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Cargotec's Interim Report

January–June 2006

Cargotec

Cargotec's Interim Report for January–June 2006

- Orders received during the first half of the year totaled EUR 1,591 (1–6/2005: 1,216) million. During the second quarter, orders received were EUR 786 (4–6/2005: 571) million.
- The order book on June 30, 2006 totaled EUR 1,544 (December 31, 2005: 1,257) million.
- Net sales amounted to EUR 1,275 (1–6/2005: 1,162) million with EUR 661 (4–6/2005: 612) million attributable to the second quarter.
- Operating income was EUR 111.7 (1–6/2005: 84.9) million with EUR 60.7 (4–6/2005: 48.2) million attributable to the second quarter.
- Cash flow from operating activities before financial items and taxes totaled EUR 113.0 (1–6/2005: 15.6) million.
- Net income for the reporting period amounted to EUR 74.6 (1–6/2005: 55.6) million.
- Earnings per share were EUR 1.16 (1–6/2005: 0.86).
- Cargotec's market situation is expected to continue good. Following a record first half of the year the order intake during the second half of 2006 is expected to be at last year's healthy level. Due to the strong order book at the end of June Cargotec's net sales for year 2006 are estimated to exceed EUR 2.6 billion. The operating income margin from operations is estimated to exceed 8 percent.

The comparison figures presented in this Interim Report for January–June 2005 are pro forma figures.

Markets

Load handling equipment markets were brisk in Europe and North America. The demand for new trucks remained strong in both markets, resulting both from the favorable economic development and from customers preparing for increases in truck prices caused by the introduction of new equipment regulations and tighter emission standards during the year. In Asia, load handling equipment markets were stable. The demand for service business remained strong on all markets.

Demand for container handling equipment was high in all geographical regions during the first half of the year. Markets for reachstackers, rubber-tired gantry (RTG) cranes and empty container handling equipment were strong. The utilization rate of container handling equipment in ports is high, increasing demand for both maintenance and spare parts. Heavy industrial handling equipment markets were stable. Customers have continued to outsource their maintenance activities, thus increasing demand for services.

Markets for marine cargo flow solutions remained buoyant during the second quarter and were fueled by shipbuilders' order backlogs that continue to be at a high level. Hatch cover, ship crane and cargo securing equipment markets for container ships continued to be lively. Demand for ship cranes for bulk carriers, general cargo and tankers increased during the reporting period as well. Demand for RoRo equipment was strong in both Europe and Asia where order activity for RoRo equipment for PCTCs (pure car and truck carriers) was strong. The service market also remained brisk.

Orders Received

Orders received by Cargotec increased markedly during the first half of the year from the previous year, and totaled EUR 1,591 (1–6/2005: 1,216) million. The value of orders secured during the second quarter was EUR 786 (4–6/2005: 571) million.

Orders received, MEUR	1-6/2006	Pro forma 1-6/2005	Pro forma 1-12/2005	Financial Period 6-12/2005
Hiab	498.2	416.2	830.6	476.2
Kalmar	697.4	580.7	1,103.4	627.7
MacGREGOR	396.0	219.6	452.9	263.2
Internal orders received	-0.9	-1.0	-2.0	-1.2
Total	1,590.7	1,215.5	2,384.9	1,365.9

Hiab

Hiab's orders accounted for EUR 498 (1–6/2005: 416) million of the total orders received in January-June while its share of the orders received in April-June was EUR 232 (4–6/2005: 196) million.

Demand for Hiab's load handling equipment continued to grow in the second quarter compared to 2005. Growth was especially strong in loader cranes, demountables and tail lifts. All of these attracted a high number of orders whereas demand for forestry cranes leveled off.

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

Kalmar

Kalmar's orders accounted for EUR 697 (1–6/2005: 581) million of the total orders received in January–June while its share of the orders received in April–June was EUR 346 (4–6/2005: 271) million.

During the second quarter, Kalmar received an order for six reachstackers with an option for an additional 14 units from Hind Terminals Pvt in Mumbai, India. The contract includes a five-year service agreement covering the maintenance and supply of spare parts at four different Hind facilities across India. Since establishing its own subsidiary in the end of 2005, Kalmar has been focusing on the Indian market.

In May, 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 and end in the autumn of 2007. These are the first ever RTGs that SAPO has ordered from Kalmar. In January, Kalmar secured a contract with SAPO for 25 straddle carriers for the port of Durban. These deliveries will start in the late summer of 2006.

Kalmar received several terminal tractor orders from the United States and China during the second quarter and celebrated its 40,000th terminal tractor roll-out in its U.S. production unit in Ottawa, Kansas.

In March, Kalmar received an order for 24 straddle carriers from the Port Authority of Jamaica (PAJ). The order for the Kingston container port also includes six empty container handlers. The deliveries commenced in the spring and will continue until July 2006.

In January, Kalmar signed an agreement with HHLA for the supply of an automatic stacking crane system (ASC) and the related technology for the Port of Hamburg where HHLA will automate the container yard of its Burchardkai terminal by 2015. In the first phase of the project, 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 396 (1–6/2005: 220) million of the total orders received in January-June while its share of the orders received in April-June was EUR 208 (4–6/2005: 105) million.

In June, MacGREGOR received RoRo equipment orders for 10 vessels. This equipment will be delivered in 2006–2008, the total value of the orders being approximately EUR 17 million. The RoRo access equipment will be delivered for four of the world's largest Pure Car and Truck Carriers (PCTCs) that can carry 8,000 vehicles each. The vessels are under construction at the Daewoo Shipbuilding and Marine Engineering (DSME) shipyard in Korea. RoRo equipment will also be delivered for three smaller PCTCs that will be built at the Croatian shipyard, 3 Maj, and for three coastal RoRo ships that will be modernized.

In May, MacGREGOR received significant RoRo equipment orders for 53 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 the deliveries is approximately EUR 65 million.

In April, the Korean shipyard Hyundai Mipo ordered hatch covers for 17 container ships that are under construction for several ship owners. The ships will be delivered in 2008–2009. The hatch covers will be manufactured at MacGREGOR's Chinese partner plants. The value of the order is approximately EUR 19 million. The current order is a continuation of the hatch cover order received from the same shipyard group in March for 34 container ships, the value of which exceeds EUR 33 million.

Furthermore, MacGREGOR received major hatch cover orders from several shipyards during the second quarter. The hatch covers will be delivered during 2007–2009 and the value of the orders totals approximately EUR 26 million. The orders include hatch cover design and delivery for nine ships that will be built at the Aker shipyards in Germany, six ships that will be built at the CSBC shipyard in Taiwan and nine to be built at the Szczecin shipyard in Poland.

In the second quarter, various ship yards in Poland and China ordered a total of 57 ship cranes that will be delivered during 2007–2009. In the first quarter of 2006, MacGREGOR received ship crane orders from Poland, Venezuela, China, Korea and Singapore, the total value of these exceeding EUR 15 million. The cranes will be delivered in 2006–2008.

Order Book

Cargotec's order book totaled EUR 1,544 (December 31, 2005: 1,257) million at the end of June 2006, Hiab accounting for EUR 216 (197) million, Kalmar for EUR 615 (520) million and MacGREGOR for EUR 713 (541) million. The order book has increased considerably during the first half of 2006. A considerable part of MacGREGOR's order book will be delivered in 2007-2009.

Order book, MEUR	30.6.2006	30.6.2005	31.12.2005
Hiab	216.3	219.1	196.7
Kalmar	614.9	583.1	519.5
MacGREGOR	713.2	484.5	540.9
Internal order book	-0.2	-0.2	-0.2
Total	1,544.2	1,286.5	1,256.9

Net Sales

Cargotec's net sales for January-June 2006 grew by 10 percent year on year, and totaled EUR 1,275 (1–6/2005: 1,162) million. Service business grew by 15 percent. During the second quarter, net sales were EUR 661 (4–6/2005: 612) million.

Hiab's net sales in the second quarter amounted to EUR 237 (4–6/2005: 221) million, Kalmar's net sales were EUR 309 (304) million and MacGREGOR's net sales EUR 116 (88) million.

Sales, MEUR	1-6/2006	Pro forma 1-6/2005	Pro forma 1-12/2005	Financial Period 6-12/2005
Hiab	466.7	418.5	844.4	504.6
Kalmar	592.8	568.6	1,146.9	695.0
MacGREGOR	216.5	176.0	368.7	220.4
Internal sales	-0.9	-1.0	-2.1	-1.4
Total	1,275.1	1,162.1	2,357.9	1,418.6

Cargotec's service revenue for January–June 2006 was EUR 274 (1–6/2005: 239) million, representing 21 (21) percent of net sales. Hiab's service business represented 14 (13) percent of net sales, Kalmar's 25 (22) percent and MacGREGOR's 27 (33) percent.

Financial Result

Cargotec's operating income for January-June improved markedly year on year, to EUR 111.7 (1–6/2005: 84.9) million, representing 8.8 (7.3) percent of net sales. Operating income for the second quarter was EUR 60.7 (4–6/2005: 48.2) million, equal to 9.2 (7.9) percent of net sales. The positive profitability development during the second quarter was influenced by the delivered product mix. Hiab accounted for EUR 23.4 (18.2) million of second quarter operating income, Kalmar for EUR 30.7 (24.7) million and MacGREGOR for EUR 10.3 (7.7) million.

Net income for the first half of the year was EUR 74.6 (1–6/2005: 55.6) million and earnings per share were EUR 1.16 (0.86).

Balance Sheet, Financing and Cash Flow

At the end of June, Cargotec's net working capital amounted to EUR 219 (December 31, 2005: 206) million. Tangible assets on the balance sheet were EUR 191 (196) million and intangible assets EUR 517 (487) million.

Cash flow from operating activities before financial items and taxes for January–June 2006 totaled EUR 113.0 (1–6/2005: 15.6) million and that for April–June EUR 72.4 (4–6/2005: -0.5) million. Cash flow was strong and developed more stably during the quarters than in the previous year.

Net debt on June 30, 2006 was EUR 129 (December 31, 2005: 121) million. Total equity/total assets ratio was 47.5 (46.2) percent while gearing was 16.0 (15.7) percent.

Cargotec had EUR 432 million committed credit facilities on June 30, 2006. The facilities were unused.

New Products and Product Development

During the reporting period, Cargotec's research and product development expenditure was EUR 15.1 (1–6/2005: 14.8) million, representing 1.2 (1.3) percent of net sales.

During the second quarter Hiab entered into a license-based cooperation arrangement covering know-how and an agreement giving the right to manufacture and sell the new truck-mounted forklift with Combilift of Ireland. The agreement will strengthen Hiab's offering and know-how in truck-mounted forklifts.

Hiab launched several new products during the second quarter. A new HIAB XS 477 crane in the 40–44 tonmeter class, was introduced to complement the XS loader crane range. Hiab also supplemented its MULTILIFT demountable systems range by launching three new solutions; a new LHS 321 hooklift with a capacity of 24 tons, an integrated weighing system and a radio-controlled cover system. The forestry crane family was complemented with the LOGLIFT 281 crane, further strengthening Loglift Jonsered's position in the supply of forestry cranes for tree-length harvesting.

Kalmar has 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.

Kalmar launched in June a heavy forklift model for the European and Asian markets. The model was introduced in the North American market during fall 2005.

MacGREGOR sold the first electronically-driven side rolling hatch covers to the Japanese shipyard, Universal, in the second quarter. MacGREGOR secured the first order for the new generation of electric driven cranes to be installed in the beginning of 2007. It also continued its efforts to develop the next generation of control system for ship cranes. Furthermore, MacGREGOR's Service division continued to develop remote diagnostics packages for RoRo and dry cargo equipment.

Capital Expenditure

Cargotec's capital expenditure for January–June 2006, excluding acquisitions and customer financing, totaled EUR 25.1 (1–6/2005: 12.0) million. Customer financing investments were EUR 9.4 (15.5) million.

During the second quarter, Hiab took new loader crane installation facilities into use in Ohio, the United States, to better meet the growing demand. A new unit based in St. Louis started to deliver refurbished truck-mounted forklifts. Furthermore, the truck-mounted forklift unit in Ohio, the United States, moved to larger rented premises.

Hiab is currently investing in a new paintshop for demountables in Raisio, Finland, which will be commissioned in the third quarter. Rearrangements have been initiated in the forestry crane assembly unit in Salo, Finland, with the purpose of increasing the flexibility of assembly operations. The loader crane assembly unit in Zaragoza, Spain, invested in new laser cutting equipment.

Kalmar has invested in a new IT-system supporting its sales and service business. The system has been adopted in Finland and Sweden while its launch has also been initiated in Belgium and the Netherlands. The new system combines information on service history, work orders, spare part orders, and invoicing as well as enables access by all employees.

In May, MacGREGOR sold an office building and work shop in Örnsköldsvik, Sweden. Ownership of the property will transfer to the new owner in July 2006 and MacGREGOR's crane business will move to new rented premises in Örnsköldsvik in April 2007.

Strategic Acquisitions

In June, MacGREGOR signed an agreement to acquire BMH Marine AB, a Swedish company specializing in dry bulk handling equipment on ships and at port terminals. The debt-free acquisition price is approximately EUR 32 million. The transaction is subject to competition authority approval. BMH Marine's key market area is Asia, which represents almost half of sales while service represents over 30 percent of sales revenue. The company employs approximately 140 people, and its net sales for 2006 are estimated to rise to close to EUR 70 million.

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 has over 100 employees, and its net sales for 2006 are expected to rise to approximately EUR 25 million.

In January, Hiab signed an agreement to acquire the Dutch tail lift producer, AMA, which consists of a manufacturing company based in Poland and a sales company based in Holland. The acquisition was finalized in April. AMA employs approximately 55 people and its net sales for 2006 are estimated to rise to approximately EUR 5 million.

Personnel

On June 30, 2006, Cargotec had a total of 7,970 employees (June 30, 2005: 7,363), with Hiab accounting for 3,617 (3,443) persons, Kalmar for 3,378 (2,988) and MacGREGOR for 927 (887).

Of Cargotec's total employees, 18 percent were located in Finland, 26 percent in Sweden, and 26 percent in the rest of Europe. Personnel in Americas represented 15 percent, in Asia Pacific 14 percent, and in the rest of the world 1 percent of total employees.

Shares and Stock Options

On June 30, 2006, Cargotec's share capital totaled EUR 63,959,490. The share capital was increased during the reporting period through stock options. On January 1, 2006, the share capital was EUR 63,920,955. On June 30, 2006, the number of Cargotec's listed class B shares totaled 54,433,401 while that of its unlisted class A shares totaled 9,526,089. The remaining A and B stock options may be used to subscribe for a total of 449,520 class B shares, thereby increasing the share capital by EUR 449,520.

During January 1–June 30, 2006, the trading volume of Cargotec class B shares totaled approximately 28 million at a total value of approximately EUR 952 million. The closing price for class B shares on June 30, 2006 was EUR 34.25. The highest price during the reporting period was EUR 43.50 and the lowest EUR 28.84. On June 30, 2006, the market value of the company's listed class B shares totaled EUR 1,864 million. The market value of the share capital, in which the unlisted class A shares were valued at the closing price of the class B shares, was EUR 2,184 million, excluding the class B shares held by the company.

Changes in Cargotec's Executive Committee

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 started at 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 June, Olli Isotalo, M.Sc. (Eng.), was appointed President of MacGREGOR, starting from September 15, 2006 when the current President Hans Pettersson will transfer to another company. Olli Isotalo previously served as President of Bromma, the spreader business belonging to Cargotec's Kalmar business area.

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

Decisions Taken at the Annual General Meeting

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 of EUR 0.64 for each of the 9,526,089 class A shares and EUR 0.65 for the 54,191,166 outstanding class B shares.

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.

Authorizations Granted by the Annual General Meeting

The Annual General Meeting 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 will remain in effect for a period of one year from the date of decision of the Annual General Meeting.

In addition, the Annual General Meeting authorized the 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 will remain in effect for a period of one year from the date of the decision of the Annual General Meeting.

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, will continue 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.

Share Repurchases

Cargotec's Board of Directors decided to exercise the authorization of the Annual General Meeting to repurchase the Company's own shares. The maximum amount of repurchased own shares will be less than 10 percent of the Company's share capital and total voting rights.

Class B shares will be purchased through public trading in the Helsinki Stock Exchange. Class A shares will be purchased outside the Stock Exchange at the price equivalent to the average price of class B shares paid in the Helsinki Stock Exchange at the time of purchase.

During the reporting period, Cargotec bought back 1,025 class B shares at an average price of EUR 28.93. On June 30, 2006, the company held 204,725 class B shares representing 0.4 percent of the total number of class B shares and total votes. The shares held by the company represent 0.3 percent of the total votes of all shares.

Events after the Reporting Period

In July, Kalmar sold part of its land area and related property at its site in Tampere, Finland. The sales price that exceeds EUR 25 million will result in a capital gain of approximately EUR 15 million, which Cargotec will record in its operating income for the third quarter 2006.

In July, Kalmar signed a five-year service contract for 29 rubber-tired gantry cranes (RTGs) with Gateway Terminals India Pvt Ltd (GTI). The service contract covers maintenance, engineering support, daily inspections and parts supply as well as more than 100 maintenance specialists and operators.

Outlook

Cargotec's market situation is expected to continue good. Following a record first half of the year the order intake during the second half of 2006 is expected to be at last year's healthy level. Due to the strong order book at the end of June Cargotec's net sales for year 2006 are estimated to exceed EUR 2.6 billion. The operating income margin from operations is estimated to exceed 8 percent.

Helsinki, July 19, 2006
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Cargotec's Interim Report January–June 2006

Condensed Consolidated Income Statement

MEUR	4-6/2006	Pro forma 4-6/2005	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Sales	661.2	611.7	1,275.1	1,162.1	1,418.6
Gain on the sale of Consolis	-	-	-	-	15.4
MacGREGOR acquisition adjustment	-	-	-	-	-3.9
Costs and expenses	-591.2	-554.3	-1,144.3	-1,058.6	-1,281.9
Depreciation	-9.3	-9.2	-19.1	-18.6	-23.6
Operating income	60.7	48.2	111.7	84.9	124.6
Operating income, %	9.2 %	7.9 %	8.8 %	7.3 %	8.8 %
Share of associated companies' income	0.1	2.5	0.5	1.1	6.3
Financing income and expenses	-2.6	-3.4	-5.5	-6.5	-5.4
Income before taxes	58.2	47.3	106.7	79.5	125.5
Income before taxes, %	8.8 %	7.7 %	8.4 %	6.8 %	8.8 %
Taxes	-17.6	-13.3	-32.1	-23.9	-38.1
Net income for the period	40.6	34.0	74.6	55.6	87.4
Net income for the period, %	6.1 %	5.6 %	5.9 %	4.8 %	6.2 %
Attributable to:					
Shareholders of the parent company	40.4	33.4	73.9	54.8	85.9
Minority interest	0.2	0.6	0.7	0.8	1.5
Total	40.6	34.0	74.6	55.6	87.4
Earnings per share for profit attributable to the shareholders of the parent company:					
Basic earnings per share, EUR	0.63	0.52	1.16	0.86	1.35
Diluted earnings per share, EUR	0.63	0.52	1.15	0.85	1.34
Adjusted basic earnings per share, EUR	-	-	-	-	1.18*

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

Condensed Consolidated Balance Sheet

ASSETS MEUR	30.6.2006	30.6.2005	31.12.2005
Non-current assets			
Intangible assets	517.2	478.3	487.1
Tangible assets	191.0	192.0	196.3
Loans receivable and other interest-bearing assets (1	0.4	1.0	0.9
Investments	3.1	63.3	2.7
Assets held for sale	9.1	-	-
Non-interest-bearing assets	51.7	54.2	52.3
Total non-current assets	772.5	788.8	739.3
Current assets			
Inventories	513.2	430.3	464.4
Loans receivable and other interest-bearing assets (1	0.2	1.4	0.3
Accounts receivable and other non-interest-bearing assets	444.9	496.8	462.0
Cash and cash equivalents (1	101.3	62.3	114.5
Total current assets	1,059.6	990.8	1,041.2
Total assets	1,832.1	1,779.6	1,780.5

EQUITY AND LIABILITIES MEUR	30.6.2006	30.6.2005	31.12.2005
Equity			
Shareholders' equity	802.0	678.5	760.0
Minority interest	6.8	6.4	7.2
Total equity	808.8	684.9	767.2
Non-current liabilities			
Loans (1	192.2	214.5	197.1
Deferred tax liabilities	20.0	20.6	18.5
Provisions	17.1	10.9	18.2
Pension benefit and other non-interest-bearing liabilities	51.1	42.9	47.2
Total non-current liabilities	280.4	288.9	281.0
Current liabilities			
Loans (1	39.1	174.8	39.1
Provisions	46.8	34.7	45.9
Accounts payable and other non-interest-bearing liabilities	657.0	596.3	647.3
Total current liabilities	742.9	805.8	732.3
Total equity and liabilities	1,832.1	1,779.6	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 reserve	Retained earnings	Attributable to the shareholders of the parent company	Minority interest	Total equity
Equity on 1.6.2005	63.8	93.8	-	-	-12.8	525.7	670.5	6.2	676.7
Adjustment to opening balance sheet									
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
Total net income recognised 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 recognised 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
Cash flow hedges					19.6		19.6	-0.1	19.5
Translation differences				-10.5			-10.5	-0.6	-11.1
Share-based incentives, value of received services						0.1	0.1		0.1
Total net income recognised directly in equity	-	-	-	-10.5	19.6	0.1	9.2	-0.7	8.5
Net income for the period						73.9	73.9	0.7	74.6
Total recognised income and expenses for the period	-	-	-	-10.5	19.6	73.9	83.0	0.0	83.0
Dividends paid						-41.3	-41.3		-41.3
Shares subscribed with options	0.0	0.3					0.3		0.3
Acquisition of treasury shares			0.0				0.0		0.0
Other changes							-	-0.4	-0.4
Equity on 30.6.2006	63.9	95.4	-5.0	-5.6	9.3	644.0	802.0	6.8	808.8

Condensed Consolidated Cash Flow Statement

MEUR	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Net income for the period	74.6	55.6	87.4
Gain on the sale of Consolis	-	-	-15.4
Depreciation	19.1	18.6	23.6
Other adjustments	37.1	29.3	37.2
Change in working capital	-17.8	-87.9	40.9
Cash flow from operations	113.0	15.6	173.7
Cash flow from financial items and taxes	-22.6	-18.6	-15.4
Cash flow from operating activities	90.4	-3.0	158.3
Sale of Consolis	-	-	81.7
Cash flow from investing activities, other items	-51.1	-30.5	-36.8
Cash flow from investing activities	-51.1	-30.5	44.9
Acquisition of treasury shares	0.0	-	-5.0
Proceeds from share subscriptions	0.3	-	1.4
Dividends paid	-41.3	-	-0.2
Net change in loans, pro forma	-	49.5	-
Proceeds from long-term borrowings	0.0	-	114.7
Repayments of long-term borrowings	-5.6	-	-18.6
Change in current creditors, net	-4.0	-	-236.6
Cash flow from financing activities	-50.6	49.5	-144.3
Change in cash	-11.3	16.0	58.9
Cash and cash equivalents at the beginning of period	114.5	46.3	55.5
Translation difference	-1.9	0.0	0.1
Cash and cash equivalents at the end of period	101.3	62.3	114.5

KEY FIGURES		1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Equity/share	EUR	12.58	10.64	11.93
Interest-bearing net debt	MEUR	129.4	324.6	120.5
Total equity/total assets	%	47.5	40.4	46.2
Gearing	%	16.0	47.4	15.7
Return on equity	%	18.9	16.6	20.8
Return on capital employed	%	20.9	17.0	21.9

Segment Reporting

Sales by geographical segment, MEUR	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
EMEA	684.1	672.7	789.5
Americas	364.6	267.8	403.9
Asia Pacific	226.4	221.6	225.2
Total	1,275.1	1,162.1	1,418.6

Sales by geographical segment, %	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
EMEA	53.7 %	57.9 %	55.7 %
Americas	28.6 %	23.0 %	28.5 %
Asia Pacific	17.8 %	19.1 %	15.9 %
Total	100.0 %	100.0 %	100.0 %

Sales, MEUR	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Hiab	466.7	418.5	504.6
Kalmar	592.8	568.6	695.0
MacGREGOR	216.5	176.0	220.4
Internal sales	-0.9	-1.0	-1.4
Total	1,275.1	1,162.1	1,418.6

Operating income, MEUR	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Hiab	45.9	32.4	40.0
Kalmar	55.7	45.4	62.1
MacGREGOR	16.5	12.2	18.5
Corporate administration and other	-6.4	-5.1	-7.5
Operating income before adjustments	111.7	84.9	113.1
Gain on the sale of Consolis	-	-	15.4
MacGREGOR acquisition adjustment *	-	-	-3.9
Total	111.7	84.9	124.6

* Impact of the final accounting

Operating income, %	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Hiab	9.8 %	7.7 %	7.9 %
Kalmar	9.4 %	8.0 %	8.9 %
MacGREGOR	7.6 %	6.9 %	8.4 %
Cargotec, operating income before adjustments	8.8 %	7.3 %	8.0 %
Cargotec	8.8 %	7.3 %	8.8 %

Orders received, MEUR	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Hiab	498.2	416.2	476.2
Kalmar	697.4	580.7	627.7
MacGREGOR	396.0	219.6	263.2
Internal orders received	-0.9	-1.0	-1.2
Total	1,590.7	1,215.5	1,365.9

Order book, MEUR	30.6.2006	30.6.2005	31.12.2005
Hiab	216.3	219.1	196.7
Kalmar	614.9	583.1	519.5
MacGREGOR	713.2	484.5	540.9
Internal order book	-0.2	-0.2	-0.2
Total	1,544.2	1,286.5	1,256.9

Capital expenditure, MEUR	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
In fixed assets (excluding acquisitions)	24.6	11.3	17.8
In leasing agreements	0.5	0.7	0.3
In customer financing	9.4	15.5	21.3
Total	34.5	27.5	39.4

Expenditure for R&D	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Expenditure for R&D, MEUR	15.1	14.8	17.5
Expenditure for R&D, as percentage of sales	1.2	1.3	1.2

Number of employees at the end of period	30.6.2006	30.6.2005	31.12.2005
Hiab	3,617	3,443	3,417
Kalmar	3,378	2,988	3,210
MacGREGOR	927	887	899
Corporate administration	48	45	45
Total	7,970	7,363	7,571

Average number of employees	1-6/2006	Pro forma 1-6/2005	Financial period 6-12/2005
Hiab	3,509	3,437	3,418
Kalmar	3,265	2,934	3,092
MacGREGOR	913	907	891
Corporate administration	45	40	45
Total	7,732	7,318	7,446

Notes

Commitments

MEUR	30.6.2006	30.6.2005	31.12.2005
Mortgages	-	5.3	-
Guarantees	0.1	4.7	1.2
Customer finance	18.3	16.5	17.7
Operating leases	32.0	28.3	29.5
Other contingent liabilities	4.0	4.6	4.1
Total	54.4	59.4	52.5

Fair values of derivative financial instruments

MEUR	30.6.2006	30.6.2005	31.12.2005
FX forward contracts			
Subsidiaries	10.8	-18.8	-14.4
Parent company	0.1	7.8	-0.2
Interest rate swaps			
Maturity under 1 year	-0.2	-0.4	-0.4
Maturity over 1 year	-	-1.1	-0.3
Total	10.7	-12.5	-15.3

Nominal values of derivative financial instruments

MEUR	30.6.2006	30.6.2005	31.12.2005
FX forward contracts			
Subsidiaries	1,389.0	650.2	970.1
Parent company	261.1	307.9	379.4
Interest rate swaps			
Maturity under 1 year	30.0	15.0	35.0
Maturity over 1 year	-	30.0	10.0
Total	1,680.1	1,003.1	1,394.5

Accounting principles:

This interim report has been prepared in accordance with the IFRS recognition and measurement principles. The report does not comply with all requirements of IAS 34, Interim Financial Reporting. Cargotec has applied the same accounting principles as in the closing of year 2005 except for the following new standards, changes and interpretations, which have been adopted as of January 1, 2006:

- IAS 21 (Amendment): Net Investment in a Foreign Operation
- IAS 39 (Amendment): Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IFRIC 4: Determining Whether an Arrangement Contains a Lease

The adoption of new standards did not cause any restatement of 2005 figures.

This interim report is unaudited.

Pro forma information:

Cargotec was listed on June 1, 2005 and the Company's first financial period was June 1...December 31, 2005. The interim 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 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 recognised as an adjustment to equity. The pro forma accounting principles prior to the listing are presented in Cargotec's listing particulars.

Quarterly Figures

Cargotec		Q2/2006	Q1/2006	Q4/2005	Q3/2005	Pro forma Q2/2005
Orders received	MEUR	785.6	805.1	590.6	577.8	570.6
Order book	MEUR	1,544.2	1,439.1	1,256.9	1,280.5	1,286.5
Sales	MEUR	661.2	613.9	621.6	577.1	611.7
Operating income	MEUR	60.7	51.0	52.7**	41.6*	48.2
Operating income	%	9.2	8.3	8.5**	7.2*	7.9
Basic earnings/share	EUR	0.63	0.53	0.56**	0.48*	0.52

Hiab		Q2/2006	Q1/2006	Q4/2005	Q3/2005	Pro forma Q2/2005
Orders received	MEUR	232.1	266.1	234.6	180.0	196.1
Order book	MEUR	216.3	226.3	196.7	198.2	219.1
Sales	MEUR	237.1	229.6	231.0	196.3	220.7
Operating income	MEUR	23.4	22.5	20.1	13.7	18.2
Operating income	%	9.9	9.8	8.7	7.0	8.2

Kalmar		Q2/2006	Q1/2006	Q4/2005	Q3/2005	Pro forma Q2/2005
Orders received	MEUR	346.0	351.4	230.1	291.2	270.6
Order book	MEUR	614.9	586.7	519.5	583.1	583.1
Sales	MEUR	309.1	283.7	288.2	291.3	304.1
Operating income	MEUR	30.7	25.0	27.0	24.7	24.7
Operating income	%	9.9	8.8	9.4	8.5	8.1

MacGREGOR		Q2/2006	Q1/2006	Q4/2005	Q3/2005	Pro forma Q2/2005
Orders received	MEUR	207.9	188.1	126.3	107.2	104.5
Order book	MEUR	713.2	626.3	540.9	499.6	484.5
Sales	MEUR	115.5	101.0	103.1	90.0	87.6
Operating income	MEUR	10.3	6.2	8.5*	6.6*	7.7
Operating income	%	8.9	6.1	8.2*	7.3*	8.8

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

Information of quarters Q3/2005 and Q4/2005 differs from the pro forma information for the quarters 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.