares owned directly as well as through companies under controlling power.

Based on ownership records of Euroclear Finland Ltd.

and other arrangements, to finance acquisitions or for personnel incentive purposes.

Both authorisations shall remain in effect for a period of 18 months from the date of the Annual General Meeting's decision.

At the end of the financial period, the Board of Directors had no current authorisation to grant option rights or other special rights entitling to shares, or to raise the share capital.

Option programme

Cargotec had no valid option programme at the end of the financial period. The subscription period with 2005B option rights ended on 31 March 2009. A total of 333,570 class B shares were subscribed with 2005B option rights during the subscription period. After the end of the subscription period, unused option rights became null and void and were removed from their holders' book-entry accounts.

Share-based incentive programme

Cargotec applies a share-based incentive programme covering approximately 60 individuals. Potential rewards from the incentive programme during 2007–2011 are based on the achievement of five-year sales and operating profit targets as defined in Cargotec's strategy. These rewards, if any, are paid in both class B shares and cash. The cash payment covers taxes and tax-related payments resulting from the reward. With the exception of the final earnings period, a prohibition applies to shares distributed as a reward, on handing over or selling the shares within one year of the end of the earnings period in question. The maximum amount to be paid out as shares from the incentive programme during 2007–2011 is 387,500 class B shares.

In March, a total of 31,356 class B shares were awarded as a reward for the earnings period 2007–2008. A total of 118 class B shares were returned to the Company. As the 2009 targets were not met, there will be no share allocation in 2010. The third earnings period is 2010.

Shareholders

At the end of 2009, Cargotec had over 18,000 shareholders, the largest shareholder being Wipunen varainhallinta oy. Ilkka Herlin was the largest owner when including shares owned directly as well as through companies in which a controlling interest is held. There were 11,286,140 nominee-registered shares, representing 18.40 percent of the total number of shares, excluding treasury shares held by the Company, which corresponded to approximately 7.52 percent of all votes. A monthly updated list of major shareholders is available on the Company's website at www.cargotec.com/investors.

Shares held by the Board of Directors and management

On 31 December 2009, the aggregate shareholding of the Board of Directors, the President and CEO, the Deputy to the CEO and companies in which they have a controlling interest was 2,940,067 class A shares and 5,214,884 class B shares, which corresponded to 12.68 percent of the total number of all class A and class B shares and 23.07 percent of all votes.

Up-to-date information on the shares held by the Board of Directors and management is available on Cargotec's website at www.cargotec.com/investors.

Breakdown of share ownership on 31 December 2009

Number of shares	Number of shareholders	% of shareholders	Total shares	% of share capital excl. treasury shares
1–100	6,592	36.60	408,295	0.67
101–500	7,385	41.01	1,971,444	3.21
501–1,000	2,018	11.21	1,565,386	2.55
1,001–10,000	1,823	10.12	4,906,777	8.00
10,001–100,000	150	0.83	4,629,713	7.55
100,001–1,000,000	32	0.18	8,369,491	13.64
Over 1,000,000	9	0.05	39,488,851	64.37
Total	**18,009**	**100.00**	**61,339,957**	**99.99**
Of which nominee registered	12		11,286,140	18.40
In the joint book-entry account			5,436	0.01
Number of shares outstanding 31 Dec 2009			**61,345,393**	**100.00**
Treasury shares 31 Dec 2009	1		2,959,487	
Total number of shares 31 Dec 2009			**64,304,880**	

Based on ownership records of the Euroclear Finland Ltd.

Major shareholders on 31 December 2009

	Shareholder	Class A shares	Class B shares	Shares total	Shares, %	Votes total	Votes, %
1	Controlled by Ilkka Herlin, total	2,940,067	4,751,106	7,691,173	11.96	3,415,177	22.76
	Wipunen varainhallinta oy	2,940,067	4,750,000	7,690,067	11.96	3,415,067	22.76
	Ilkka Herlin, direct ownership		1,106	1,106	0.00	110	0.00
2	Mariatorp Oy (controlled by Niklas Herlin)	2,940,067	4,650,000	7,590,067	11.80	3,405,067	22.70
3	D-sijoitus Oy (controlled by Ilona Herlin)	2,940,067	3,850,000	6,790,067	10.56	3,325,067	22.16
4	Toshiba Elevator And Building Systems Corporation		3,023,340	3,023,340	4.70	302,334	2.02
5	Cargotec Corporation		2,959,487	2,959,487	4.60	295,948	1.97
6	Kone Foundation	705,888	1,232,454	1,938,342	3.01	829,133	5.53
7	Varma Mutual Pension Insurance Company		1,314,378	1,314,378	2.04	131,437	0.88
8	Ilmarinen Mutual Pension Insurance Company		914,455	914,455	1.42	91,445	0.61
9	Tapiola Mutual Pension Insurance Company		708,865	708,865	1.10	70,886	0.47
10	The State Pension Fund		500,000	500,000	0.78	50,000	0.33
11	Veritas Pension Insurance		460,000	460,000	0.72	46,000	0.31
12	Göran Sundholm		400,001	400,001	0.62	40,000	0.27
13	Heikki Herlin		400,000	400,000	0.62	40,000	0.27
14	Hanna Nurminen		390,001	390,001	0.61	39,000	0.26
15	OP-Suomi Arvo Fund		350,000	350,000	0.54	35,000	0.23
16	Fondita Nordic Small Cap Fund		310,000	310,000	0.48	31,000	0.21
17	Danske Invest Suomi Osake Fund		249,339	249,339	0.39	24,933	0.17
18	Alfred Berg Finland Fund		241,410	241,410	0.38	24,141	0.16
19	Moving Cargo Oy		226,694	226,694	0.35	22,669	0.15
20	Gyllenberg Finlandia Fund		220,000	220,000	0.34	22,000	0.15
	Total	**9,526,089**	**27,151,530**	**36,677,619**	**57.02**	**12,241,237**	**81.59**
	Nominee registered			11,286,140			
	Other owners			16,341,121			
	Total number of shares issued 31 Dec 2009			**64,304,880**			

Based on ownership records of Euroclear Finland Ltd.

Signatures for Board of Directors' report and financial statements

Helsinki, 3 February 2010

Ilkka Herlin
Chairman of the Board

Tapio Hakakari
Deputy Chairman of the Board

Peter Immonen
Member of the Board

Karri Kaitue
Member of the Board

Antti Lagerroos
Member of the Board

Anja Silvennoinen
Member of the Board

Mikael Mäkinen
President and CEO

Auditor's report

To the Annual General Meeting of Cargotec Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Cargotec Corporation for the year ended on 31 December 2009. The financial statements comprise the consolidated statement of financial position, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flow and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki 3 February 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jouko Malinen
Authorised Public Accountant

Johan Kronberg
Authorised Public Accountant

Information for shareholders

Annual General Meeting (AGM)

Cargotec Corporation's Annual General Meeting 2010 will be held at the Marina Congress Center, address Katajanokanlaituri 6, Helsinki, Finland on Friday, 5 March 2010 at 11.00 am Finnish time.

Attending the AGM

Shareholders wishing to attend the meeting must be registered in the Cargotec shareholder register maintained by Euroclear Finland Ltd on record date of the meeting, 23 February 2010. A shareholder whose shares are registered in his/her personal book-entry account at Euroclear Finland is automatically registered in the Cargotec shareholder register. A holder of nominee registered shares, who wants to participate in the AGM, must be entered into the shareholders' register no later than on Tuesday 2 March 2010, by 10.00 am Finnish time. A holder of nominee registered shares is advised to request the necessary instructions regarding registration in the shareholders' register of the company and the issuing of proxy documents from his/her custodian bank. A registration to the temporary shareholders' register is at the same time a notice of attendance to the AGM.

Notification of participation in the AGM

Shareholders who wish to attend the meeting must notify Cargotec no later than 4 pm on 2 March 2010 either:

- on the Internet at www.cargotec.com
- by mail: Cargotec Corporation, Share register, P.O. Box 61, FI-00501 Helsinki, Finland
- by telephone: +358 204 55 4284
- by fax: +358 204 55 4275

Proxies

Any proxies must be submitted upon registration for the meeting.

Dividend payment

The Board of Directors will propose to the AGM convening on 5 March 2010 that, of the distributable profit, a dividend of EUR 0.39 per class A share and EUR 0.40 per outstanding class B share be paid. Only those registered as shareholders in the list maintained by Euroclear Finland Ltd, by 10 March 2010, the record date for dividend distribution, are entitled to dividends. The date proposed by the Board of Directors for the payment of dividends is 17 March 2010.

Financial reports in 2010

- 3 February 2010 Financial statements review 2009
- Week 6 Annual Report 2009 (in pdf format on the internet)
- Week 7 Annual Report 2009 (in print)
- 29 April 2010 Interim Report January–March 2010
- 21 July 2010 Interim Report January–June 2010
- 27 October 2010 Interim Report January–September 2010

Publication of financials

Cargotec Corporation publishes its financial reports and stock exchange and press releases in English and Finnish. The reports and releases are available on the Company's website at www.cargotec.com, where you can also request that material be sent to your e-mail address. In addition, financial reports can be ordered by mail from Cargotec Corporation, Investor Relations, P.O. Box 61, FI-00501 Helsinki, Finland, by e-mail from ir@cargotec.com, by telephone from +358 204 55 4284 or by fax from +358 204 55 4275. The Annual Report will be sent to those shareholders who have requested a hardcopy.

Changes of address

For changes in shareholder addresses, please contact the bank or brokerage managing the book-entry account.

Investor relations

The role of Cargotec's Investor Relations is to provide information on the Company as an investment and to serve Cargotec's shareholders and other capital market participants. The aim is to provide reliable and timely information regularly and on an equitable basis in support of a fair valuation of the Company's shares. Cargotec does not conduct meetings with capital market representatives during the three weeks prior to the publication of financial statements and Interim Reports.

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- Tiina Aaltonen, Executive Assistant
  Tel +358 204 55 4284
  E-mail: tiina.aaltonen@cargotec.com

Analysts

Information on analysts providing coverage on Cargotec is available on the Company's website at www.cargotec.com/investors.

Such was the year 2009 for Cargotec.

As one Cargotec, we will keep on travelling towards even better service – on road, in ports and at sea.

Stay onboard also in 2010.

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