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Cargotec Corporation's Financial Statements Review

January–December 2006

Cargotec

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- Orders received grew significantly and reached EUR 2,910 (1–12/2005: 2,385) million. During the fourth quarter, orders received amounted to EUR 716 (10–12/2005: 591) million.
- The order book on December 31, 2006 totaled EUR 1,621 (December 31, 2005: 1,257) million.
- Net sales grew to EUR 2,597 (1–12/2005: 2,358) million with EUR 697 (10–12/2005: 622) million attributable to the fourth quarter.
- Operating income from operations rose markedly to EUR 221.7 (1–12/2005: 179.4) million with EUR 57.7 (10–12/2005: 52.7) million attributable to the fourth quarter.
- Operating income including non-recurring capital gains rose to EUR 239.5 (1–12/2005: 194.8) million. Operating income for fourth quarter was EUR 57.9 (10–12/2005: 66.4) million
- Cash flow from operating activities before financial items and taxes was strong and totaled EUR 249.8 (1–12/2005: 194.1) million.
- Net income for the reporting period amounted to EUR 166.1 (1–12/2005: 136.6) million.
- Earnings per share were EUR 2.57 (1–12/2005: 2.11).
- Board of Directors will propose at the Annual General Meeting that a dividend of EUR 0.99 per each class A and EUR 1.00 per each class B share be paid.
- Cargotec's market outlook for 2007 is positive. The high market activity and strong order book in all business areas give a good start for the year. Completed and targeted acquisitions will support further sales growth. Operating income from operations in 2007 is expected to continue to increase although the operating margin development will be slightly affected by planned investments in future growth.

Cargotec Corporation has been listed on the Helsinki Stock Exchange since June 1, 2005. The comparative figures presented in this financial statements review for January–December 2005 are provided as additional information and are unaudited pro forma figures. The comparative figures for June–December 2005 are audited figures based on Cargotec's first official financial period. Year 2006 figures are audited.

Business Environment

Hiab's load handling equipment markets were buoyant in 2006. During the first half of the year, the markets were strong in North America and Europe due to the lively demand for new trucks. Demand was further boosted by customers prepaing for new requirements on equipment and tighter emission standards that became effective during 2006. During the second half of the year, demand for load handling equipment continued to be high in Europe whereas in North America the markets leveled off, particularly with respect to equipment used in building materials supply. In Asia, the load handling equipment markets were stable and demand grew towards the end of the year. Demand for maintenance and spare parts was high in all geographical regions.

Demand was strong for Kalmar's container handling equipment in 2006. In Europe and Asia, demand was high throughout the year and began to strengthen in South America towards the end of the year. Demand for reachstackers was record high and the markets for yard cranes, straddle carriers and terminal tractors were also very good. Demand for heavy industrial handling equipment continued to be healthy. Services provided by Kalmar were in brisk demand in all markets thanks to high port and terminal utilization rates and customers continuing to outsource their service activities.

Demand for MacGREGOR marine cargo flow solutions was high in 2006. The markets for hatch covers, ship cranes and cargo securing equipment used in container ships and general cargo vessels were buoyant as shipbuilding activities remained lively. Increased orders for PCTCs (pure car and truck carriers) at shipyards were reflected in high demand for the RoRo division's solutions throughout the year. Bulk handling equipment markets were strong. Demand for MacGREGOR's services was healthy.

Orders Received

Orders received by Cargotec in January–December 2006 totaled EUR 2,910 (1–12/2005: 2,385) (6–12/2005: 1,366) million. Especially significant was the growth in MacGREGOR's orders received. A considerable part of MacGREGOR's orders will be delivered during 2008–2009. During the fourth quarter, orders received were EUR 716 (10–12/2005: 591) million.

Orders received, MEUR	10-12/ 2006	10-12/ 2005	1-12/ 2006	Pro forma 1-12/ 2005	Financial Period 6-12/ 2005
Hiab	240.7	234.6	946.2	830.6	476.2
Kalmar	327.1	230.1	1,282.3	1,103.4	627.7
MacGREGOR	148.9	126.3	683.7	452.9	263.2
Internal orders received	-0.3	-0.4	-1.9	-2.0	-1.2
Total	716.4	590.6	2,910.3	2,384.9	1,365.9

Hiab

Hiab's orders accounted for EUR 946 (1–12/2005: 831) (6–12/2005: 476) million of the total orders received in 2006 while its share of the orders received in October–December was EUR 241 (10–12/2005: 235) million.

In December, Hiab signed a major service contract for load handling equipment. This contract covers the servicing of Hiab loader cranes and demountables in 548 Scania trucks used by the Dutch army. The contract's duration with Scania is 13 years and it is worth approximately EUR 30 million.

During the fourth quarter, Hiab secured an order for over 100 loader cranes from Thailand. These will be delivered to various Thai municipalities during 2007.

In December, MAN ordered an additional 88 military-purpose loader cranes for vehicles that will be delivered to the British Army.

During the second half of the year, Hiab received several major orders for truck-mounted forklifts and loader cranes from its main U.S. customers, further strengthening its market position in the region.

In March, Hiab signed a cooperation agreement with the Suez Environment (SITA) waste management company, making Hiab the preferred pan-European supplier of demountables for SITA.

Kalmar

Kalmar's orders accounted for EUR 1,282 (1–12/2005: 1,103) (6–12/2005: 628) million of the total orders received in 2006 while its share of the orders received in October–December was EUR 327 (10–12/2005: 230) million.

In December, Kalmar secured an order from Finnsteve for four ship-to-shore (STS) cranes to the new Vuosaari port in Helsinki, Finland. The cranes will be up and running by November 2008.

During the fourth quarter, Kalmar also received an order for 20 shuttle carriers from the United States and 13 E-One rubber-tired gantry (RTG) cranes from South America. The shuttle carriers will be delivered to APM Terminals' new container terminal in Portsmouth, Virginia during 2007. The RTGs will be delivered during 2007 to the Peruvian terminal operator, Neptunia SA, to Terminal Pacifico Sur Valparaiso in Chile and to the Port of Trinidad and Tobago.

During the third quarter, Kalmar signed a five-year service contract for 29 RTGs with Gateway Terminals India Pvt Ltd. This contract covers maintenance, engineering support, daily inspections and parts supply, among other things.

During the second quarter, Kalmar received an order for 12 E-One RTGs from South African Port Operations (SAPO) for the port of Durban. Deliveries will begin in the spring of 2007. The order was a continuation to the January order of 25 straddle carriers.

During the first quarter, Kalmar received an order for 24 straddle carriers from the Port Authority of Jamaica. Deliveries to Kingston Container Terminal were finalized in mid-2006.

In January, Kalmar signed an agreement with HHLA for the delivery of an automatic stacking crane system (ASC) and the related technology for the Port of Hamburg. Kalmar will deliver 15 ASCs and their control and automation systems during 2007–2008. The contract includes an option to deliver an additional 75 ASCs and their control and automation systems in the project's subsequent phases.

MacGREGOR

MacGREGOR's orders accounted for EUR 684 (1–12/2005: 453) (6–12/2005: 263) million of the total orders received in 2006 while its share of the orders received in October–December was EUR 149 (10–12/2005: 126) million.

In November, the Korean company, Daewoo Shipbuilding & Marine Engineering, ordered MacGREGOR RoRo equipment for four of the world's largest PCTCs, which will be delivered to Wallenius Wilhelmsen Logistics by the end of 2008. The order is worth approximately EUR 15 million. The fourth quarter also saw MacGREGOR securing orders for 84 ship cranes from various shipyards in China. The cranes will be delivered during 2007–2009 for container vessels and multi-purpose vessels under construction. The total value of the orders is approximately EUR 25 million.

During the third quarter, MacGREGOR secured orders for 55 ship cranes, which will be delivered to Asia during 2007–2008. The total value of the orders is approximately EUR 15 million. During the same quarter, MacGREGOR also sold hatch covers for 12 bulk ships that are under construction in a Japanese shipyard. The hatch covers to be delivered are the first electronically-driven covers developed by the company.

During the second quarter, MacGREGOR received hatch cover orders from various European and Asian shipyards. During 2007–2009, the company will deliver hatch covers for over 30 container ships being built in various shipyards in Europe.

MacGREGOR also received a high number of orders for RoRo equipment during the second quarter. The company will deliver RoRo equipment for 10 vessels during 2006–2008, the total value of these orders being approximately EUR 17 million. Other major orders included an order for RoRo equipment for 53 pure car and truck carriers (PCTCs). The equipment will be delivered to Shin Kurushima Group in Japan and Hyundai Samho Heavy Industries' shipyard in Korea during 2007–2010. The total value of these orders is approximately EUR 65 million.

During the first quarter, MacGREGOR secured several RoRo and hatch cover orders. The company will deliver RoRo solutions for vessels under construction for Norwegian Color Line during 2007–2008, the order being worth approximately EUR 9 million. In March, MacGREGOR received hatch cover orders from shipyards of the Korean Hyundai Group. The hatch covers will be delivered for 34 container ships during 2007–2008, the total value of the orders being approximately USD 40 million. MacGREGOR also secured a hatch cover order from the German shipyard JJ Sietas for four heavy lift cargo ships ordered by the specialist operator, SAL.

In January, MacGREGOR received a major order for RoRo access equipment for five multi-purpose RoRo ships for the Italian shipowner, Grimaldi Group (Naples). The RoRo equipment, worth approximately EUR 9 million, will be delivered in 2007–2009.

In the first quarter of 2006, MacGREGOR received a large number of ship crane orders from various shipyards in Poland, China, Korea, Singapore and Venezuela as well as from the U.S. Navy. The ship crane deliveries take place during 2006–2008 and the value of the orders is approximately EUR 15 million.

Order Book

Cargotec's order book grew by 29 percent in 2006 and totaled EUR 1,621 (December 31, 2005: 1,257) million on December 31, 2006, Hiab accounting for EUR 215 (197) million, Kalmar for EUR 593 (520) million and MacGREGOR for EUR 813 (541) million. A considerable part of MacGREGOR's order book will be delivered in 2008–2009.

Order book, MEUR	31.12.2006	31.12.2005
Hiab	215.4	196.7
Kalmar	592.7	519.5
MacGREGOR	812.6	540.9
Internal order book	-0.2	-0.2
Total	1,620.5	1,256.9

Net Sales

Cargotec's net sales grew by 10.1 percent in 2006 and totaled EUR 2,597 (1–12/2005: 2,358) (6–12/2005: 1,419) million. Growth excluding the sales impact from acquisitions completed during the year was 8.1 percent. Net sales for the fourth quarter reached a record level at EUR 697 (10–12/2005: 622) million despite certain deliveries being pushed over the year-end. Hiab's net sales in the fourth quarter amounted to EUR 239 (10–12/2005: 231) million, Kalmar's net sales were EUR 321 (288) million and MacGREGOR's net sales EUR 138 (103) million.

Sales, MEUR	10-12/ 2006	10-12/ 2005	1-12/ 2006	Pro forma 1-12/ 2005	Financial period 6-12/ 2005
Hiab	238.9	231.0	913.8	844.4	504.6
Kalmar	320.5	288.2	1,203.3	1,146.9	695.0
MacGREGOR	138.2	103.1	481.7	368.7	220.4
Internal sales	-0.4	-0.7	-1.7	-2.1	-1.4
Total	697.2	621.6	2,597.1	2,357.9	1,418.6

Cargotec's services business grew by 16 percent year on year with revenue totaling EUR 572 (1–12/2005: 492) (6–12/2005: 300) million, representing 22 percent of net sales. Hiab's services business in 2006 represented 15 (13) percent of net sales, Kalmar's 26 (23) percent, and MacGREGOR's 27 (32) percent.

Financial Result

Cargotec's operating income from operations during 2006 improved significantly and reached EUR 221.7 (1–12/2005: 179.4) (6–12/2005: 113.1) million, representing 8.5 (1–12/2005: 7.6) (6–12/2005: 8.0) percent of net sales. Operating income from operations for the fourth quarter was EUR 57.7 (10–12/2005: 52.7) million, equal to 8.3 (8.5) percent of net sales. Hiab accounted for EUR 22.7 (20.1) million of fourth quarter operating income from operations, Kalmar for EUR 28.2 (27.0) million and MacGREGOR for EUR 9.7 (8.5) million.

Including the EUR 17.8 million capital gain recorded in July, 2006 from the divestment of property Cargotec's operating income for January–December totaled EUR 239.5 million. The pro forma operating income for January–December 2005 was EUR 194.8 (6–12/2005: 124.6) million including a EUR 15.4 million one-time capital gain from the sale of Consolis.

Net income for January–December 2006 was EUR 166.1 (1–12/2005: 136.6) (6–12/2005: 87.4) million and earnings per share were EUR 2.57 (1–12/2005: 2.11) (6–12/2005: 1.35).

Balance Sheet, Financing and Cash Flow

At the end of December 2006, Cargotec's net working capital amounted to EUR 209 (December 31, 2005: 206) million. Tangible assets on the balance sheet were EUR 218 (196) million and intangible assets EUR 581 (487) million.

Cash flow from operating activities before financial items and taxes for January–December 2006 was strong totaling EUR 249.8 (1–12/2005: 194.1) (6–12/2005: 173.7) million. In addition to the good operative result cash flow was strengthened by prepayments received on large contracts. The cash flow from operating activities before financial items and taxes for October–December amounted to EUR 71.0 (10–12/2005: 78.5) million.

Return on equity for January–December 2006 was 20.2 (1–12/2005: 19.2) (6–12/2005: 20.8) percent.

Net debt on December 31, 2006 was EUR 107 (December 31, 2005: 121) million. Total equity/total assets ratio was 47.6 (46.2) percent while gearing was 12.3 (15.7) percent.

Cargotec had EUR 432 million in committed credit facilities on December 31, 2006. These facilities were unused. In order to diversify its funding structure and finance its growth, Cargotec placed a EUR 225 million private placement with U.S. institutional investors in December 2006. 14 U.S. institutional investors participated in the transaction. The placement carries maturities ranging between 7 and 12 years and will be funded in February 2007.

New Products and Product Development

In 2006, Cargotec's research and development expenditure was EUR 31.3 (1–12/2005: 29.7) (6–12/2005: 17.5) million, representing 1.2 (1–12/2005: 1.3) (6–12/2005: 1.2) percent of net sales.

In the fourth quarter, Hiab founded a new, centralized product development organization in order to better utilize and coordinate its product development resources in its loader crane, forestry crane and demountables product lines.

In 2006, Hiab launched 17 new products as a result of active product development in all product lines. Hiab supplemented its loader crane range by launching the HIAB XS 477, whose hoisting capacity is 40–44 tons, and expanded its remote control unit range for loader cranes by introducing new models. Furthermore, the company supplemented its XR hooklift systems range by launching new XR 10 and XR 21 hooklifts. In North America and Europe, Hiab complemented its truck-mounted forklift product line with a 4-way travel model allowing easier delivery of loads in tight access areas.

In Europe, Hiab presented a new tail lift with a hoisting capacity of 450–750 kilos. Hiab also supplemented its tail lifts range in North America by launching a new rail-type liftgate, designed for heavy use. The company also expanded its forestry crane range with a new model designed for full tree harvesting. In the largest volume category, Hiab introduced the new JONSERED J1080 forestry crane that can be equipped with a digital control system. In the fourth quarter, Hiab launched the JONSERED 1300 forestry crane, which utilizes the XSDrive remote control unit developed for loader cranes.

In 2006, Kalmar continued to invest in developing the automation of its equipment. Kalmar launched the Fleetview fleet control system which can be used to monitor straddle carriers, reachstackers, forklift trucks, terminal tractors and RTGs. Fleetview allows real-time monitoring of equipment, enabling the assignment of container handling tasks to the nearest vacant machine, thus shortening transportation distances and minimizing unladen traveling distances.

Kalmar developed a new measuring system for the automatic stacking cranes (ASCs) that it will deliver to HHLA. Thanks to the new system, which combines camera and laser technology, the ASC spreader identifies the container position from several angles, enabling the container to be placed in the right position more quickly and precisely.

In 2006, Kalmar launched a new, heavy forklift truck model as well as a new RoRo terminal tractor equipped with a fully electronic control system for the European and Asian markets. The terminal tractor has longer service intervals and meets the latest environmental regulations.

MacGREGOR developed electrically driven marine cargo handling equipment in 2006. In the third quarter, the company introduced electronic ship cranes, hatch covers, hatch cover stackers and RoRo equipment representing the fruits of its several years of extensive product development work. Electrically driven products are environmentally-friendly, cost-efficient and easy to maintain. Electrical operation also enables remote monitoring of the equipment.

Capital Expenditure

Cargotec's capital expenditure for January–December 2006, excluding acquisitions and customer financing, totaled EUR 46.6 (1–12/2005: 28.2) (6–12/2005: 18.1) million. Customer financing investments were EUR 22.2 (1–12/2005: 28.4) (6–12/2005: 21.3) million.

In 2006, Hiab reorganized operations in several of its production units. In April, the unit manufacturing Princeton PiggyBack® forklifts in the United States moved to larger rented premises. Hiab also extended its loader crane installation facilities in Ohio, the United States. These were taken into use during the second quarter of the year. In order to cut delivery times and improve the flexibility of its loader crane assembly operations, Hiab transferred part of its volume models' assembly operations from its Hudiksvall unit, Sweden, to Hiab's other European units in Spain and in the Netherlands.

In Raisio, Finland, Hiab opened during the fourth quarter a new unit where all Hiab's Finnish load handling equipment installation activities where concentrated in. In order to improve the flexibility of assembly operations, a new assembly line was taken into use in the forestry and recycling crane assembly unit in Salo, Finland. At the demountables unit in Raisio, Finland, Hiab introduced a new paintshop.

In the second quarter, Hiab entered into a license-based cooperation agreement with Combilift of Ireland, giving Hiab the right to manufacture and sell the new Telemount truck-mounted forklift. The manufacture of these forklifts was integrated with the operations of Hiab's unit in Ireland during 2006.

In the first quarter of 2006, Kalmar established a sales company, Kalmar Industries South Africa (Pty) Ltd, in Durban. This company will focus on the sales and servicing of straddle carriers and RTG cranes in South Africa.

Kalmar organized its global assembly network during 2006 by establishing the Multi Assembly Unit organization. Under this new model, the plants focus on assembly of products while the product lines focus on product design, marketing and sales. In line with the new operating model, the operations of two assembly plants in Southern Sweden were combined. In Kansas, the United States, Kalmar outsourced its terminal tractor and forklift truck production. In the future, the unit will focus solely on assembly. In 2006, Kalmar opened a new assembly plant for terminal tractors, rubber-tired gantry (RTG) cranes, reachstackers and empty container handling equipment in the Shanghai area, China, to cater for the needs of its Asian customers.

In the spring, MacGREGOR sold its office and workshop building in Örnsköldsvik, Sweden and will move its ship crane business to new, rented premises in April 2007.

In the fourth quarter, MacGREGOR signed a contract with the Chinese company, Goodway, on hatch cover production for conversion and modernization projects. This will further strengthen MacGREGOR's expertise in hatch cover design for conversion projects.

Strategic Acquisitions

During the year, Cargotec carried out eight acquisitions to expand the operations of all business areas.

At the end of December, Kalmar made an agreement to acquire the Italian company CVS Ferrari Group. This acquisition will strengthen Kalmar's market position and service capabilities in the South European and other Mediterranean markets. CVS Ferrari employs some 305 people. The agreement signed is subject to competition authority approval.

In December, Kalmar also signed an agreement to acquire the majority of the shares of its Spanish distributor, Kalmar Espana S.A. The company employs six people. This transaction is subject to competition authority approval.

September saw the signature of an agreement for acquiring Catracom, based in Belgium, which has been distributing Kalmar equipment since 1985. The company employs approximately 100 people. The acquisition was finalized in November.

In September, Kalmar also signed an agreement to acquire the Kalmar equipment related service business of African National Engineering (ANE), based in South Africa. ANE's service business was merged with Kalmar's local subsidiary that focuses on the sales and servicing of straddle carriers, RTGs and terminal tractors.

In August, MacGREGOR signed an agreement to acquire the business of Scottish Grampian Hydraulics. The acquiree specializes in hydraulics and spare part servicing of offshore support vessels in the North Sea. The company employs approximately 30 people. Grampian Hydraulics has been integrated in MacGREGOR's accounts since August 14, 2006.

In June, MacGREGOR signed an agreement to acquire BMH Marine AB, a Swedish company. The acquisition was finalized at the end of July with a debt-free transaction price of approximately EUR 32 million. BMH Marine specializes in dry bulk handling equipment on ships and at port terminals, and expands MacGREGOR's service business offering for these products. The company employs approximately 140 people.

In March, Kalmar acquired the operations of East Coast Cranes and Electrical Contracting Inc. (ECC), a U.S. company. ECC specializes in crane construction services and maintenance in ports. The company employs over 100 people.

In January, Hiab signed an agreement to acquire the Dutch tail lift producer, AMA. The acquisition was finalized in April. AMA consists of a manufacturing company based in Poland and a sales company based in Holland. The company employs approximately 55 people.

Changes in Cargotec's Executive Board

On February 8, 2006, Cargotec's Board of Directors appointed Mikael Mäkinen, M.Sc. (Eng.) Naval Architect, as the new President and CEO of Cargotec Corporation. Mäkinen joined Cargotec on April 1, 2006 and became President and CEO on May 1, 2006. Cargotec's previous President and CEO, Carl-Gustaf Bergström, retired in June 2006 and started as a member of the Board from May 1, 2006.

In September, Cargotec appointed two new members onto its Executive Board (previously Executive Committee). Harald de Graaf, B.Sc. (Eng.), was appointed Senior Vice President, Services. Matti Sommarberg, M.Sc. (Eng.) and M.Sc. (Econ.), was appointed Senior Vice President, Operations Development. These appointments took effect on November 1, 2006.

In October, Kirsi Nuotto, MA, was appointed Senior Vice President, Human Resources, and a member of the Executive Board. She is responsible for the corporate global human resources strategy and development. The appointment took effect on November 20, 2006.

In June, Olli Isotalo, M.Sc. (Eng.), was appointed President of MacGREGOR, starting from September 15, 2006 after Hans Pettersson, MacGREGOR's previous President, joined another company.

Tor-Erik Sandelin, Senior Vice President responsible for Cargotec's Service Business Development, retired at the end of March 2006.

Priorities in Strategy Implementation

Cargotec's strategy is based on profitable growth in developing and consolidating markets. The company aims to grow its operations significantly. The focus is on expanding the business especially in Asia Pacific and Americas. In addition to organic growth Cargotec intends to grow through acquisitions. Acquisitions help to accelerate the expansion in new markets as well as develop the existing service network. Cargotec aims to strengthen its global market leadership in cargo handling solutions.

Within services the target is a leading position. Cargotec intends through new solutions and a stronger presence in key service points to offer its customers necessary support services for the life-cycle of their equipment.

Cargotec's way of working will be changed in order to achieve better utilization of common know-how and benefits of scale in technology development and global network.

Achievement of the growth target will require more investment in personnel development than previously. Therefore, personnel have been lifted into a strategic priority.

The Executive Board has been strengthened in the strategic priorities of services, personnel and utilization of common network and technologies.

Employees

On December 31, 2006, Cargotec had a total of 8,516 employees (Dec 31, 2005: 7,571), with Hiab accounting for 3,647 (3,417) persons, Kalmar 3,705 (3,210), and MacGREGOR 1,117 (899). Group level functions employed 47 (45) persons on December 31, 2006. During the financial period, Cargotec's average number of employees was 8,026.

During 2006 the Group's sourcing organization, mergers and acquisitions expertise as well as IT management was strengthened. Process harmonization is an important part of the strategy implementation.

Of Cargotec's total number of employees, 17 percent were located in Finland, 26 percent in Sweden, and 27 percent in other parts of Europe, Middle East and Africa. North and South American personnel represented 14 percent, Asia Pacific 14 percent, and the rest of the world 2 percent of people in total.

Business areas launched a variety of training programs during the year: Hiab initiated a training program for young future talents, and Kalmar started the 'Leading the Move' program, promoting e.g. the employees' knowledge of strategy.

During the financial period, salaries and remunerations to employees totaled EUR 300 (1-12/2005: 281) (6–12/2005: 162) million.

Environment

Cargotec's environmental policy defines the operating principles for environmental issues. The environmental effects of Cargotec's manufacturing operations are not significant, since Cargotec is increasingly focusing on product development, design, assembly and service operations.

Cargotec products' main environmental effects are related to their use. The recyclability of most of Cargotec's products is high due to their substantial steel content. Other product benefits include a long useful life and good serviceability. Careful and regular servicing of equipment reduces its environmental effects during use and extends its useful life.

The ISO 9001 and ISO 14001 certified quality and environmental systems provide the foundation for environment management at Cargotec. Cargotec aims to implement certified environment systems at all production sites. Four of Kalmar's seven production units and seven of Hiab's thirteen production units have an ISO 14001 certified environmental system. MacGREGOR has no production of its own at all, but commissions its products from selected subcontractors independently responsible for their production processes. Certification is planned for two Hiab units and three Kalmar units in 2007. Following this, certified environment systems will cover the majority of all Cargotec production units.

Risks and Risk Management

Cargotec's President and CEO and the Executive Board are responsible for the Group's risk management activities, their implementation and control, and report to the Board of Directors. The company's internal auditor, responsible for internal control and business risk auditing, reports to the Board's Audit Committee. The Group's Risk Management function creates and develops Group-wide risk management principles and operating models, and supports their application and implementation in the business areas and units. The Treasury function manages financial risks centrally. The business areas and units are responsible for managing the risks involved in their own operations.

Strategic and business risks are related to business cycles in the global economy and Cargotec's customer industries, the availability and price development of raw materials and components, and dealers' and subcontractors' activities. Cargotec has prepared for these risks by attempting to identify and anticipate them in advance, making long-term procurement agreements, and seeking alternative suppliers. In order to develop its risk assessments further, Cargotec implemented a Group-wide analysis in 2006 to identify and evaluate supplier risks.

As a result of this analysis, Cargotec was able to identify its critical suppliers and will determine measures for managing its supplier and business interruption risks. Moreover, the Group has further specified the scope and content of supplier audits by placing increased emphasis on risk management matters and safeguarding the continuity of operations.

Cargotec's treasury operations and financial risk management principles are defined in the Group Treasury Policy. The company's financial risks are centrally managed and administered by the Group Treasury that draws up financial risk reports for the Group management on a regular basis. The financial risks involved in Cargotec's business activities include currency, interest rate, refinancing and liquidity, counterparty and operative credit risks. The company seeks to protect itself against these risks in order to ensure a financially sound basis for developing its business operations.

Cargotec's operational risks and hazard risks relate to persons, property, processes, products and IT. If these risks materialize, they cause damage to persons and property, or business interruptions or product liability. In order to manage these risks, Cargotec has drawn up a program whose main activities are directed at product safety, information security development and business continuity assurance. With respect to key person risks, Cargotec draws up Group-wide succession plans for leadership and key assignments. Responsibility for the management of key operational risks and hazard risks lies with the Group's risk management function in particular, alongside business area and unit management.

Cargotec's main hazard risks include risks related to property, business interruption, general and product liability and logistics. In addition to preventive risk management measures, the company protects itself against these risks by taking out Group-wide insurance policies that cover all units.

Shares and Share Capital

Cargotec's class B shares are listed on the Helsinki Stock Exchange. Cargotec's share capital was EUR 64,046,460 on December 31, 2006 (EUR 63,920,955 on December 31, 2005). The share capital increased by EUR 125,505 during the report period as a result of the subscription for class B shares under Cargotec option rights.
On December 31, 2006, Cargotec's share capital comprised 54,520,371 (December 31, 2005: 54,394,866) class B shares listed on the Helsinki Stock Exchange, and 9,526,089 (9,526,089) unlisted class A shares. Class B shares accounted for 85.1 (85.1) percent of the total number of shares and 36.4 (36.3) percent of votes, while class A shares accounted for 14.9 (14.9) percent of the total number of shares and 63.6 (63.7) percent of votes. The total number of votes attached to all shares was 14,977,375 (14,964,826) at the year end.

Market Capitalization and Trading

The share price of Cargotec's class B share increased by 44 percent during the year, with the class B share closing at the Helsinki Stock Exchange at EUR 42.10 on December 31, 2006. The average share price for the financial period was EUR 34.62, the highest quotation being EUR 43.50 and the lowest EUR 28.84.

On December 31, 2006, the total market value of the company's class B shares was EUR 2.3 billion, excluding treasury shares held by the company. The company's year-end market capitalization, in which the unlisted class A shares were valued at the average price of the class B shares on the last trading day, was EUR 2.7 billion, excluding treasury shares held by the company. At the year end, the company held a total of 704,725 class B shares.

During the financial period, approximately 52.9 million Cargotec class B shares were traded on the Helsinki Stock Exchange, corresponding to a turnover of approximately EUR 1,829 million. The average daily trading volume was 210,795 shares or EUR 7,285,529 while the relative turnover for the period was 97.6 percent.

Shares Subscribed for under the Option Rights

At the beginning of the financial period the number of 2005A and 2005B option rights were 54,555 and 108,130 respectively. 125,505 class B shares were subscribed for during the period, increasing the share capital by EUR 125,505.

The remaining Cargotec 2005A and 2005B option rights entitle the holder to the subscription of a total of 362,550 class B shares in Cargotec and an increase of EUR 362,550 in the share capital. The said number of shares that can be subscribed for under the remaining option rights constitutes 0.6 percent of Cargotec's total number of shares and 0.24 percent of the total number of votes. The company has not issued other option rights or convertible bonds.

Decisions Taken at the Annual General Meeting on February 28, 2006

Cargotec Corporation's Annual General Meeting (AGM) was held on February 28, 2006 in Helsinki. The meeting approved the parent company and consolidated financial statements and discharged the members of the Board of Directors and the President and CEO of their liability for the accounting period June 1–December 31, 2005.

The AGM approved a dividend for 2005 of EUR 0.64 for each of the 9,526,089 class A shares and EUR 0.65 for the 54,191,166 class B shares that were outstanding.

The number of members of the Board of Directors was confirmed at six according to the proposal of Cargotec's Nomination and Compensation Committee. Henrik Ehrnrooth, Tapio Hakakari, Ilkka Herlin, Peter Immonen and Karri Kaitue were re-elected as full members of the Board of Directors. Carl-Gustaf Bergström was elected as a member of the Board from May 1, 2006.

Authorized public accountants Johan Kronberg and PricewaterhouseCoopers Oy were elected as auditors according to the proposal of the Audit Committee of Cargotec's Board of Directors.

Organization of the Board of Directors

In its organizing meeting, Cargotec's Board of Directors elected Ilkka Herlin to continue as Chairman of the Board and Henrik Ehrnrooth to continue as Deputy Chairman. Kari Heinistö, Senior Executive Vice President and CFO, continued to act as secretary to the Board of Directors.

The Board of Directors elected from among its members Ilkka Herlin, Peter Immonen and Karri Kaitue as members of the Audit Committee, with Karri Kaitue elected to continue as Chairman of the Committee.

Board members Carl-Gustaf Bergström (as of May 1, 2006), Tapio Hakakari, Ilkka Herlin and Peter Immonen were elected to the Nomination and Compensation Committee. Ilkka Herlin was elected to continue as Chairman of the Committee.

The Board of Directors also reviewed the independence of its members as defined in the corporate governance recommendation of the Helsinki Stock Exchange. The Board of Directors stated that, with the exception of Carl-Gustaf Bergström, its members are independent of the company and, with the exception of Ilkka Herlin, independent of major shareholders in the company.

Authorizations Granted by the Annual General Meeting and Share Repurchases

The Annual General Meeting held in February 28, 2006 authorized the Board of Directors of Cargotec to decide to repurchase the Company's own shares using distributable assets. Own shares can be repurchased in order to develop the capital structure of the Company, finance or carry out possible acquisitions, implement the Company's share-based incentive plans, or to be transferred for other purposes or be cancelled. The maximum amount of repurchased own shares shall be less than ten percent of the Company's share capital and total voting rights. This corresponds to a maximum of 6,391,000 shares of which no more than 952,000 are class A shares and 5,439,000 are class B shares. This authorization remains in effect for a period of one year from the date of decision of the Annual General Meeting.

Based on the above-mentioned authorization, Cargotec repurchased 501,025 class B shares at the market price in public trading on the Helsinki Stock Exchange during the period June 14–November 22, 2006 at an average purchase price of EUR 37.61 per share. In June, 1,025 shares were acquired at an average purchase price of EUR 28.93 per share and in November, 500,000 shares averaging EUR 37.63 per share. During the period, the total accounting par value of the repurchased shares was EUR 501,025, their share of the share capital was 0.78 percent, and their share of the total voting rights was 0.33 percent. The repurchased shares were in the company's possession on December 31, 2006. With regard to the authorization, the amount corresponding to 952,000 class A shares and 4,937,975 class B shares remained unused on December 31, 2006. On December 31, 2006, the company held a total of 704,725 class B shares, accounting for 1.10 percent of the share capital and 0.47 percent of the total voting rights of all shares. The total accounting par value of the shares was EUR 704,725. Repurchasing of shares had no significant impact on the division of ownership and voting rights in the company.

In addition, the Annual General Meeting authorized Cargotec's Board of Directors to decide to distribute any shares repurchased. The repurchased shares may be used as compensation in acquisitions and in other arrangements as well as to implement the Company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors also has the right to decide on the distribution of the shares in public trading in the Helsinki Stock Exchange to be used as compensation in possible acquisitions. The authorization is limited to a maximum of 952,000 class A shares and 5,439,000 class B shares repurchased by the Company. The Board of Directors was authorized to decide to whom and in which order the repurchased shares will be distributed. This authorization remains in effect for a period of one year from the date of the decision of the Annual General Meeting. The authorization remained unused on December 31, 2006.

At the end of the financial year, Cargotec's Board of Directors had no current authorization to issue shares, grant option rights, raise the share capital, or issue convertible bonds or warrant loans. Neither has the company decided to issue shares, option rights, or convertible bonds during the financial period.

Events after the Financial Period

Cargotec Corporation's Board of Directors decided in January 2007 on new financial targets for the Company. The targets for Cargotec have been set based on the strategy for the years 2007–2011. The targets reflect the growth expectations of Cargotec's industry as well as actions that have been implemented or that will be implemented by the Company. The new financial targets are annual net sales growth exceeding 10 percent (including acquisitions), raising the operating income margin to 10 percent and gearing below 50 percent.

In January 2007 Cargotec Corporation's Board of Directors decided also on a new share-based incentive program for Cargotec's key managers for the period 2007–2011. The program offers key managers a possibility to earn a reward in Cargotec class B shares based on accomplishment of set targets. The incentive program consists of four earnings periods, of which the first is two years and the following three periods one year each. The maximum amount to be paid out as shares is 387,500 class B shares currently held by the company as treasury shares. The incentive program covers some 60 individuals.

Board of Directors' Proposal on the Distribution of Profit

The parent company's distributable equity on December 31, 2006 is EUR 905,013,988.83 of which net income for the period is EUR 88,568,655.38.

The Board of Directors will propose to the Annual General meeting convening on February 26, 2007, that of the distributable profit, a dividend of EUR 0.99 per each of the 9,526,089 class A shares and EUR 1.00 per each 53,815,646 class B share in circulation be paid, totaling EUR 63,246,474.11. The rest of the distributable equity, EUR 841,767,514.72, will be retained and carried forward.

No significant changes have occurred in the company's financial position after the end of the financial year. The company's liquidity is good, and in the Board of Directors' view the proposed distribution of dividend does not risk the company's financial standing.

Outlook

Cargotec's market outlook for 2007 is positive. The high market activity and strong order book in all business areas give a good start for the year. Completed and targeted acquisitions will support further sales growth. Operating income from operations in 2007 is expected to continue to increase although the operating margin development will be slightly affected by planned investments in future growth.

Annual General Meeting

Cargotec Corporation's Annual General Meeting will be held at the Marina Congress Center in Helsinki on Monday, February 26, 2007 at 3.00 p.m.

Helsinki, January 30, 2007
Cargotec Corporation
Board of Directors

Cargotec Financial Statements Review January-December 2006

Consolidated Income Statement

MEUR	1-12/2006	%	6-12/2005	%	Pro forma 1-12/2005	%
Sales	2,597.1		1,418.6		2,357.9	
Cost of goods sold	-2,042.7		-1,133.7		-1,882.2	
Gross profit	554.4	21.3	284.9	20.1	475.7	20.2
Capital gains	17.8		15.4		15.4	
Other operating income	22.7		13.7		19.3	
Selling and marketing expenses	-168.1		-88.6		-150.9	
Research and development expenses	-31.3		-17.5		-29.7	
Administration expenses	-136.6		-73.2		-118.9	
Other operating expenses	-19.4		-10.1		-16.1	
Operating income	239.5	9.2	124.6	8.8	194.8	8.3
Share of associated companies' net income	0.9		6.3		6.6	
Financing income	3.6		4.6		6.9	
Financing expenses	-12.0		-10.0		-17.3	
Income before taxes	232.0	8.9	125.5	8.8	191.0	8.1
Taxes	-65.9		-38.1		-54.4	
Net income for the period	166.1	6.4	87.4	6.2	136.6	5.8
Net income for the period attributable to:						
Equity holders of the Company	163.9		85.9		134.5	
Minority interest	2.2		1.5		2.1	
Total	166.1		87.4		136.6	
Earnings per share for profit attributable to the equity holders of the Company:						
Basic earnings per share, EUR	2.57		1.35		2.11	
Diluted earnings per share, EUR	2.56		1.34		2.10	
Adjusted basic earnings per share, EUR	2.37*		1.18**		1.90***	

*) Excluding gain on the sale of property after taxes

**) Excluding gain on the sale of Consolis and impact of the final accounting of MacGREGOR acquisition after taxes

***) Excluding gain on the sale of Consolis after taxes

Consolidated Balance Sheet

MEUR	31.12.2006	31.12.2005
ASSETS		
Non-current assets		
Goodwill	513.3	440.7
Other intangible assets	67.2	46.4
Property, plant and equipment	217.6	196.3
Investments in associated companies	2.4	1.6
Available-for-sale investments	1.6	1.1
Loans receivable and other interest-bearing assets 1)	0.1	0.9
Deferred tax assets	50.7	50.7
Other non-interest-bearing assets	7.9	4.1
Total non-current assets	860.8	741.8
Current assets		
Inventories	528.9	464.4
Loans receivable and other interest-bearing assets 1)	0.3	0.3
Income tax receivables	7.0	8.2
Accounts receivable and other non-interest-bearing assets	466.7	451.3
Cash and cash equivalents 1)	124.3	114.5
Total current assets	1,127.2	1,038.7
Total assets	1,988.0	1,780.5

1) Included in interest-bearing net debt

MEUR	31.12.2006	31.12.2005
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the Company		
Share capital	64.0	63.9
Share premium account	96.0	95.1
Treasury shares	-23.9	-5.0
Translation differences	-12.0	4.9
Fair value reserves	10.5	-10.3
Retained earnings	734.2	611.4
Total shareholders' equity	868.8	760.0
Minority interest	8.0	7.2
Total equity	876.8	767.2
Non-current liabilities		
Loans 1)	195.0	197.1
Deferred tax liabilities	30.5	18.5
Pension obligations	36.2	35.1
Provisions	30.3	18.2
Other non-interest-bearing liabilities	19.0	18.1
Total non-current liabilities	311.0	287.0
Current liabilities		
Current portion of long-term loans 1)	4.8	21.8
Other interest-bearing liabilities 1)	32.4	17.3
Provisions	42.6	45.9
Income tax payables	39.5	18.4
Accounts payable and other non-interest-bearing liabilties	680.9	622.9
Total current liabilities	800.2	726.3
Total equity and liabilities	1,988.0	1,780.5

1) Included in interest-bearing net debt

Consolidated Statement of Changes in Equity

MEUR	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserves	Retained earnings	Total	Minority interest	Total equity
	Attributable to the equity holders of the Company								
Equity on 1.6.2005	63.8	93.8	-	-	-12.8	525.7	670.5	6.2	676.7
IFRS 3: Impact of the final accounting of acquisitions						-1.1	-1.1		-1.1
Equity on 1.6.2005, adjusted	63.8	93.8	-	-	-12.8	524.6	669.4	6.2	675.6
Cash flow hedges					2.5		2.5		2.5
Translation differences				4.9			4.9	0.4	5.3
Share-based incentives, value of received services						0.9	0.9		0.9
Net income recognized directly in equity	-	-	-	4.9	2.5	0.9	8.3	0.4	8.7
Net income for the period						85.9	85.9	1.5	87.4
Total recognized income and expenses for the period	-	-	-	4.9	2.5	86.8	94.2	1.9	96.1
Shares subscribed with options	0.1	1.3					1.4		1.4
Acquisition of treasury shares			-5.0				-5.0		-5.0
Other changes							-	-0.9	-0.9
Equity on 31.12.2005	63.9	95.1	-5.0	4.9	-10.3	611.4	760.0	7.2	767.2
Gain/loss on cash flow hedges booked to equity					32.1		32.1	0.0	32.1
Gain/loss on cash flow hedges transferred to IS					-11.3		-11.3		-11.3
Translation differences				-16.9			-16.9	-0.8	-17.7
Share-based incentives, value of received services						0.1	0.1		0.1
Net income recognized directly in equity	-	-	-	-16.9	20.8	0.1	4.0	-0.8	3.2
Net income for the period						163.9	163.9	2.2	166.1
Total recognized income and expenses for the period	-	-	-	-16.9	20.8	164.0	167.9	1.4	169.3
Dividends paid						-41.3	-41.3		-41.3
Shares subscribed with options	0.1	0.9					1.1		1.1
Acquisition of treasury shares			-18.9				-18.9		-18.9
Other changes							-	-0.6	-0.6
Equity on 31.12.2006	64.0	96.0	-23.9	-12.0	10.5	734.2	868.8	8.0	876.8

Consolidated Cash Flow Statement

MEUR	1-12/2006	6-12/2005
Net income for the period	166.1	87.4
Depreciation	40.5	23.6
Gain on disposals	-17.8	-15.4
Financing items and taxes	74.3	15.4
Change in receivables	18.0	7.3
Change in payables	18.2	90.5
Change in inventories	-48.9	-32.9
Other adjustments	-0.6	-2.2
Cash flow from operations	249.8	173.7
Interest received	5.4	2.9
Interest paid	-11.5	-6.4
Dividends received	0.0	0.0
Other financial items	-1.7	0.2
Income taxes paid	-43.3	-12.1
Cash flow from operating activities	198.7	158.3
Capital expenditure	-69.3	-37.1
Proceeds from sales of fixed assets	41.7	7.9
Acquisitions, net of cash	-89.1	-8.8
Proceeds from divested operations, net of cash	0.0	0.5
Proceeds from sales of shares in associated companies	-	81.7
Net change in loans receivable	0.9	0.7
Cash flow from investing activities	-115.8	44.9
Cash flow after investing activities	82.9	203.2
Change in current creditors, net	8.3	-239.9
Proceeds from long-term borrowings	0.1	114.7
Repayments of long-term borrowings	-25.9	-18.6
Acquisition of treasury shares	-18.9	-5.0
Proceeds from share subscriptions	1.1	1.4
Dividends paid	-41.3	-0.2
Cash flow from financing activities	-76.6	-147.6
Change in cash	6.3	55.6
Cash and cash equivalents at the beginning of period	111.2	55.5
Translation difference	-3.0	0.1
Cash and cash equivalents at the end of period	114.5	111.2

Condenced Consolidated Cash Flow Statement

MEUR	1-12/2006	6-12/2005	Pro forma 1-12/2005
Net income for the period	166.1	87.4	136.6
Gain on disposals	-17.8	-15.4	-15.4
Depreciation	40.5	23.6	37.9
Other adjustments	73.7	37.2	58.2
Change in working capital	-12.7	40.9	-23.2
Cash flow from operations	249.8	173.7	194.1
Cash flow from financial items and taxes	-51.1	-15.4	-38.7
Cash flow from operating activities	198.7	158.3	155.4
Proceeds from disposals	-	81.7	81.7
The gain on the sale of property	31.3	-	-
Cash flow from other investing activities	-147.1	-36.8	-72.4
Cash flow from investing activities	-115.8	44.9	9.3
Acquisition of treasury shares	-18.9	-5.0	-5.0
Proceeds from share subscriptions	1.1	1.4	1.4
Dividends paid	-41.3	-0.2	-0.2
Net change in loans, pro forma	-	-	-96.0
Proceed from long-term borrowing	0.1	114.7	-
Repayments of long-term borrowings	-25.9	-18.6	-
Change in current creditors, net	8.3	-239.9	-
Cash flow from financing activities	-76.6	-147.6	-99.8
Change in cash	6.3	55.6	64.9
Cash and cash equivalents at the beginning of period	111.2	55.5	46.3
Translation difference	-3.0	0.1	0.0
Cash and cash equivalents at the end of period	114.5	111.2	111.2

Key Figures

		1-12/2006	6-12/2005	Pro forma 1-12/2005
Equity/share	EUR	13.72	11.93	11.93
Interest-bearing net debt	MEUR	107.5	120.5	120.5
Total equity/total assets	%	47.6	46.2	46.2
Gearing	%	12.3	15.7	15.7
Return on equity	%	20.2	20.8	19.2
Return on capital employed	%	23.1	21.9	20.9

Segment Reporting

Sales by geographical segment, MEUR	1-12/2006	6-12/2005	Pro forma 1-12/2005
EMEA	1,368.0	789.5	1,334.8
Americas	719.9	403.9	619.7
Asia Pacific	509.2	225.2	403.4
Total	2,597.1	1,418.6	2,357.9

Sales by geographical segment, %	1-12/2006	6-12/2005	Pro forma 1-12/2005
EMEA	52.7 %	55.7 %	56.6 %
Americas	27.7 %	28.5 %	26.3 %
Asia Pacific	19.6 %	15.9 %	17.1 %
Total	100.0 %	100.0 %	100.0 %

Sales, MEUR	1-12/2006	6-12/2005	Pro forma 1-12/2005
Hiab	913.8	504.6	844.4
Kalmar	1,203.3	695.0	1,146.9
MacGREGOR	481.7	220.4	368.7
Internal sales	-1.7	-1.4	-2.1
Total	2,597.1	1,418.6	2,357.9

Operating income, MEUR	1-12/2006	6-12/2005	Pro forma 1-12/2005
Hiab	86.0	40.0	66.6
Kalmar	111.7	62.1	97.6
MacGREGOR	35.9	18.5	27.5
Corporate administration and other	-11.9	-7.5	-12.3
Operating income from operations	221.7	113.1	179.4
Gain on the sale of Consolis	-	15.4	15.4
Gain on the sale of property	17.8	-	-
MacGREGOR acquisition adjustment *	-	-3.9	-
Total	239.5	124.6	194.8

*) Impact of the final accounting

Operating income, %	1-12/2006	6-12/2005	Pro forma 1-12/2005
Hiab	9.4 %	7.9 %	7.9 %
Kalmar	9.3 %	8.9 %	8.5 %
MacGREGOR	7.5 %	8.4 %	7.5 %
Cargotec, operating income from operations	8.5 %	8.0 %	7.6 %
Cargotec	9.2 %	8.8 %	8.3 %

Orders received, MEUR	1-12/2006	6-12/2005	Pro forma 1-12/2005
Hiab	946.2	476.2	830.6
Kalmar	1,282.3	627.7	1,103.4
MacGREGOR	683.7	263.2	452.9
Internal orders received	-1.9	-1.2	-2.0
Total	2,910.3	1,365.9	2,384.9

Order book, MEUR	31.12.2006	31.12.2005
Hiab	215.4	196.7
Kalmar	592.7	519.5
MacGREGOR	812.6	540.9
Internal order book	-0.2	-0.2
Total	1,620.5	1,256.9

Capital expenditure, MEUR	1-12/2006	6-12/2005	Pro forma 1-12/2005
In fixed assets (excluding acquisitions)	46.1	17.8	27.4
In leasing agreements	0.5	0.3	0.8
In customer financing	22.2	21.3	28.4
Total	68.8	39.4	56.6

Expenditure for R&D	1-12/2006	6-12/2005	Pro forma 1-12/2005
Expenditure for R&D, MEUR	31.3	17.5	29.7
Expenditure for R&D, as percentage of sales	1.2	1.2	1.3

Number of employees at the end of period	31.12.2006	31.12.2005
Hiab	3,647	3,417
Kalmar	3,705	3,210
MacGREGOR	1,117	899
Corporate administration	47	45
Total	8,516	7,571

Average number of employees	1-12/2006	6-12/2005	Pro forma 1-12/2005
Hiab	3,571	3,418	3,426
Kalmar	3,415	3,092	3,021
MacGREGOR	994	891	899
Corporate administration	46	45	42
Total	8,026	7,446	7,388

Commitments

MEUR	31.12.2006	31.12.2005
Guarantees	0.5	1.2
Customer finance	15.2	17.7
Operating leases	38.1	29.5
Other contingent liabilities	3.9	4.1
Total	57.7	52.5

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

The future minimum lease payments under non-cancellable operating leases

MEUR	31.12.2006	31.12.2005
Less than 1 year	11.9	9.4
1-5 years	22.2	19.0
Over 5 years	4.0	1.1
Total	38.1	29.5

The aggregate operating lease expenses totaled EUR 11.1 (1.6.-31.12.2005: 6.0) million.

Customer finance commitments

MEUR	31.12.2006	31.12.2005
Dealer financing	8.5	9.9
End customer financing	6.7	7.8
Total	15.2	17.7

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

Fair values of derivative financial instruments

MEUR	Positive fair value 31.12.2006	Negative fair value 31.12.2006	Net fair value 31.12.2006	Net fair value 31.12.2005
FX forward contracts, cash flow hedges	27.1	8.5	18.6	-14.4
FX forward contracts, non-hedge accounted	0.2	9.3	-9.1	-0.2
Interest rate swaps, non-hedge accounted	-	0.0	0.0	-0.7
Cross currency and interest rate swaps, cash flow hedges	0.3	1.0	-0.7	-
Total	27.6	18.8	8.8	-15.3
Non-current portion:				
FX forward contracts, cash flow hedges	4.8	2.1	2.7	-3.5
Cross currency and interest rate swaps, cash flow hedges	0.3	1.0	-0.7	-
Non-current portion	5.1	3.1	2.0	-3.5
Current portion	22.5	15.7	6.8	-11.8

Nominal values of derivative financial instruments

MEUR	31.12.2006	31.12.2005
FX forward contracts	1,752.7	1,349.5
Interest rate swaps	10.0	45.0
Cross currency and interest rate swaps	225.7	-
Total	1,988.4	1,394.5

Accounting principles:

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

Cargotec has applied the following new and amended standards and interpretations as of January 1, 2006:

- IAS 19 (amendment), Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosure
- IAS 21 (amendment), The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
- IAS 39 (amendment), Financial Instruments: Recognition and Measurement - Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IFRIC 4, Determining whether an arrangement contains a lease

Cargotec has not applied the following renewed standards and interpretations, as they are of no relevance to the Group operations.

- IAS 39 (amendment), Fair Value Measurement Option
- IFRS 1 (amendment), First-time Adoption of IFRS
- IFRS 4 (amendment), Financial Guarantee Contracts
- IFRS 6 (amendment), Exploration for and Evaluation of Mineral Resources
- IFRIC 5, Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies
- IFRIC 8, Scope of IFRS 2
- IFRIC 9, Reassessment of Embedded Derivatives

The implementation of the renewed standards has not required changes to the comparison figures.

Reclassification in the balance sheet:

Division of derivative assets and liabilities into current and non-current has been taken into use in 2006. Derivative instruments, for which hedge accounting is applied, and for which the underlying cash flow matures after twelve months, are included in non-current assets and liabilities, other derivative instruments are included in current assets and liabilities. In previous financial statements all derivatives have been included in current assets and liabilities. The comparative figures have been restated accordingly.

Pro forma accounting principles:

Cargotec was listed on June 1, 2005 and the Company's first financial period was June 1–December 31, 2005. The annual report presents pro forma comparison figures for those periods for which official comparative figures are not available. Pro forma figures present Cargotec's financial information based on its business and corporate structure at the time of the listing to facilitate the financial evaluation of the Company. Hence, MacGREGOR's marine cargo flow business acquired in spring 2005 is included in the pro forma figures of all comparison periods as if the acquisition would have happened before the periods presented. Pro forma information is based on IFRS and the accounting principles of Cargotec's official consolidated financial statements have been applied when suitable. The figures are unaudited. The final accounting impact of the MacGREGOR acquisition according to IFRS 3 is included in the official result as of June 1, 2005. In the 2005 pro forma figures the impact has been recognized as an adjustment to equity. The pro forma accounting principles prior to the listing are presented in Cargotec's listing particulars.

Quarterly Figures

Cargotec		Q4/2006	Q3/2006	Q2/2006	Q1/2006	Q4/2005
Orders received	MEUR	716.4	603.2	785.6	805.1	590.6
Order book	MEUR	1,620.5	1,594.1	1,544.2	1,439.1	1,256.9
Sales	MEUR	697.2	624.8	661.2	613.9	621.6
Operating income	MEUR	57.7	52.1***	61.0	50.9	52.7**
Operating income	%	8.3	8.3***	9.2	8.3	8.5**
Basic earnings/share	EUR	0.61	0.60 ***	0.64	0.52	0.56**

Hiab		Q4/2006	Q3/2006	Q2/2006	Q1/2006	Q4/2005
Orders received	MEUR	240.7	207.3	232.1	266.1	234.6
Order book	MEUR	215.4	215.4	216.3	226.3	196.7
Sales	MEUR	238.9	208.2	237.1	229.6	231.0
Operating income	MEUR	22.7	17.4	23.4	22.5	20.1
Operating income	%	9.5	8.4	9.9	9.8	8.7

Kalmar		Q4/2006	Q3/2006	Q2/2006	Q1/2006	Q4/2005
Orders received	MEUR	327.1	257.8	346.0	351.4	230.1
Order book	MEUR	592.7	580.9	614.9	586.7	519.5
Sales	MEUR	320.5	290.0	309.1	283.7	288.2
Operating income	MEUR	28.2	27.5	31.0	25.0	27.0
Operating income	%	8.8	9.5	10.0	8.8	9.4

MacGREGOR		Q4/2006	Q3/2006	Q2/2006	Q1/2006	Q4/2005
Orders received	MEUR	148.9	138.8	207.9	188.1	126.3
Order book	MEUR	812.6	798.2	713.2	626.3	540.9
Sales	MEUR	138.2	127.0	115.5	101.0	103.1
Operating income	MEUR	9.7	9.9	10.2	6.1	8.5*
Operating income	%	7.0	7.8	8.8	6.0	8.2*

* Excluding the impact of the final accounting of MacGREGOR acquisition
** Excluding gain on the sale of Consolis and the impact of the final accounting of MacGREGOR acquisition
*** Excluding gain on the sale of property

Information of quarter Q4/2005 differs from the pro forma information for the quarter as different currency rates have been used due to different accounting periods. Hence, the above presented quarterly figures for 2005 added together differ from full year 2005 pro forma figures.